



Merseytravel Constitution

Current Title	Merseytravel Constitution
Document Owner	Director of Resources
Author	John Fogarty
Document Version	3
Approved By	
Created Date	March 2017
Review Date	1 July 2018

Uncontrolled when printed – for latest version please check One Place

Merseytravel Constitution

Contents

<u>Part</u>	<u>Title</u>	<u>Page</u>
Part 1	Introduction	1
Part 2	Merseytravel and the Purpose of the Constitution	3
	1. Introduction	3
	2. The Liverpool City Region Combined Authority	3
	3. Merseytravel	4
	4. Merseytravel Vision	4
	5. Merseytravel Mission	4
	6. Principles of Decision Making	5
Part 3	Standing Orders – Meeting Procedure Rules	6
	1. Meetings	6
	2. Chair	6
	3. Quorum	6
	4. Voting	6
	5. Minutes	7
	6. Interests of Members and Officers in Contracts	7
	7. Emergency Powers	7
	8. Conduct in Debate	7
	9. Review, Variation, Revocation and Suspension of Standing Orders	7
Part 4	Standing Orders – Procurement Procedure Rules	8
	1. Definitions	8
	2. General	10
	3. Scope	13
	4. Commissioning	13
	5. Pre-tender Market Research and Consultation	14
	6. Procedures Applicable to All Procurements after Commissioning	14
	7. Procedure Applicable to Low Value Procurements	16
	8. Procedure Applicable to Intermediate Value Procurements	16
	9. Procedures Applicable to High Value and High Risk Procurements	18
	10. Absolute Exemptions from Procurement Procedure Rules	19
	11. Qualified Exemption from Procurement Procedure Rules	19
	12. Tenders	20
	13. Award of Contract	21
	14. Form of Contract	22
Part 5	Standing Orders – Land Procedure Rules	23
Part 6	Financial Regulations	26
	1. Introduction	26

<u>Part</u>	<u>Title</u>	<u>Page</u>
	2. General Responsibility for Financial Management	26
	3. Responsibilities	27
	4. The Annual Budget	28
	5. Budget Monitoring	30
	6. Virement Between Budgets	32
	7. Standards of Financial Management	33
	8. Financial Implications of Decision Making	35
	9. Employee Costs	36
	10. Travel and Subsistence Claims	37
	11. Risk Management	37
	12. Maintenance of Reserves	38
	13. Treasury Management	38
	14. Internal Control	39
	15. Internal Audit Requirements	39
	16. External Audit	40
	17. Access to Business Systems	40
	18. Subsidiary Companies	40
	19. Banking Arrangements	41
	20. Petty Cash Imprests	42
	21. Use of Payment Cards and Corporate Credit Cards	43
	22. Income Management	43
	23. Expenditure	44
	24. Contracts	46
	25. On-Line Payments and E-Commerce Systems	47
	26. Grants Awarded by Merseytravel	47
	27. Taxation	48
	28. Data Protection and Data Security	48
	29. Partnerships	49
	30. Arrangements in Respect of External Funding	50
	31. Work Undertaken for Third Parties	51
	32. Assets, Stocks and Stores	51
Part 7	Scheme of Delegation	54
	1. Decision Making	54
	1.1 Responsibility for Decision Making	54
	1.2 Principles of Decision Making	54
	2. Formal Scheme of Delegation	54
	2.1 Introduction	54
	2.2 Decisions of Merseytravel	55
	2.3 Distribution of a proposed Decision of Merseytravel	56
	2.4 Delegated Decisions of Merseytravel	56
	2.5 Consultation and Publicity	58
	2.6 Determination	59
	2.7 Recording and Reporting of Delegated Decisions of Merseytravel	59
	2.8 Accountability	59
	3. Urgent Decisions	60
	4. Scheme of Delegation for Employee Matters	60

<u>Part</u>	<u>Title</u>	<u>Page</u>
4.1	Recruitment of Directors of Merseytravel	60
4.2	Recruitment of Heads of Service and Officers.	61
4.3	Employees	62

Part 1 – Introduction

Merseytravel as Part of the Combined Authority

Merseytravel is the Transport Executive Body of the Liverpool City Region Combined Authority (“the Combined Authority”). Merseytravel, as an officer level delivery body of the Combined Authority will have a Scheme of Delegation from the Combined Authority to oversee specific activities and functions of the Combined Authority. The Combined Authority’s transport responsibilities include transport policy, strategic highways, freight, walking and cycling, tunnels and public transport.

Merseytravel as a Statutory Body

In addition Merseytravel also retains its powers as a Passenger Transport Executive. Merseytravel was established under the Transport Act 1968 and was previously known as Merseyside Passenger Transport Executive.

Merseytravel has agreed a Constitution which sets out how it will operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable. Some of these processes are required by the law while others are a matter for Merseytravel to choose.

Merseytravel will abide by the Committee of Standards on Public Life “*The Seven Principles of Public Life*”, also known as the “Nolan principles” as follows:-

Selflessness – Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity – Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity – In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability – Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness – Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty – Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership – Holders of public office should promote and support these principles by leadership and example.

These principles **should** underpin all action taken by Merseytravel and its Officers.

Part 2 - Merseytravel and the Purpose of the Constitution

1. Introduction

Merseytravel is responsible for improving delivery of key objectives in transport. It is accountable to the Combined Authority for the discharge of its statutory functions.

The purpose of the Constitution is to:-

- set out in a single place how Merseytravel works and how it makes decisions;
- assist Officers of Merseytravel to discharge their role as decision makers efficiently and effectively;
- ensure that the decision making processes are clearly identifiable to citizens of the Liverpool City Region and to the Combined Authority; and
- provide a means for improving the accountability of Merseytravel in the delivery of services to the Liverpool City Region.

The Constitution itself is divided into parts that bring together the documents governing how Merseytravel operates and makes decisions.

2. The Liverpool City Region Combined Authority

The Combined Authority comprises of 6 Members each of whom must be an elected Councillor or Mayor, elected to one of the six constituent councils of the Combined Authority area ie Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. The Combined Authority has a number of committees. The Transport Committee is responsible for overseeing Merseytravel and making recommendations in respect of transport to the Combined Authority and exercising any delegations provided to it by the Combined Authority.

From 7 May 2017 an Elected City Region Mayor will be the Chair of the Liverpool City Region Combined Authority. The Combined Authority will determine the composition of a number of Committees including a Transport Committee. Each Member of a Committee must be an elected Councillor, elected to one of the six Constituent Councils of the Combined Authority area.

The Elected Mayor and the Combined Authority has a statutory responsibility to set out and ensure implementation of policies to co-ordinate transport in the Combined Authority area. This includes formulating a long term vision for the transport system that is based on the vision of a 'world class' integrated transport system that contributes to the economic development of the Liverpool City Region through a network of high volume transport corridors throughout the Liverpool City Region, delivered by a best in class organisation.

The Combined Authority is responsible for appointing the membership (ie Directors) of Merseytravel and approves its capital and revenue expenditure budgets.

3. **Merseytravel**

Merseytravel implements the Combined Authority's policies and provides the Combined Authority with expert professional transport advice to enable it to make appropriate and informed decisions. Merseytravel is the Executive Body for the Combined Authority and is also defined as an Officer of the Combined Authority to enable the Combined Authority to delegate some of its functions to Merseytravel.

Merseytravel has a duty to advise the Combined Authority on formulating transport policies and implementing those policies so determined. Merseytravel's remit is to ensure that these duties are discharged. It will do so by asking "are we doing the right things" and "are we doing things right". A focus on the external environment ensures that Merseytravel delivers the vision of "Moving Liverpool City Region forward" by striving to deliver a world-class transport network'.

The Members (ie the Director General and the Directors) of Merseytravel are individually appointed by the Combined Authority on the recommendation of the Director General. Membership of Merseytravel is laid down in statute and must consist of an Officer (who is appointed by the Combined Authority to act in the capacity of Director General in accordance with the Transport Act 1968) and not less than two, but not more than eight, other persons.

Merseytravel also has its own extensive legal functions, duties and responsibilities enshrined in transport legislation.

Merseytravel is responsible for the co-ordination and promotion of the use of transport in Merseyside, the objective being to provide a world class transport network that is integrated, accessible, safe and of a high quality through delivery of our Corporate Plan. It aims to do this through partnership working with central, regional and local government, public transport operators, the business community, community groups and members of the public.

4. **Merseytravel Vision**

A World Class integrated and sustainable transport system enabling a prosperous, inclusive and growing Liverpool City Region.

5. **Merseytravel Mission**

To provide the very best transport advice and service delivery to the Liverpool City Region through collaboration with partners.

6. **Principles of Decision Making**

All decisions of Merseytravel and by Officers acting under delegated powers will be made in accordance with the following principles:

- (a) be within the lawful powers of Merseytravel;
- (b) not be so unreasonable that no reasonable public body could have reached it, having taken into account all relevant considerations and having ignored irrelevant considerations (the Wednesbury test of reasonableness);
- (c) having due consultation where appropriate (including the taking of relevant professional advice from officers of Merseytravel);
- (d) respect for human rights;
- (e) presumption in favour of openness;
- (f) clarity of aims and desired outcomes;
- (g) as per the Constitution; and
- (h) be proportionate (ie the action must be proportionate to the desired outcome).

Part 3 – Standing Orders - Meeting Procedure Rules

1. Meetings

- 1.1 The Members of Merseytravel shall be the current full-time Directors of Merseytravel (Merseytravel Directors) and such Non-Executive Directors, appointed by the Combined Authority after consultation with the Director General.
- 1.2 The Members of Merseytravel shall meet not less frequently than quarterly and otherwise at such dates and times as shall be decided.
- 1.3 Merseytravel shall be advised by the Secretary of Merseytravel or his/her Deputy.
- 1.4 The Secretary may be asked to summon a meeting of Merseytravel by the Director General or any two members of Merseytravel.
- 1.5 The Secretary shall, so far as possible, give at least 48 hours' notice in writing to the members of Merseytravel, specifying the business proposed to be transacted at any such meeting.
- 1.6 All meetings of Merseytravel shall be in private, unless the majority of the members present and voting decide otherwise.

2. Chair

- 2.1 The Director General shall, if present, act as the Chair at each meeting of Merseytravel.
- 2.2 If the Director General is not present, the members present shall choose a Merseytravel Director to preside and act as the Chair.

3. Quorum

- 3.1 No business shall be transacted at any meeting of Merseytravel unless at least two Merseytravel Directors are present.
- 3.2 The consideration of any business not transacted shall stand adjourned to the next meeting of Merseytravel.

4. Voting

- 4.1 All questions determined by Merseytravel shall be decided by a majority of members of Merseytravel present and voting thereon at the meeting at which they arise.
- 4.2 In the case of an equality of votes, the Chair shall have a second or casting vote.

4.3 Any member dissenting from or not voting upon, any resolution of Merseytravel carried at a meeting shall, if the member so requests at the meeting have such action recorded in the Minutes.

5. **Minutes**

Copies of the Minutes of the proceedings of Merseytravel shall be available on One Place as soon as reasonably practicable after each meeting.

6. **Interests of Members and Officers in Contracts**

6.1 If any member or officer of Merseytravel has any pecuniary interest, direct or indirect, in any contract or proposed contract, that member or officer shall withdraw from the meeting at which the contract or proposed contract is under consideration unless he/she is invited to remain.

6.2 Any pecuniary interest shall be explicitly recorded in the minutes of the meeting.

6.3 The Secretary shall record particulars of any notice given by any officer of Merseytravel of pecuniary or other interest in a contract or proposed contract and shall make available such record during office hours for the inspection of any member of Merseytravel.

7. **Emergency Powers**

In emergency, such action on behalf of Merseytravel as may be deemed necessary between normal meetings of Merseytravel and in the interests of Merseytravel may be taken by:-

(a) the Director General; or

(b) any individual Merseytravel Director, provided that the Director General is absent and that such absence is of at least 24 hours' duration;

subject to such action being recorded in writing and reported to the next meeting of Merseytravel.

8. **Review, Variation, Revocation and Suspension of Standing Orders**

8.1 Any Standing Order may be varied, revoked or suspended at a meeting of Merseytravel with the consent of the majority of members present and voting, but not otherwise. Such consent shall be recorded in the Minutes of the meeting.

8.2 The Standing Orders shall be reviewed by the Secretary of Merseytravel as required.

Part 4 – Standing Orders - Procurement Procedure Rules

Standing Orders – Procurement Procedure Rules (PPR)

1. Definitions

Within these Procurement Procedure Rules (PPR):-

- (a) “Central Purchasing Body” means contracting authorities that acquire goods, services or works intended for one or more contracting authorities, award contracts intended for one or more contracting authorities and / or conclude framework agreements for goods, services or works intended for one or more contracting authorities including without limitation Crown Commercial Services and Yorkshire Purchasing Organisation;
- (b) “Combined Authority” means the Liverpool City Region Combined Authority;
- (c) “Commissioning” means the process of specifying, consulting with affected Officers and monitoring of services to meet service needs both in the short and long term as outlined in more detail in paragraph 4 below;
- (d) “Contract Review” means a process to assess the performance/delivery and value for money of an existing Merseytravel contract from both a commercial and outcome based approach which will influence the future contractual relationship with Merseytravel and any incumbent contractor;
- (e) “Contracts Finder” means a web based portal provided for the purposes of the Regulations;
- (f) “Delegated Decision of Merseytravel” means a decision named as such in Merseytravel’s Scheme of Delegation;
- (g) “Decision of Merseytravel” means a decision named as such in Merseytravel’s Scheme of Delegation;
- (h) “EPS” means Merseytravel’s process of tendering for goods, services and works via electronic means as determined by the Secretary;
- (i) “Electronic Auction” means an electronic auction conducted in accordance with procedures determined by the Secretary;
- (j) “Framework Agreement” means an agreement between one or more contracting authorities and one or more contractors, the purpose of which is to establish the terms governing contracts to be available during a given period in particular with regard to price, as detailed in the Regulations;
- (k) “Head of Service” means those officers who are so designated by Merseytravel as a Head of Service, Senior Head of Service or Rolling Stock Project Director;
- (l) “High Risk Procurement” means a procurement that:-
 - (i) has potential implications for the health and safety of employees, service users, residents of the Liverpool City Region, contractors or other stakeholders;

- (ii) has potential business continuity implications, for example where failure of supply would have implications for the organisation's ability to deliver proper services;
 - (iii) is for goods, services or works that are provided directly to children and/or other vulnerable members of the community;
 - (iv) is for goods, services or works where there is a potential environmental impact;
 - (v) is for goods, services or works where there is any other identifiable risk either to the reputation, financial standing or ability to deliver services on the part of Merseytravel and/or the Combined Authority, where Merseytravel is providing Executive functions on its behalf;
 - (vi) does not always equate to high cost items;
 - (vii) is determined to be such once assessed in accordance with Merseytravel Corporate Risk Impact Ratings ; and/or
 - (viii) is for goods, services or works that have not been obtained before and/or there is no in house experience to enable the specification to be developed appropriately.
- (m) "High Value Procurement" means a procurement with a total aggregated value over £100,000 calculated in accordance with paragraph 6 below (exclusive of VAT);
 - (n) "Intermediate Value Procurement" means a procurement with a total aggregated value between £10,000 and £100,000 calculated in accordance with paragraph 6 below (exclusive of VAT);
 - (o) "ITT" means an Invitation to Tender or an Invitation to quote;
 - (p) "Low Value Procurement" means a procurement with a total aggregated value under £10,000 calculated in accordance with paragraph 6 below (exclusive of VAT);
 - (q) "Merseytravel Director" means a Director of Merseytravel;
 - (r) "Officers" means any officer employed by Merseytravel;
 - (s) "One Place" means Merseytravel's corporate intranet;
 - (t) "Purchase Order" shall mean a purchase order in the format prescribed by the Director of Resources;
 - (u) "Register" means a register of Bus Service Operators maintained in accordance with the Transport Act 1985;
 - (v) "Regulations" means The Public Contracts Regulations 2015, The Utilities Contracts Regulations 2016, the Concession Contract Regulations 2016 (as appropriate and as amended or replaced);
 - (w) "Select List" means lists of approved contractors for the provision of goods services and/or works established under these PPR and as approved by Merseytravel;
 - (x) "SME's" means an enterprise falling within the category of micro, small or medium sized enterprises defined by the EU Commission Recommendation of 6 May 2003;

- (y) “Social Value” means additional benefits offered by the tenderer in return for the contract award as per the Public Service (Social Value) Act 2012 (as amended or replaced);
- (z) “Subsidised Service Contract” means an agreement providing for bus service subsidy within the meaning of Section 63(10)(b) of the Transport Act 1985;
- (aa) “Value for Money” means ensuring that the same quality goods, services and works cannot be achieved at a substantially lower price elsewhere. The quality of related services ie delivery, maintenance, after sales support should be taken into account along with the direct costs of the goods, services or works. Ways of ensuring Value for Money include:
 - (i) obtaining a number of informal quotations from different suppliers;
 - (ii) comparing prices in supplier’s brochures, sales literature;
 - (iii) benchmarking prices with other authorities or organisations;
 - (iv) comparing prices with those previously paid, taking into account inflationary and deflationary factors; and
 - (v) making use of existing framework arrangements, call-off arrangements or approved lists of suppliers involving the Procurement Team in the process.

2. General

- 2.1 Merseytravel is the Executive Body of the Combined Authority. Merseytravel is also an officer of the Combined Authority and the Combined Authority has delegated some of its functions to Merseytravel ie the operation and management of the Mersey Tunnels. Where such delegations are in place, these PPR will apply in respect of any procurements by Merseytravel on behalf of the Combined Authority.
- 2.2 Every contract entered into by Merseytravel shall be entered into pursuant to or in connection with Merseytravel’s functions and shall comply with:
 - (a) all relevant statutory provisions including but not limited to Section 149 of the Equality Act 2010 and the Public Service (Social Value) Act 2012 (as amended or replaced);
 - (b) the Regulations, the Treaty of Rome and the general principles of national and EU legislation;
 - (c) the Merseytravel Constitution including these PPR, the Financial Regulations and the Scheme of Delegation;
 - (d) Merseytravel’s agreed Corporate Plan and the Local Transport Plan for the Combined Authority area;
 - (e) Merseytravel’s Procurement Strategy;
 - (f) Merseytravel’s Equalities Policy;
 - (g) any other relevant Merseytravel and/or Combined Authority policy; and
 - (h) any guidance issued by the Cabinet Office.

Where any PPR conflicts with any statutory provision, any statutory modification or re-enactment thereof or any regulations made thereunder, that provision or regulation shall prevail.

- 2.3 The purpose of the PPR is to ensure:
- (a) competition and propriety are present in the tendering and the award of contracts for the provision of all supplies, services and the execution of works;
 - (b) a transparent, lawful and fair procurement process;
 - (c) Value for Money for Merseytravel and/ or the Combined Authority as appropriate;
 - (d) the thresholds and level of authority for approvals is consistent with Merseytravel's approved Scheme of Delegation;
 - (e) the procedures for enabling competition and regulating the manner in which quotations and tenders are invited, evaluated and contracts awarded are clear;
 - (f) relevant legislation is complied with; and
 - (g) relevant approvals are sought.
- 2.4 One Place will assist in ensuring consistency of approach to procurement across Merseytravel. A dedicated procurement resource will be maintained on One Place and will contain guidance and good practice to assist Officers in following best procurement practice. The contents of the procurement guidance on One Place will be reviewed at regular intervals by the Secretary.
- 2.5 Merseytravel has a Confidential Reporting Code that applies to all Officers and includes those contractors working for Merseytravel on Combined Authority or Merseytravel premises. It also covers suppliers and those providing services under a contract with Merseytravel in their own premises. Officers must be proactive in ensuring that its policies and procedures, culture and stance in relation to the prevention, detection and action against fraud are communicated to all relevant parties.
- 2.6 Any breach or non-compliance with these PPR must on discovery be reported immediately to the Head of Audit. The Head of Audit shall determine whether such breach or non-compliance presents a significant risk of harm to Merseytravel and if satisfied that such risk exists shall undertake any necessary investigation and report the findings to Merseytravel.
- 2.7 Merseytravel will
- (a) conduct its business and operations in accordance with the highest professional and ethical standards;
 - (b) take appropriate action to ensure that its resources are not spent on practices that lead to unlawful discrimination, unlawful activity and/or breach of Merseytravel's equality duty;
 - (c) consider any failure by Officers to comply with the Constitution and if necessary will address such through Merseytravel's disciplinary processes;
 - (d) via the Secretary undertake a continuous review of the Constitution and submit any additions or changes necessary to Merseytravel for approval;
 - (e) via the Director of Resources, in consultation with the Secretary, be responsible for ensuring that all contract activity undertaken by Merseytravel is done so in accordance with these PPR and the Regulations;

- (f) via Merseytravel Directors and Heads of Service ensure that all Officers in their directorates are aware of the existence and content of the Constitution and other internal regulatory documents and that they comply with them;
- (g) via the Secretary advertise all Contracts/anticipated contracts in excess of £25,000 on Contracts Finder;
- (h) via the Secretary maintain a register of all Merseytravel contracts in excess of £10,000;
- (i) make an appropriate EPS available; This system shall:
 - (i) evidence that any transmission was successfully completed and recorded;
 - (ii) keep tenders in a separate secure electronic folder which is not opened until the deadline has passed for receipt of tenders;
 - (iii) keep a record of all tenders received;
 - (iv) keep a record via EPS of all correspondence between the Secretary and the tenderers;
- (j) expect that individuals and organisations, including the suppliers, contractors and service providers, with whom it deals, will act towards Merseytravel with integrity and without thought or actions involving fraud and corruption; and
- (k) maintain the principles of non-discrimination, equal treatment and transparency.

2.11 Officers will

- (a) lead by example in ensuring adherence to legal requirements, rules, procedures and practices;
- (b) allow sufficient time to provide for all the various elements for the fulfilment of the appropriate procurement process giving due regard to statutory timescales;
- (c) work with relevant officers to fully engage them in the process and thereby develop a realistic procurement/decision making/mobilisation of the new contractor and demobilisation of any existing contractor;
- (d) undertake Commissioning as required by these PPR;
- (e) when procuring goods services or works focus on the principles of efficiency, effectiveness, sustainability, economy and shall consider collaborating as a procurement option (if appropriate);
- (f) ensure that those responsible for procuring goods services or works on behalf of Merseytravel shall comply with these PPR;
- (g) ensure that all specifications for IT goods or services is ratified during Commissioning by the Head of IT;
- (h) consider and implement the principles of non-discrimination, equal treatment and transparency and the highest standards of probity;
- (i) not seek to procure services without the engagement of the relevant Head of Service and the Secretary as per the requirements of this Constitution;
- (j) not distort competition but also consider with the Secretary the potential of aggregating and disaggregating contracts to encourage SME participation in procurements; but not in order to avoid the requirements of the Regulations and these PPR;
- (k) accurately determine the aggregate value of contracts (including any anticipated extensions or additional work) to calculate the estimated contract value and the appropriate route to market as advised in these

PPR, advice can be provided by the Secretary to undertake this review;

- (l) not use any information received during the course of business and in particular, the quotations or tendering procedure for personal advantage; and
- (m) not disclose to a third party information except for anti-fraud purposes or in accordance with the provisions of the Freedom of Information Act 2000 or other relevant legislation. In cases where there is uncertainty as to whether a particular course of action complies with the ethical standards, the advice of the Secretary must be sought.

3. **Scope**

3.1 These PPR apply to:

- (a) the purchase, leasing and hiring of goods, provision of services and the execution of works either on behalf of Merseytravel and/or the Combined Authority;
- (b) any procurement where tenders are invited by Merseytravel on behalf of any partnership, consortium, collaboration group, association or similar body of which Merseytravel is a member;
- (c) all procurement activity, including activity where third parties are involved in spending public monies on behalf of Merseytravel; and
- (d) all contracts entered into by Merseytravel by an Officer on behalf of Merseytravel.

3.2 These PPR shall not apply to:

- (a) employment contracts;
- (b) contracts relating solely to the acquisition or disposal of land or any other estates matters. (The Land Procedure Rules shall apply in such circumstances);
- (c) contracts relating to the disposal of furniture, goods, vehicles, plant and equipment which are deemed surplus to requirements. (The Corporate Disposal Procedures shall apply in such circumstances);
- (d) Treasury management activity. (The Treasury Management Policy shall apply in such circumstances); and/or
- (e) any contract referenced in paragraph 10 below.

3.3 All procurement activity and any procurement exemptions may NOT be made retrospectively and no exemption can be used if the Regulations apply to the contract unless such exemption is permitted under such Regulations;

3.4 NO exceptions from any of the provisions contained herein shall be made otherwise than as set out in these PPR or the Scheme of Delegation or by the direction of Merseytravel duly noted in their minutes.

4. **Commissioning**

4.1 Commissioning **IS NOT** procurement.

4.2 Officers must undertake Commissioning for all purchases of goods services and works.

4.3 The Officer responsible for Commissioning **MUST:-**

- (a) undertake consultation with other officers affected by the project;
- (b) undertake a Contract Review if a contract has been or is currently being provided;
- (c) take appropriate advices from the Head of Service for the area affected and the support functions ie Legal, IT, Finance, HR and PMO;
- (d) have prepared and documented an estimate of the cost of the contract including, where appropriate, any maintenance ongoing and future costs;
- (e) consulted with Finance and be satisfied that adequate budget provision for the contract (and the future costs for the life of the goods, services or works to be procured) exists;
- (f) prepare a specification that will form the basis of the contract;
- (g) consider the potential staffing implications of the contract and in particular TUPE considerations, and discuss with the Head of People and Customer Development and the Secretary;
- (h) consider risk, including any risks to Merseytravel's broader strategic objectives, reputational risks and risks to the local economy and supply chain;
- (i) for contracts where there is evident risk and for all High Value and High Risk Procurements produce and maintain a risk register for the procurement process and the eventual contractual relationship. As a minimum this should analyse all risks, identify how the risks will be managed and the responsible Officer;
- (j) comply with all statutory requirements in respect of completion of equality impact assessments;
- (k) consider dividing any potential contracts into lots to encourage SME participation;
- (l) ensure that all specifications for IT goods, services or works are ratified at the Commissioning Stage by the Head of IT;
- (m) consider any mechanisms to recover Social Value from the contract; and
- (n) notify the relevant Director and the Secretary at the start of Commissioning for any potential procurements over £500,000.

5. Pre-tender Market Research and Consultation

- 5.1 Prior to the issue of an ITT Officers, with the agreement and support of the Secretary, may consult potential tenderers in general terms about the nature, level and standard of the goods services or works to be provided, contract packaging and other relevant matters. Such consultation must not be anti-competitive or a breach of transparency and non-discrimination principles and must be in compliance with the Regulations.
- 5.2 Officers must ensure that where a potential tenderer has been involved in pre-tender market research to help inform a procurement all such relevant information must be shared with all tenderers to ensure a level playing field.

6. Procedures Applicable to all Procurements after Commissioning

- 6.1 The application of PPR is dependent on value thresholds and risk. Officers shall calculate the anticipated value of the contract ie its "whole life" costs to determine the correct category of PPR. For support in determining whole life costs the advices of the Secretary and/or the Head of PMO can be sought.

6.2 There are 3 categories of procurements:-

- (a) Low Value Procurements;
- (b) Intermediate Value Procurements; and
- (c) High Value and High Risk Procurements.

The Secretary, and the Heads of PMO and IT (for IT related projects) shall be involved in the process for all Intermediate Value Procurements and High Value Procurements.

6.3 Officers shall after the completion of Commissioning, consult the Secretary at an early stage in determining the most appropriate route to market for contracts likely to be economically significant in regard to the regional or national economy.

6.4 All contracts should be let for a clearly defined period or with appropriate termination provisions. Where a service has no definable end date, the contract value shall normally be determined as the total value of the service estimated over a maximum four year period.

6.5 In the case of joint purchasing arrangements the value shall be the value of both parties' purchases. Officers shall not seek to divide potential procurements in order to avoid the requirements of the Regulations and these PPR.

6.6 Procurements will impact on other areas of the organisation. It is important, therefore that goods services and works are only procured after effective Commissioning and due consultation with the relevant Head of Service regardless of value. The relevant Head of Service (or the line Director for that Service) shall be responsible for the procurement of the following Services:

- (a) All IT equipment and IT services, whether hardware or software infrastructure or services by the Head of IT;
- (b) Communication and marketing services by the Head of People and Customer Development;
- (c) Health and Safety equipment by the Head of People and Customer Development/Head of Asset Management (as appropriate);
- (d) Professional services (consultancy) by the relevant Head of Service for the discipline concerned;
- (e) Training by the Head of People and Customer Development;
- (f) Asset Management Services, including electrical, plumbing, construction or other construction and maintenance services by the Head of Asset Management;
- (g) Legal services including advices on employment law matters by the Secretary;
- (h) Financial matters by the Head of Finance.

6.7 Goods, services or works should in appropriate circumstances, be obtained via existing arrangements wherever possible. These arrangements include:

- (a) in-house services;
- (b) existing Framework Agreements (internal or external);
- (c) existing Select Lists or Register; and
- (d) established corporate contracts.

- 6.8 Officers shall consult and obtain approval from the Secretary and/or their Director (as appropriate) if they do not consider an existing arrangement to be suitable.
- 6.9 Nominated subcontracts shall be awarded in accordance with the procedures outlined above.
- 6.10 Officers shall give due consideration to the provisions of the Public Services (Social Value) Act 2012 prior to the commencement of a procurement process for any services contracts.
- 6.11 Heads of Service shall notify the Secretary of any planned Intermediate and High Value Procurement at the commencement of each financial year.

7. **Procedure Applicable to Low Value Procurements**

- 7.1 For Low Value Procurements, Merseytravel and its Officers are obliged to:-
- (a) anticipate purchases in good time and make use of existing arrangements through the Secretary;
 - (b) ensure that Value for Money is obtained;
 - (c) ensure that a transparent and fair procurement process is applied;
 - (d) consider that a Low Value Procurement may still be extremely significant for potential suppliers and could be subject to challenge;
 - (e) retain evidence to be able to demonstrate, if required, how Value for Money has been secured or by demonstrating that the goods, services or works to be procured is proprietary or otherwise unique in nature; and
 - (f) consider using the EPS.
- 7.2 All Low Value Procurements require the approval of the Head of Service. Such approval shall be obtained using the Purchase Order system. In the event that Officers do not obtain at least three quotations or seek to utilise an Absolute or Qualified Exemption from PPR then a Delegated Decision of Merseytravel is required.

8. **Procedure Applicable to Intermediate Value Procurements**

- 8.1 All Intermediate Value Procurements **MUST** be notified to the Secretary and the Head of PMO prior to commencement of the procurement. This is so that, where possible, Merseytravel can make use of existing arrangements such as Framework Agreements as this greatly reduces the cost of procurement activity while still providing the optimum balance of value for money and risk.
- 8.2 For Intermediate Value Procurements a minimum number of three separate quotations or tenders shall be invited. More quotations/tenders should be obtained where the Secretary and the relevant Head of Service believes there is a reasonable level of competition or variety of solutions.

8.3 Officers shall:-

- (a) take advice from the Secretary in respect of the most appropriate route to market, this could be using a Framework Agreement, Central Purchasing Body, collaborative arrangement, Electronic Auction or Select List;
- (b) prepare a clear specification of requirements;
- (c) specify the outcomes and outputs. Inputs should only be included in specifications where these are material to the contract or where social and environmental considerations apply;
- (d) specify the goods, services or works to be provided approved by the relevant Head of Service and outline the terms and conditions of contract determined by the Secretary;
- (e) determine the risk to Merseytravel posed by a contract and, where applicable shall only invite to tender or enter into a contract with a supplier if it is satisfied as to the supplier's financial standing;
- (f) In the event that there are any concerns about any of the tenderers Officers shall seek advice on:-
 - (i) economic and financial standing from the Head of Audit;
 - (ii) technical and/or professional ability by references; and
 - (iii) insurance/licensing from the Secretary .
- (g) if an Absolute or Qualified Exemption from PPR is required, the advice of the Secretary should be sought, it shall be clearly stated and the justification for the exemption and demonstrate how Value for Money has been assured.

8.4 The Secretary shall:

- (a) ensure that all Intermediate Value Procurements over £25,000 are advertised on Contracts Finder;
- (b) determine the appropriate procurement route to secure the best value for Merseytravel ;
- (c) determine the basis for evaluating the tenders;
- (d) determine appropriate terms and conditions of Contract; and
- (e) Administer the EPS if required

8.5 All Intermediate Value Procurements require approval by a Delegated Decision of Merseytravel. This will be completed in a manner that is consistent with Merseytravel's Scheme of Delegation and will demonstrate due consultation with the relevant Officers, Heads of Service and Directors.

8.6 The Officer (or the Secretary if EPS is used) shall retain a formal record of the process, to include:

- (a) the Officer(s) undertaking the procurement;
- (b) the rationale for the procurement route chosen;
- (c) a copy of the specification;
- (d) all quotations or tenders;
- (e) a copy of the evaluation process and reasons for the decision as to the acceptance or rejection of a tenderer's quotation or tender;
- (f) the award letter and any communications to unsuccessful tenderers;
- (g) copy of the final contract;
- (h) ongoing review and monitoring documentation;
- (i) an appropriate record of the decision; and
- (j) any supporting evidence in respect of 8.3 above.

9. Procedures Applicable to High Value and High Risk Procurements

9.1 All High Value Procurements must be notified to the Secretary and the Head of PMO prior to commencement of the procurement. This is so that, where possible, Merseytravel can make use of existing arrangements such as Framework Agreements as this greatly reduces the cost of procurement activity while still providing the optimum balance of Value for Money and risk. All High Value Procurements shall be advertised on Contracts Finder and the procurement process undertaken by the Procurement team.

9.2 Officers shall

- (a) undertake a formal risk assessment prior to commencement of the procurement process to identify any risks relevant and proportionate to the goods, services or works to be procured by Merseytravel such risk assessment shall be continually reviewed, copies retained and updated during the tender process and the contract period;
- (b) take advice from the Secretary in respect of the most appropriate route to market, this could be using a Framework Agreement, Central Purchasing Body, collaborative arrangement, Electronic Auction or Select List;
- (c) consult with the Secretary in respect of other required documentation to enable the Secretary to undertake the Procurement utilising the EPS;
- (d) prepare a clear specification of requirements;
- (e) specify the outcomes and outputs. Inputs should only be included in specifications where these are material to the contract or where social and environmental considerations apply and the Secretary has agreed;
- (f) specify the goods, services or works to be provided approved by the relevant Head of Service and outline the terms and conditions of contract determined by the Secretary;
- (g) comply with the Regulations in addition to these PPR. Guidance on the Regulations including the relevant thresholds is available through One Place or by contacting the Secretary;
- (h) prepare evaluation criteria and undertake such evaluations;
- (i) in the event that there are any concerns about any of the tenderers shall seek advice in respect of:
 - (i) economic and financial standing from Head of Audit;
 - (ii) technical and/or professional ability by references; and
 - (iii) insurance/licensing from the Secretary;
- (j) if an Absolute or Qualified Exemption from PPR is required, the advice of the Secretary should be sought, it shall be clearly stated and the justification for the exemption and demonstrate how Value for Money has been assured.

9.3 The Secretary shall:

- (a) ensure that all High Value Procurement shall be advertised on Contracts Finder;
- (b) determine the appropriate procurement route and the mechanism in the Regulations to secure the best value for Merseytravel;
- (c) determine the basis for evaluating the tenders;
- (d) determine appropriate terms and conditions of Contract ; and

(e) Administer the EPS.

9.4 All High Value Procurements require the approval of Merseytravel or the Combined Authority (when Merseytravel are procuring on their behalf), unless Merseytravel has been delegated authority by the Combined Authority to give the approval. This will be completed in a manner that is consistent with Merseytravel's Scheme of Delegation and will demonstrate due consultation with the relevant Officers, Heads of Service and Directors.

9.5 Officers shall for all High Value Procurements prepare a formal report through the Modern.Gov system to seek approval by a Decision of Merseytravel to let a contract .The Secretary will provide a procurement summary which must be attached to the report.

9.6 The Secretary shall retain a formal record of the process, to include:

- (a) the Officer(s) undertaking the procurement;
- (b) the rationale for the procurement route chosen;
- (c) a copy of the specification;
- (d) all tenders;
- (e) a copy of the evaluation process and reasons for the decision as to the acceptance or rejection of a tender;
- (f) the award letter and communications to unsuccessful tenderers;
- (g) copy of the final contract;
- (h) ongoing review and monitoring documentation;
- (i) an appropriate record of the decision; and
- (j) any supporting evidence in respect of 9.2 above.

10. **Absolute Exemptions from PPR**

10.1 The following procurements are **Absolute** Exemptions from the requirements of these PPR:

- (a) contracts specified in 3.2 above;
- (b) the execution of work or the supply of services which must be carried out by a particular public utility undertaking, statutory undertaker, local authority or similar body; and
- (c) any contract that is exempt under the Regulations.

10.2 Absolute Exemptions under 10.1 (b) shall be supported by a formal Decision depending on the value of the contract being exempt. A Delegated Decision of Merseytravel (as appropriate) is required for Absolute Exemptions for Intermediate Value Procurements. A Decision of Merseytravel is required for Absolute Exemptions for High Value Procurements. The Director of Resources shall be consulted on all Absolute Exemptions for High Value or High Risk Procurements and such shall be subject to a Decision of Merseytravel.

11. **Qualified Exemptions from PPR**

Qualified Exemptions shall apply in certain circumstances and should be supported by a formal decision, depending on the value of the contract being exempt from PPR.

The following procurements are **Qualified** Exemptions from the requirements of these PPR.

- (a) contracts where the goods, services or works are proprietary articles which (and any acceptable substitutes for which) are supplied only by one person or firm or are sold at a fixed price and where the relevant Merseytravel Director is satisfied that there is no reasonable satisfactory alternative;
- (b) contracts where the price of the goods is wholly controlled by government order/statutory body or otherwise and no reasonably satisfactory alternative is available;
- (c) for other reasons there would be no genuine competition or where the requirements of competition as required by statute have already been met;
- (d) the goods, services or works are to be supplied constitutes an extension to an existing contract and subject to the Merseytravel Director deciding that it would not be in the interests of Merseytravel to tender the contract provided that:-
 - (i) the amount being considered shall not exceed the original value of the contract;
 - (ii) the Officer ensures that any additional funding required is available;
 - (iii) if the original contract was subject to the Regulations, the contract is only being extended within the parameters identified in the original OJEU advert;
 - (iv) if the contract was not subject to the Regulations, the extension must not take the total value of the contract above the EU thresholds;
 - (v) if the contract was awarded as a Framework Agreement, the total contract period, including the extension, does not exceed four years;
 - (vi) the decision making route relates to the amount of the contract extension(s); and
 - (vii) due consideration has been given to alternative market competition.
- (e) the contract is for the execution of work or the supply of goods or services certified by the appropriate Merseytravel Director to be required so urgently as to preclude a competitive exercise. This Qualified Exemption shall only apply to unforeseen and unforeseeable events and does not apply where there has been a failing to act in a manner which would have permitted a full competitive exercise to take place;
- (f) the purchase of a named or propriety product required to be compatible with an existing installation; and
- (g) urgent action under Section 91(2) of the Transport Act 1985 for Subsidised Service Contracts.

12. **Tenders**

12.1 ITT shall include:-

- (a) all details of the Specification as determined by the Officer reviewed by the relevant Head of Service or if required by the relevant support service;
- (b) conditions of contract as determined by the Secretary;
- (c) a specific date and time by which tenders must be returned;
- (d) advice to tenderers that quotation documents, Responses and any communication in respect of an ITT must be submitted utilising the mechanism specified in the documentation;
- (e) advice to tenderers that tenders and any communication in respect of an ITT must be submitted utilising the EPS;
- (f) advices to tenderers that no tender received after such date and time shall be considered unless it can be clearly shown that the tender has been delayed in delivery through causes beyond the control of the

- tenderer, in which case it may be considered at the discretion of the Head of Audit in conjunction with the Secretary;
- (g) explicit instructions to tenderers on the basis of tenders requested;
- (h) the criteria to be used to evaluate tenders and the basis of award, which shall have been agreed in advance by the Officer and the Secretary; and
- (i) the capacity to receive alternate tenders if required and agreed in advance by the Officer and the Secretary .

12.2 Tender Evaluation

Tenders

- (a) received for contracts that are subject to the Regulations must be evaluated only in accordance with the Regulations and the evaluation criteria set out in the ITT or Contract Notice;
- (b) received for contracts not subject to the Regulations whether by value or by the nature of the contract, shall similarly be evaluated in accordance only with the evaluation criteria notified to tenderers in the ITT;
- (c) shall only be evaluated using the predetermined and advertised evaluation criteria, in order of importance and incorporating appropriate weightings (where possible or where required by the Regulations);
- (d) evaluation shall only be evaluated by suitably experienced Officers and shall not be conducted by any Officer who has any conflict of interest with a tenderer. Officers should, in such circumstances, comply with the Code of Conduct for Employees and declare such conflict and take no further part in the procurement process.

12.3 Quotations/tenders shall be accepted as follows:

- (a) the lowest quotation/tender if payment is to be made by Merseytravel;
- (b) the highest if payment is to be received by Merseytravel; or
- (c) the quotation/tender which represents the Most Economically Advantageous Offer (MEAT) to Merseytravel where specified in the ITT.

13 Award of Contract

13.1 Award of Contract shall only take place if

- (a) sufficient budget provision exists, and that such sums of money have been notionally identified to be spent on that service/good in advance;
- (b) the terms and conditions of contract have been agreed to by the tenderer;
- (c) a decision to award has been made in accordance with this Constitution; and
- (d) for a contract tendered pursuant to the Regulations the 'standstill' period has been complied with and there has not been a legal challenge or other such obstacle preventing the award.

- 13.2 For a contract that has been tendered pursuant to the Regulations that a contract award notice will be published in the OJEU no later than 30 days after the date of award of the contract;
- 13.3 The Head of Service in the area affected by the procurement shall provide a debriefing to unsuccessful tenderers for contracts subject to the Regulations on written request.

14. **Form of Contract**

- 14.1 Every contract which exceeds £10,000 shall be in writing in a form approved by the Secretary EXCEPT where the relevant Merseytravel Director has provided written approval that there is an urgent need for the supply of goods, provision of services or execution of works which does not permit time for the execution of a written contract. A contract must be put into writing as soon as practicable and in any event within 7 days of commencement of the contract.
- 14.2 Otherwise goods shall not be supplied, services shall not be provided and works shall not be executed if such are to be the subject of a formal contract/ performance bond is required UNTIL
- (a) the Officer has ensured that he/she fully understand the contract; and
 - (b) the contract has been signed by all parties and any performance bond obtained.
- 14.3 All High Value and High Risk Procurement contracts shall be executed as a Deed unless the Secretary approves other arrangements.
- 14.4 All written contracts shall:
- (a) specify the goods services or works to be provided;
 - (b) provide details of prices to be paid including a statement of discounts or other reductions;
 - (c) state the period or times within which the contract is to be performed and, where appropriate, the amount of liquidated damages that may otherwise become due;
 - (d) contain the conditions of contract which are applicable;
 - (e) be authenticated by the Secretary or his/her nominated deputy, who is hereby authorised to sign such documents on behalf of Merseytravel;
 - (f) if the Common Seal is to accompany the signature of the Secretary, an entry of every sealing of a document shall be made and consecutively numbered in a book provided for the purpose and open to inspection by every member of Merseytravel. Each entry shall be signed by the signatory who signed the sealed document.

Part 5 – Standing Orders - Land Procedure Rules

1. Definitions

- (a) “Decision of Merseytravel” means a decision named as such in Merseytravel’s Scheme of Delegation.
- (b) “Delegated Decision of Merseytravel” means a decision named as such in Merseytravel’s Scheme of Delegation
- (c) “Head of Service” shall mean those officers who are so designated by Merseytravel as a Head of Service, Senior Head of Service, or Rolling Stock Project Director.
- (d) “High Value Land Transaction” shall mean a Land Transaction where the total value of the Land Transaction is over £100,000 or where statutory protection attaches to the Land Transaction under the Landlord and Tenant Act 1954.
- (e) “Intermediate Value Land Transaction” shall mean a Land Transaction where the total value of the Land Transaction payable to or by Merseytravel is between £10,000 and £100,000 and where no statutory protection attaches to the Land Transaction under the Landlord and Tenant Act 1954.
- (f) “Land Transaction” shall mean any land transaction as detailed in paragraph 2 hereof.
- (g) “Low Value Land Transaction” shall mean a Land Transaction where the total value of the Land Transaction does not exceed £10,000 and where no statutory protection attaches to the Land Transaction under the Landlord and Tenant Act 1954.

2. These Land Procedure Rules apply to any Land Transaction which includes the following:-

- (a) purchase or disposal of land, buildings or other property assets held by Merseytravel or the allocation of the proceeds thereof;
- (b) entering into of any licences, tenancies and leases;
- (c) Landlord and Tenant protected renewal of leases;
- (d) assignment, underletting or change of use requests of leases granted by Merseytravel;
- (e) licences to commercial advertisers for the display of advertisements on Merseytravel properties;
- (f) easements over Merseytravel land;
- (g) wayleaves for the laying of services under on or through land and premises owned by Merseytravel; and
- (h) termination/surrender of any licences, tenancies and leases.

3. Subject to paragraph 6 below, the Senior Head of Service Operations or Head of Asset Management may:-

- (a) negotiate rent reviews for leases of land/premises and take appropriate action to protect Merseytravel; and
- (b) grant or approve a Low Value Land Transaction.

In doing so the Senior Head of Service Operations or the Head of Asset Management shall ensure that value for money is obtained in respect of the Land Transaction. The provisions set out in Procurement Procedure 7.1 shall be considered when determining such matter.

4. Subject to paragraph 6 below, a Delegated Decision of Merseytravel is required in respect of any Intermediate Value Land Transaction.

5. Subject to paragraph 6 below, a Decision of Merseytravel is required in respect of any High Value Land Transaction.

6. In determining the amount of a Land Transaction for the purposes of 3, 4 and 5 above, Officers should consider the total cost or loss to Merseytravel as a result of such Land Transaction. Thus in the case of a lease or licence the total cost would be the rent or fees payable added up over the full term of the lease or licence plus any profit sharing or turnover payment that could be payable. Guidance from the Secretary should be sought in the event of any query on this matter.

7. In addition to any approval set out above the approval of the Combined Authority shall be obtained in respect of any Merseytravel land/estates transactions which require Combined Authority approval under Section 10(1) of the Transport Act 1968.

8. The Head of Asset Management shall keep a record of all land and buildings owned by Merseytravel. The Secretary shall be responsible for the safe keeping and retention of all property deeds.

9. In relation to land and buildings all Heads of Service shall:-

- (a) ensure that lessees and other prospective occupiers of Merseytravel land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Secretary s has been established as appropriate;
- (b) ensure the proper security of all buildings and other assets under their control; and take the appropriate action in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
- (c) identify land or buildings which are surplus to requirements;
- (d) pass title deeds to the Secretary who is responsible for custody of all title deeds;

- (e) ensure that no Merseytravel owned land or building is subject to personal use or any other use other than in pursuance of approved service delivery without proper authority and where appropriate, documentation identifying terms, responsibilities and duration of use;
 - (f) arrange for the valuation of assets for accounting purposes to meet requirements specified by the Director of Resources; and
 - (g) only dispose of any land or property or any interest therein in accordance with the Corporate Disposal Procedures .
10. These Land Procedure Rules shall not apply in relation to any land transactions in respect of land owned by the Combined Authority eg Mersey Tunnels land. Officers shall comply with the Land Procedure Rules of the Combined Authority in respect of any such land.

Part 6 – Financial Regulations

1. Introduction

- 1.1 These Financial Regulations have been prepared in accordance with the Standing Orders of Merseytravel. The Regulations have the same force as Standing Orders and supplement the main principles of financial control and allocation of financial responsibility that are set out therein. Failure to comply could result in disciplinary action.
- 1.2 Financial Regulations provide the framework for managing Merseytravel's financial affairs. They apply to every Officer of Merseytravel and anyone acting on its behalf. Underpinning these are effective systems and procedures that provide accountability and control.
- 1.3 The Regulations identify the financial responsibilities of Merseytravel, the Director General, the Director of Resources and other Directors and Heads of Service.
- 1.4 All Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.5 The Director of Resources is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to Merseytravel for approval. The Director of Resources is also responsible for reporting, where appropriate, breaches of the Financial Regulations to Merseytravel as appropriate.
- 1.6 Directors and Heads of Service are responsible for ensuring that all Officers in their directorates are aware of the existence and content of these Financial Regulations and other internal regulatory documents and that they comply with them.
- 1.7 The Financial Regulations deal with the more detailed aspects of financial control.
- 1.8 The definitions contained in the Procurement Procedure Rules shall apply to these Financial Regulations.

2. General Responsibility for Financial Management

- 2.1 Financial management covers all financial accountabilities in relation to the running of Merseytravel, including the policy framework and budget.
- 2.2 The Director of Resources shall ensure the proper administration of the financial Affairs of Merseytravel and shall set the financial management

standards and monitor compliance with them. This will include the provision and regular review of Financial Instructions to staff dealing with financial matters.

- 2.3 The Director of Resources shall ensure that proper professional practices are adhered to and will act as head of profession in relation to the standards, performance and development of finance staff throughout Merseytravel.
- 2.4 Heads of Service shall promote the financial management standards set by the Director of Resources in their departments and shall monitor adherence to the standards and practices. This shall include ensuring full compliance with Merseytravel's Financial Instructions.

3 **Responsibilities**

3.1 **Merseytravel**

3.2.1 Merseytravel is responsible for:

- (a) adopting Merseytravel's Standing Orders and Financial Regulations;
- (b) implementing the policies set by the Combined Authority;
- (c) undertaking Merseytravel's statutory powers;
- (d) approving Merseytravel's proposed budget prior to submission to the Combined Authority for approval;
- (e) approving procedures for the recording and reporting of its decisions taken. This includes delegated by and decisions taken by Merseytravel and its Officers; and
- (f) receiving and managing the budget approved by the Combined Authority.

3.2.2 The Director General is responsible for the overall strategic management of Merseytravel and for establishing a management framework for establishing, monitoring and reporting the overall performance of Merseytravel. This includes a responsibility to ensure that Merseytravel has sufficient resources to manage its finances in a robust manner, with appropriately qualified officers, including a Chief Financial Officer.

3.2.3 The Director of Resources shall be the Chief Financial Officer and financial adviser to Merseytravel and as such is responsible for:-

- (a) the proper recording and the standards of all financial records, statements and accounts;
- (b) the proper administration of Merseytravel's financial affairs;
- (c) keeping Merseytravel informed of the financial implications of all new policies and changes in policy;
- (d) setting and monitoring compliance with financial management standards;
- (e) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- (f) preparing the revenue budget and capital programme;
- (g) treasury management;
- (h) issuing instructions for safe and efficient arrangements for the receipt of monies and payments to and for payments made by or to Merseytravel and its banking arrangements;
- (i) developing and maintaining relevant anti-fraud and anti-corruption policies and monitor the effectiveness of such;
- (j) agreeing procedures for year end balances;
- (k) preparing the annual statement of accounts for Merseytravel in accordance with relevant codes of practice and for Merseytravel and its companies in accordance with relevant legislation; and
- (l) open/close any bank account whose title is associated with Merseytravel or its subsidiary companies.

3.2.4 The discharge of these responsibilities is covered within these Financial Regulations.

4. **The Annual Budget**

- 4.1 Merseytravel is required to establish an annual budget that constitutes the financial articulation of the overall strategic planning process. The budget is part of integrated service planning and budget plans must be supported by financial and non-financial performance measures.
- 4.2 The Director of Resources shall advise Merseytravel in respect of its proposals and shall advise Merseytravel on whether there is sufficient resource available to support the overall plan.
- 4.3 As such, the annual budget needs to reflect any changes to service delivery and any anticipated financial pressures such as demographic changes and price inflation.
- 4.4 The Director of Resources shall determine an appropriate timetable for the preparation of the Annual Budget that conforms to the statutory deadlines regarding the establishment of the annual levy requirement.

- 4.5 The timetable has to provide for appropriate consultation with relevant parties and adequate consideration by Merseytravel.
- 4.6 The annual budget must take proper account of available resources and of financial risk. As such, the Director of Resources must prepare and submit reports on budget prospects for Merseytravel, including resource constraints set by the Government. Reports should take account of medium-term prospects (where appropriate) and advise Merseytravel as appropriate on the medium-term implications of spending decisions.
- 4.7 In establishing the annual budget, the Director of Resources needs to determine revenue provision for each service area and prepare and submit reports to the Combined Authority on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the Combined Authority's levy requirement.
- 4.8 The annual budget should reflect and encourage the best use of resources and value for money by reflecting opportunities to improve economy, efficiency and effectiveness within service planning and service delivery.
- 4.9 In establishing the annual budget, the Director of Resources will work with budget holders to:
- (a) prepare realistic estimates of income and expenditure that are supported by evidence;
 - (b) prepare budgets that are consistent with any relevant cash limits, with the Combined Authority's annual budget cycle and with guidelines issued by the Combined Authority;
 - (c) integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures; and
 - (d) identify opportunities to improve efficiency, economy and effectiveness and ensure any action to deliver efficiency targets prescribed by Merseytravel are approved, monitored and reported on a frequent basis.
- 4.10 The annual budget setting process needs to reflect:
- (a) spending patterns and pressures revealed through the budget monitoring process;
 - (b) all legal requirements;

- (c) policy requirements as defined by the Combined Authority in the approved policy framework; and
- (d) any policy initiatives already under way;
- (e) the availability of grants from central government and elsewhere; and
- (f) all borrowing requirements and the cost of capital financing and depreciation.

5. **Budget Monitoring**

- 5.1 All budget holders are responsible for managing their own budget.
- 5.2 All expenditure and income will be attributable to a single budget holder who will be accountable for managing that expenditure or income within the approved budget. Budget responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure and determine income.
- 5.3 All officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations, PPR and Land Procedure Rules;
- 5.4 The overall budget shall be agreed by the Combined Authority.
- 5.5 All expenditure must be supported by an approved budget. All budgets will be assigned to a single named accountable officer and that officer will be termed the budget holder. Budget holders may perform that duty in respect of multiple budgets; however a single budget cannot be assigned to more than one budget holder.
- 5.6 Budget holders must ensure that suitable documentation is maintained for all decisions in order to demonstrate compliance with agreed procedures and in order to provide evidence for audit purposes.
- 5.7 Budget holders are expected to exercise their discretion in managing their budgets responsibly and prudently and should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income. Budget holders must avoid creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.
- 5.8 Budget holders must plan to fund such commitments from within the respective service area within which their budget(s) apply.
- 5.9 Merseytravel and its Officers discharging functions may only take decisions which are in line with the budget. Any decisions that are contrary to or not wholly in accordance with the approved budget may

only be taken by the Combined Authority unless the decision is deemed to be a matter of urgency.

- 5.10 Decisions deemed to be a matter of urgency are defined within the Scheme of Delegation and Standing Orders. These provisions must be adhered to.
- 5.11 Budget holders will receive monthly updates on all income and expenditure from the financial ledger. It is the responsibility of budget holders to examine these and to identify any projected variances that will impact on overall income and expenditure to year end.
- 5.12 It is the responsibility of budget holders to identify any potential pressures on budgets at an early stage and communicate this with the Head of Finance. In the first instance, budget holders will need to identify corrective action to bring budgets within the agreed levels.
- 5.13 Where, with the agreement of the Director of Resources, this is not possible, a revised estimate will need to be made and approved by the Combined Authority.
- 5.14 The requirement to produce a revised estimate also extends to areas where income is likely to be greater than anticipated or where expenditure patterns suggest that a budget will underspend at year end.
- 5.15 It is necessary to report all forecast underspends and additional income within year as this enables the best use of resources and avoids large unanticipated underspends at year-end.
- 5.16 Budget holders must maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements and will supply information required to enable the statement of accounts to be completed in accordance with the guidelines and timetable issued by the Director of Resources. This will include the provision of working papers and other records in the format and quality prescribed by the Director of Resources.
- 5.17 In order to discharge these responsibilities, budget holders must:-
 - (a) maintain budgetary control within their departments, in adherence to the principles outlined in these Financial Regulations and to ensure that all income and expenditure is properly recorded and accounted for;
 - (b) ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively;
 - (c) prepare and submit to Merseytravel, and/or the Combined Authority or its Committees (as appropriate) reports on the

- service's projected expenditure compared with its budget, in consultation with the Director of Resources;
- (d) comply with any guidance concerning capital schemes and controls as issued by the Director of Resources; and
 - (e) ensure that all capital proposals comply fully with the requirements of the approved Capital programme.

5.18 All overspends on capital and revenue budgets shall be reported to the Combined Authority and/or Merseytravel (as appropriate) and, where appropriate may constitute an adjustment to the approved budget in the following year.

5.19 Approval of the capital programme does not constitute authority to incur financial expenditure. Officers shall seek approval for the release of all capital monies prior to seeking authority for expenditure of the same. Such approval shall be in accordance with the thresholds for procurement set out in the PPR.

6. **Virement between Budgets**

6.1 The Director of Resources will administer Merseytravel's scheme of virement in accordance with the Scheme of Delegation.

6.2 While all budgets are the ultimate responsibility of the Combined Authority, the distinction between the Combined Authority and Merseytravel must be considered when viring budgets.

6.3 Steps taken by Merseytravel or an Officer shall not exceed those budgets allocated to each budget head. However, such bodies or individuals shall be entitled to vire across budget heads where such virement:-

- (a) arises from the need to conform with recognised accounting standards and practices and has no overall budgetary implication; or
- (b) arises from the reorganisation or rationalisation of internal management arrangements which has no direct impact on service delivery or standards; or
- (c) involves the allocation or distribution from Contingency Items or Reserves previously earmarked by Merseytravel for specific purposes.

6.4 All such virement shall only be affected after consultation with and approval by, the Director of Resources and, in the case of (c) above in accordance with the established process for use of earmarked Reserves or balances. All other virement across budget heads shall require the approval of Merseytravel.

- 6.5 Heads of Service may exercise virement between Service Estimates and/or Capital Schemes on budgets within their control, subject to the following:-
- (a) any decision requiring variations to approved Service Estimates/ Capital Schemes must only be taken in accordance with the Scheme of Delegation to Officers; and
 - (b) such virement does not create additional overall budget liability.
- 6.6 Virement within Merseytravel Budgets up to a value of £100,000 can be undertaken by a Delegated Decision of Merseytravel in accordance with the Scheme of Delegation. Any virement decisions over £100,000 require a Decision of Merseytravel.
- 6.7 Any virement of budget from or to overall Employee costs needs to be approved by a Decision of Merseytravel. This does not include virement of budgets within overall employee costs, subject to the limits.
- 6.8 Heads of Service should, in consultation with the Director of Resources and their Director, identify those officers whom they wish to delegate authority for approving such virement. Heads of Service should determine limits that they wish to place on individual officers' authority within the overall limits specified by the Scheme of Delegation.

7. Standards of Financial Management

- 7.1 It is the responsibility of the Director of Resources to ensure that a proper Scheme of Delegation has been established within Merseytravel as appropriate and is operating effectively. The Scheme of Delegation should identify staff authorised to act on Merseytravel's behalf, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 7.2 The Director of Resources is responsible for the conduct of all Merseytravel financial and accounting matters. This includes the operation of Merseytravel's accounting systems, the form of accounts, the supporting financial records and for prescribing the form and manner in which they are kept.
- 7.3 The Director of Resources shall issue such accounting instructions as he or she deems necessary setting out for accounting systems the procedures that must be followed and the documents and records that must be adopted by all Officers.
- 7.4 Any changes made by Directors or Heads of Service to the existing forms, documents, records or procedures of a financial, accounting or costing nature, dealing with income, expenditure, assets, inventories, stocks or stores or the establishment of new procedures must be approved by the Director of Resources.

- 7.5 However, Directors and Heads of Service are responsible for the proper operation of financial processes in their own departments and shall:-
- (a) operate such systems and procedures as, in the opinion of the Director of Resources are necessary to ensure adequate financial control;
 - (b) keep such records of financial transactions and of other transactions and dates which the Director of Resources may require, in a form determined by him or her, in order to facilitate the preparation of Merseytravel's accounts and its subsidiary company accounts and compilation of costing and statistical statements and the completion of all necessary reports and returns;
 - (c) ensure that such records, including all books, deeds, contracts, bills, vouchers and receipts relating thereto are retained in accordance with guidance issued by the Director of Resources on retention of documents and stored so as to be readily available when access to them is required by the Director of Resources and the internal and external auditors. Such records and documents shall not be disposed of without the prior approval of the Director of Resources as to the time and method of disposal and in accordance with the Retention of Documents Policy; and
 - (d) ensure that his or her staff receive relevant financial training in respect of Open Accounts and other financial systems that have been approved by the Director of Resources.
- 7.6 The operation of financial systems should observe sensible and appropriate divisions of responsibilities. Heads of Service need to consult Internal Audit for advice on establishing appropriate divisions of responsibilities. Examples of appropriate divisions of responsibility would include:-
- (a) the duties of providing information regarding sums of money due to or from Merseytravel and of calculating, checking and recording these sums, shall be separated from the duty of collecting and disbursing such sums; and
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 7.7 All documents, forms, tokens and tickets which the Director of Resources defines as "Financial Stationery" shall be designed, purchased, stored, issued, used, retained and where necessary destroyed in accordance with the instructions issued by the Director of Resources.

8. **Financial Implications of Decision Making**

- 8.1 Financial decision-making is bound by the provisions within Merseytravel's Scheme of Delegation, Procurement Procedure Rules and Land Procedure Rules.
- 8.2 Directors and Heads of Service are responsible for ensuring that Merseytravel as appropriate are advised of the financial implications of all proposals and that the financial implications have been prepared, reviewed and agreed with the Director of Resources.
- 8.3 All decisions must include financial implications where appropriate. Where there are no financial implications, decisions must expressly state this.
- 8.4 The Director of Resources must approve any matter liable to affect Merseytravel's finances materially, before any commitments are incurred.
- 8.5 The Director of Resources will ultimately determine the Financial Implications of any proposals.
- 8.6 Directors and Heads of Service must maintain a written or electronic record where decision-making has been sub-delegated. Where decisions have been delegated or devolved to other responsible officers, references to the Director or Head of Service in the Regulations should be read as referring to them.
- 8.7 The Director of Resources has responsibility for reporting to Merseytravel and their external auditors if Merseytravel or one of its officers:-
 - (a) make or propose to make, a decision which involves incurring unlawful expenditure;
 - (b) take or propose to take, an unlawful action which resulted or would result in a loss or detriment to Merseytravel;
 - (c) make or propose to make an unlawful entry in the Merseytravel accounts.
- 8.8 The Director of Resources has a responsibility to advise Merseytravel whether a decision is likely to be considered contrary or not wholly in accordance with the budget.
- 8.9 The Director of Resources will advise Merseytravel where inappropriate actions have been taken or proposed that are contrary to the principles within the budget, even where these can be contained within that year's approved budget limits. Such actions include:
 - (a) Initiating a new policy or activity that is not consistent with the Corporate Plan; or

- (b) Taking a decision that commits significant expenditure in future years.

9. **Employee Costs**

- 9.1 Heads of Service shall produce an annual staffing budget and shall ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision.
- 9.2 Staffing budgets need to be reconciled with approved establishment lists maintained by the Head of People and Customer Development.
- 9.3 Heads of Service have a responsibility to monitor employee costs and recognise such indirect costs as sickness, overtime, training and temporary staff.
- 9.4 Heads of Service shall consult the Head of People and Customer Development in a timely and appropriate manner concerning all appointments, promotions, re-grades, resignations, redundancies, dismissals, retirements, suspensions, secondments and absences from duty or any other circumstances affecting the conditions of employment, salaries, wages or emoluments of any employee of Merseytravel and shall consult the Head of People and Customer Development on matters relating to the application of salaries and wages scales.
- 9.5 Timesheets or other pay documents, in a form approved by the Head of People and Customer Development in consultation with the Director of Resources, shall be prepared as necessary and certified by the authorised representative of the relevant Department.
- 9.6 The Head of People and Customer Development or other officer designated by him/her, shall be responsible for the payment of all payrolls from information supplied by Departments. The Heads of Service shall provide the Head of People and Customer Development with all information necessary to maintain records of service, superannuation, income tax, national insurance and statutory sick pay.
- 9.7 Heads of Service shall ensure that all requests to pay employees are:-
 - (a) in respect of employees within authorised establishments or approved redeployments or in respect of temporary or casual employees engaged for periods of sickness or emergency; and
 - (b) at salary and wage rates in accordance with Merseytravel's salary scales except where otherwise approved.

10. **Travel and Subsistence Claims**

- 10.1 Travel and subsistence claims must be made in accordance with Merseytravel's Travel Accommodation Travel, Accommodation and Subsistence Expenses Policy and Guidance.
- 10.2 Certain tax dispensations have been granted on the strength of the existing guidance and failure to adhere to such guidance could result in the withdrawal of dispensations and future travel and subsistence being classed as a taxable benefit.
- 10.3 The Director of Resources is responsible for reviewing, updating and negotiating tax dispensations with the Inland Revenue.
- 10.4 Reimbursement for travelling, subsistence or financial loss will be made by the Director of Resources upon receipt of the prescribed form duly completed and certified.
- 10.5 Certification of a claim shall be taken to mean that the journeys were authorised and the expenses properly and necessarily incurred.
- 10.6 Certification of claims made by Directors shall be by the Director of Resources. Certification of claims by Heads of Service and other staff shall be by the Director or Officer to whom the claimant is responsible in line. Certification of claims of the Director of Resources shall be by the Director General.

11. **Risk Management**

- 11.1 The Director of Resources shall be responsible for the preparation of Merseytravel's risk management policy statement and insurance strategy and for identifying all potential liabilities.
- 11.2 The Director of Resources shall be responsible for effecting all insurance cover and maintaining a record of such, as is considered necessary as a result of that strategy and for negotiating claims and maintaining appropriate records. The Director of Resources shall at such time as he/she considers necessary review all insurances in consultation with other Heads of Service.
- 11.3 Heads of Service shall submit any claims on the appropriate form to the Secretary for processing to Merseytravel's insurers.
- 11.4 Heads of Service shall take responsibility for risk management and shall ensure that there are regular reviews of risks within their Departments and notify the Director of Resources of all new risk that require insurance or alteration to existing insurances.
- 11.5 Heads of Service shall ensure that all projects within their sphere of responsibility are subject to sound planning and control to avoid

financial and other risks associated with their management. Such controls need to be consistently applied across all projects where Merseytravel has significant involvement or takes the lead and in these circumstances it is the policy that Merseytravel's standard project management method will be used.

11.6 The Secretary shall be consulted regarding the terms of any indemnity which Merseytravel is requested to give.

12. **Maintenance of Reserves**

12.1 The Director of Resources will advise Merseytravel on appropriate levels of reserves for Merseytravel.

12.2 Merseytravel will determine a Reserves Strategy as part of the Medium Term Financial Strategy on advice from the Director of Resources.

12.3 In establishing its Reserves Strategy, Merseytravel must consider all known financial risks and future liabilities.

13. **Treasury Management**

13.1 All Treasury Management activity shall be undertaken in full compliance with CIPFA's Code of Practice: Treasury Management in the Public Services. In particular, this will entail that:-

- (a) the Director of Resources will create and maintain, as the cornerstones for effective Treasury Management a treasury management policy statement, stating the policies and objectives of its treasury management activities and suitable treasury management practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities;
- (b) Merseytravel will receive reports on its TMPs, including, as a minimum, an annual strategy and plan in advance of the year, an interim report and an annual report after its close, in the form prescribed in its TMP's; and
- (c) the implementation and monitoring of TMPs shall be the responsibility of Merseytravel and the execution and administration of Treasury Management decisions shall be delegated to the Director of Resources who will act in accordance with Merseytravel's Policy Statement and Treasury Management Practices.

13.2 Credit arrangements, such as Finance Leases, Operational Leases and borrowing cannot be entered into without the approval and authority of the Director of Resources and Merseytravel.

14. **Internal Control**

- 14.1 The Director of Resources shall ensure that an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations are put in place.
- 14.2 Heads of Service are responsible for ensuring that standards of internal control are maintained within their area of responsibility. In discharging this responsibility, Heads of Service must:
- (a) manage processes to check that established controls are being adhered to and to evaluate their effectiveness;
 - (b) review existing controls in the light of changes affecting the operational environment and to establish and implement new financial and other controls in line with guidance from the Director of Resources; and
 - (c) ensure that all Officers within their service have a clear understanding of the consequences of lack of internal control.

15 **Internal Audit Requirements**

- 15.1 The Director of Resources shall be responsible for maintaining an independent continuous audit of the financial records, operations and systems of control as laid down in the Accounts and Audit Regulations and the Code of Practice for Internal Audit within Local Government in the United Kingdom.
- 15.2 The Director of Resources or his/her authorised representative, shall have authority:-
- (a) to enter any premises or land without prior notification and with unfettered access to examine all records, documents and correspondence relating to any financial and other transactions of Merseytravel and all subsidiary companies;
 - (b) to require and receive such explanations as he/she deems necessary in order to satisfy him/herself on any matter under consideration; and
 - (c) to require production of any information or items deemed necessary for the efficient and effective conduct of the audit. This shall include unfettered access to any electronic records including e-mails sent or received through Merseytravel equipment (including mobile phones), telephone records and CCTV monitoring images not acquired through directed surveillance.
- 15.3 Whenever any matter arises which involves or is thought to involve or which may suggest the involvement of fraud, corruption or irregularities in the exercise of the functions of Merseytravel or any instances of material error or non-compliance the Head of Service concerned shall

immediately inform the Director of Resources, who shall take such steps as he/she considers necessary by way of investigation and report.

- 15.4 Heads of Service shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

16. **External Audit**

- 16.1 The Director of Resources will ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work and will ensure that there is effective liaison between external and internal audit.
- 16.2 Heads of Service will ensure that all records and systems are up-to-date and available for inspection.
- 16.3 It is the responsibility of Heads of Service to consult with the Director of Resources and seek approval on any matter liable to affect Merseytravel's finances materially, before any commitments are incurred.

17. **Access to Business Systems**

Merseytravel will maintain an IT Acceptable Use Policy (AUP) which will make clear to Officers what business systems can be used for and that usage will be monitored in accordance with the AUP and all relevant legislation. Only Officers that have agreed to the terms of the AUP will be given access to business systems.

18. **Subsidiary Companies**

- 18.1 Any decisions relating to the establishment, acquisition or disposal of subsidiary companies must be authorised by Merseytravel. This includes part as well as wholly owned subsidiaries and joint ventures.
- 18.2 Officers acting as Directors of subsidiary companies must be mindful of the requirement to protect the financial interests of Merseytravel at all times and in all decisions.
- 18.3 Governance arrangements in respect of subsidiary companies have to be approved by Merseytravel and must protect the interests of Merseytravel at all times and in all decisions.
- 18.4 Financial support cannot be given to subsidiary companies without the express approval of Merseytravel and without an agreed budget for such purposes. The Director of Resources shall monitor such support.

18.5 Financial support includes but is not limited to:

- (a) the purchase of ordinary shares and additional ordinary shares;
- (b) the purchase of preference shares and additional preference shares;
- (c) the assumption or novation of debt from the subsidiary company to Merseytravel;
- (d) the advancement of loans for any purpose, including for the provision of working capital;
- (e) the payment of creditors on behalf of a subsidiary company;
- (f) the provision of grant-funding to a subsidiary company;
- (g) the writing-off of debts owed by a subsidiary company;
- (h) the provision or procurement of services – including premises – by Merseytravel on behalf of a subsidiary company where this is not at a commercial rate;
- (i) the provision of staff support to a subsidiary company where this is not at a commercial rate; and
- (j) the provision of financial guarantees.

18.6 The Director of Resources shall be the financial advisor to any subsidiary company but shall not be a Company Director.

18.7 The Secretary of Merseytravel shall not be a Company Director of any subsidiary company.

18.8 Merseytravel shall specify those Officers it wishes to be Directors or Officers of any subsidiary company and for joint ventures.

18.9 Heads of Service shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Director of Resources and Merseytravel.

19. **Banking Arrangements**

19.1 The Director of Resources is the only Officer, who may open any bank account whose title is associated with Merseytravel and/or the Combined Authority or any of Merseytravel's subsidiary companies.

19.2 The Director of Resources shall make all arrangements for the opening and operation of bank accounts in the name of Merseytravel or any subsidiary company for the ordering and issue of cheques and shall be authorised to operate such bank accounts as he/she considers necessary including variations in Merseytravel's banking terms and overdraft arrangements.

- 19.3 All cheques drawn on behalf of Merseytravel shall be signed by the Director of Resources or approved officers, who shall make proper arrangements for their custody.
- 19.4 Heads of Service shall ensure that any bank account held within their area of responsibility has a nominated Officer responsible for bank reconciliations, cheque control, accounting for transactions, preparing reimbursement claims, security and submitting request changes for variations to the mandate.
- 19.5 Any indemnity required by Merseytravel's bankers regarding the signature of cheques by a computer or where the services of a security firm are used for the deposit or receipt of cash at the bank shall be given by the Director of Resources or other duly authorised officer.

20. **Petty Cash Imprests**

- 20.1 All petty cash imprests shall be monitored by an accountable officer and subject to regular audit. As a principle, the use of such cash imprests shall be avoided and services should take steps to use alternative payment and procurement methods whenever possible.
- 20.2 The Director of Resources shall make such advances as he/she considers necessary to meet any petty cash payments and for use as 'floats' for the purposes of giving change to cash customers. Payments from petty cash imprests shall be limited to such maximum value and type of expenditure as may be directed by the Director of Resources.
- 20.3 Petty cash imprests should not be used to reimburse officers for expenditure that should properly be reimbursed through the payroll system, such as travel expenses/ professional fees.
- 20.4 The Director of Resources may provide such imprest accounts for other departments as he or she considers necessary to meet petty cash payments and other expenses. Payments from these accounts shall be recorded on the appropriate vouchers and supported by receipted bills and be forwarded to the Director of Resources at agreed intervals with a claim for reimbursement.
- 20.5 Where appropriate, the Director of Resources may open a bank account for use by the imprest holder but there shall be an instruction to the bank that the account must not be overdrawn.
- 20.6 Payments from Petty Cash Imprest shall be limited to such maximum value and type of expenditure as may be directed by the Director of Resources.
- 20.7 No income received may be paid into an imprest account or used to defray expenditure.

21. **Use of Payment Cards and Corporate Credit Cards**

- 21.1 No credit cards shall be issued to any individual officer in their own name. All business expenses must be reclaimed through the payroll system.
- 21.2 The Director of Resources shall make all arrangements for the management of Payment Cards where these can be demonstrated to provide value for money through the procurement of goods and services.
- 21.3 Heads of Service shall:-
- (a) arrange for all funds and monies managed as accountable bodies to be held, wherever possible, in the name of the Combined Authority;
 - (b) arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Resources and to maintain written records of all transactions; and
 - (c) ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

22. **Income Management**

- 22.1 Heads of Service shall establish a charging policy for the supply of goods and services, including the appropriate charging of VAT and shall ensure that the levels of fees and charges relating to services under their control shall be reviewed annually and reports shall be forwarded to Merseytravel for approval, after consultation with the Director of Resources or his/her nominated representative.
- 22.2 The arrangements for the collection of all monies due to Merseytravel shall be subject to the approval of the Director of Resources.
- 22.3 No cash payments in excess of that sum specified in Merseytravel's Financial Instructions shall be accepted in a single transaction or series of transactions by cashiers without the approval of Merseytravel's nominated Money Laundering Reporting Officer.
- 22.4 Details of charges for work done, goods supplied or services rendered on behalf of Merseytravel and of all other income due to Merseytravel, shall be promptly notified by the Head of Service to the Director of Resources in a form approved by him/her.
- 22.5 Any Value Added Tax should be accounted for separately.
- 22.6 All monies received on behalf of Merseytravel shall be acknowledged at once by the issue of an official receipt, voucher or ticket or by other agreed method and shall be paid intact to the Director of Resources or

his/her collecting officer or, subject to his/her instructions, be banked in Merseytravel's name at such intervals as he/she may determine.

- 22.7 All accounts, statements or letters requiring monies to be paid to Merseytravel shall specify that payment must be made to the Director of Resources unless agreed otherwise by him/her.
- 22.8 All receipt forms, books, tickets, licences and other documents representing receipts for money shall be in a form approved by the Director of Resources.
- 22.9 Heads of Service shall ensure that the requirements of Merseytravel's Debt Recovery Policy are fully complied with at all times.
- 22.10 Sums deemed to be irrecoverable shall only be approved for write off in accordance with the requirements of the Scheme of Delegation.

23. **Expenditure**

- 23.1 The Director of Resources or Head of Finance shall be responsible for the examination, verification and certification of requisitions for payment and for the allocation of expenditure to the relevant Head of Service.
- 23.2 Officers shall not make any advance payments to third parties for the supply of goods provision of services or execution of works unless there is a contractual commitment to do so and it has been approved by the Director of Resources.
- 23.2 All requisitions for payment shall be signed by the Head of Service or authorised designated officer and shall include responsibility for verifying, prior to passing to the Director of Resources for payment, that:-
 - (a) the goods or services to which the invoice relates have been received and are in accordance with the specification, been examined and approved and where appropriate, entered into inventories;
 - (b) the prices, calculations, trade discounts, other allowances and VAT are correct and the invoice has not previously been passed for payment;
 - (c) the expenditure is lawful; and
 - (d) the expenditure complies with Financial Regulations, Procurement Procedure Rules, Land Procedure Rules and the Scheme of Delegation.
- 23.3 The Director of Resources may examine, so far as he/she considers necessary, all accounts passed to him/her for payment and shall be entitled to receive such information and explanations as he/she may require.

- 23.4 The Director of Resources shall pay all accounts which he/she is satisfied represent legal payments and are in order.
- 23.5 Each Director or Head of Service is responsible for all orders issued by Merseytravel and subsidiary companies as appropriate. Orders showing a realistic estimate of cost should be issued for all work, goods or services to be supplied to Merseytravel except periodical payments such as for gas, electricity, telephone charges, rent and rates, petty cash purchases or any other exceptions approved by the Director of Resources.
- 23.6 Orders for goods and services must be accompanied by an appropriate Purchase Order (which may be electronic) unless covered by an invoice or contract. No payments will be made in respect of goods services or works without an appropriate Purchase Order, invoice or contract unless authorised by the Director of Resources. Officers raising the Purchase Order will need to maintain a record of how he/she has secured value for money through the specified supplier and specification.
- 23.7 For all purchases a Purchase Order (or equivalent) has to be completed and authorised by the relevant Head of Service. Officers raising the Purchase Order will need to maintain a record of how he/she has secured value for money through the specified supplier and specification.
- 23.8 Orders placed using approved electronic catalogues or alternative mechanisms that have been approved by the Secretary and form part of the service offered by suppliers (for example call-off arrangements) will be considered to be the equivalent of a Purchase Order.
- 23.9 Any payments to contractors from Merseytravel for goods, services or works must be undertaken through the appropriate financial system. In order for such payments to be made it is a key control within the Financial Regulations that a contractor's details are held on the payments system.
- 23.10 Where practicable, the duties of ordering, receiving goods and certifying procedures for payment should not be performed by one Officer.
- 23.11 Officers who communicate authorisation electronically must ensure that any passwords and login details are secure and appropriate.
- 23.12 Heads of Service shall, as soon as possible after 31 March each year and not later than a date specified, notify the Director of Resources or his/her nominated officer, of all outstanding expenditure relating to his/her department for the previous financial year. Heads of Service shall ensure that all such expenditure relates only to work, goods or services that has been completed or delivered on or before 31 March.

- 23.13 Invoices shall be passed to the Director of Resources in sufficient time to enable payment to the supplier within the agreed payment period. Variations to standard Merseytravel payment terms shall only occur where express approval has been issued by the Director of Resources.
- 23.14 Proposals to take advantage of early payment discounts require approval of the Director of Resources prior to such discounts being taken.
- 23.15 Heads of Service must ensure that credit notes, refunds or other appropriate redress is obtained when payment has been made and goods/services are subsequently deemed to be unsatisfactory.

24. **Contracts**

- 24.1 Officers shall consult their Head of Service who shall consult with the Secretary or Director of Resources (if appropriate) to establish whether liquidated damages or performance bonds (or other security for performance) are appropriate to be incorporated into written contracts after assessing the following factors:
- (a) potential risk in absence of a performance bond;
 - (b) known technical difficulties associated with the Contract;
 - (c) financial status of Contractor; and
 - (d) period of Contracts and any costs associated with obtaining such.
- 24.2 Before entering into a contractual agreement, Officers must be satisfied that paragraph 24.1 has been complied with and also that Procurement Procedure Rules have been complied with and that the contract represents value for money.
- 24.3 Officers shall not make any advance payments to third parties for the supply of goods provision of services or execution of works unless there is a contractual commitment to do so and it has been approved by their Head of Service or unless approved by the Director of Resources.
- 24.4 Officers shall not vary any contract with a third party without seeking advice and assistance from their Head of Service, the Director of Resources and the Secretary (as appropriate). Variation shall include but not be limited to extensions of time, waiver of liquidated damages, increases in costs, material variation of specification and any proposed termination of a contract.
- 24.5 Officers shall seek the necessary approvals for any overspends on contracts. Such approval shall be in accordance with the thresholds for approval for award of a contract and in accordance with the Scheme of Delegation.

25. **On-Line Payments and E-Commerce Systems**

- 25.1 The integrity of all systems for the receipt, management, reporting and payment of financial transactions are the ultimate responsibility of the Director of Resources. No officer may commission, procure or install any transactional IT system without the express consent of the Director of Resources and the Head of IT regardless of the value of such a system.
- 25.2 Likewise, no Head of Service has authority to commission, procure or effect any changes to established transactional systems without the express consent of the Director of Resources and the Head of IT, regardless of the value of such changes.
- 25.3 Any proposed changes to transactional financial processes must be approved by the Head of Audit and the Head of Finance.
- 25.4 The scheme of delegation to approach does not apply in respect of transactional financial systems as the risk to the integrity of the accounts and the implications for internal control are paramount. Transactional financial systems include but are not limited to:
- (a) cash receipting systems, including tills;
 - (b) ticketing systems, including Smart-ticketing systems;
 - (c) on-line and telephone retailing systems; and
 - (d) automatic ticket vending systems.

26. **Grants Awarded by Merseytravel**

- 26.1 Heads of Service shall ensure that all grants awarded by Merseytravel to third parties are subject to robust and fully documented processes and procedures to ensure compliance with approved objectives and full accountability for the sums awarded. These processes and procedures should include, where appropriate:-
- (a) advertisement of grant opportunities;
 - (b) application processes and timescales;
 - (c) defined eligibility criteria;
 - (d) assessment of application;
 - (e) decision making processes;
 - (f) approval processes;
 - (g) notification procedures;
 - (h) monitoring, evaluation and reporting procedures; and
 - (i) repayment and claw back arrangements.
- 26.2 Full documentation should be available at all times to support actions taken during the grant award process and retained in accordance with Merseytravel's Document Retention Policy.

26.3 Decisions to award grants shall be made in accordance with the thresholds for procurement set out in the Procurement Procedure Rules and in accordance with the Scheme of Delegation.

27. **Taxation**

27.1 The Head of People and Customer Development will complete all returns to Her Majesty's Revenue & Customs (HMRC) regarding PAYE.

27.2 The Director of Resources will complete a monthly return of VAT inputs and outputs to HMRC and will provide details to the HMRC regarding the Construction Industry Tax Deduction scheme and the Submissions of Annual Tax Computations.

27.3 The Director of Resources will maintain up-to-date guidance for employees on taxation issues.

27.4 Heads of Service will:-

- (a) ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC Regulations;
- (b) ensure that, where construction and maintenance works are undertaken, Merseytravel's arrangements for the proper recording of all Construction Industry Tax Deductions are satisfied;
- (c) ensure that all persons employed Merseytravel are added to the payroll and tax deducted from any payments, except where the individuals may be paid without the deduction of tax in accordance with those procedures specified by the Head of People and Customer Development; and
- (d) follow the guidance on taxation issued by the Director of Resources in Merseytravel's VAT Manual and Construction Industry Tax Deductions guidance documents.

28. **Data Protection and Data Security**

28.1 The Secretary is responsible for ensuring that, where appropriate, computer and other systems are registered in accordance with data protection legislation. The Secretary will also ensure that Officers are aware of their responsibilities under data protection and freedom of information legislation.

28.2 Heads of Service shall ensure that all electronic financial records are held in a secure and appropriate manner that protects against loss of data and provides robust business continuity arrangements.

28.3 Heads of Service shall ensure that any personal financial information held in respect of Officers or third parties must be held in accordance with appropriate data protection legislation.

28.4 Any electronic financial system needs to be approved by the Head of Finance and is subject to Internal Audit.

29. **Partnerships**

29.1 Merseytravel has specific responsibilities when establishing partnership arrangements with external companies, other public organisations and community and voluntary groups. Partnership arrangements are defined as any arrangement with another organisation which places responsibility for carrying out duties on behalf of Merseytravel with an outside body. This definition does not cover commercial arrangements.

29.2 The nature of the partnership should be clearly stated in a partnership agreement and should include formal agreement and acceptance of each partner's roles and responsibilities.

(a) The agreement should be subject to a risk management process to establish and manage all known risks including relevant exit strategies.

(b) Standards of financial procedures within the partnership should be consistent with those operated by Merseytravel. This may mean that financial procedures will need to be shared with the partner organisations. However this requirement needs to be considered in the context of risks and potential loss after consultation with the Director of Resources.

(c) A performance monitoring framework will need to be established to ensure the objectives of the partnership are met.

(d) A formal reporting procedure should be established to report to Merseytravel both the financial and performance position.

(e) Access protocols to records and documents should be established to ensure effective Audit and Inspection processes.

29.3 The Director of Resources will advise on effective controls to ensure that resources are not wasted and that accounting arrangements are satisfactory.

29.4 The Secretary will maintain a register of all contracts entered into with external bodies after prior consultation with the Director of Resources and ensure full consideration is given to appropriate partnership protocol.

29.5 Heads of Service will ensure that all partnership agreements are properly documented in a form prescribed by the Secretary, do not impact adversely upon the services provided by Merseytravel and that a risk assessment appraisal has been undertaken, in conjunction with the Director of Resources, prior to entering such agreements.

30. **Arrangements in Respect of External Funding**

30.1 Heads of Service shall liaise with the Director of Resources when notified of any new or additional external funding from Government Departments or other grant-making body where that new or additional grant has not been subject to an initial grant application or submission from Merseytravel. Approval as to the purposes for which such grant may be used must be secured in accordance with the requirements of the Grant guidelines.

30.2 Officers shall liaise with the Director of Resources when considering and prior to undertaking, any submissions to Government Departments or other grant-awarding body for new or additional external funding. Combined Authority approval should, wherever possible, be sought prior to such submissions if the submission is in the name of the Combined Authority. If timescales do not permit such prior approval then a retrospective report shall be submitted to the Combined Authority for information.

30.3 Heads of Service shall ensure that applications are in accordance with the agreed plans, policies and priorities of Merseytravel; that all risks associated with the completion of applications and claims for grant monies are fully considered; and that there are proper procedures in place to ensure that applications and claims are processed in an appropriately controlled manner.

30.4 This risk assessment shall include:-

- (a) consideration of impact on service delivery;
- (b) any match funding and/or potential claw back requirements;
- (c) revenue and resource implications for future years, including planned exit strategies;
- (d) any constraints and restrictions of the grant conditions and the ability to deliver within those conditions;
- (e) the ability to comply with record keeping arrangements;
- (f) the ability to implement appropriately robust processes for progress monitoring and reporting.

30.5 Heads of Service must ensure that requirements prescribed by the approval letter, grant conditions and grant claiming instructions are understood and complied with and that all claims for funds are made by the due date and that all expenditure is properly incurred and recorded.

31. **Work Undertaken for Third Parties**

31.1 Merseytravel is responsible for approving the contractual arrangements for any work undertaken for third parties or external bodies.

31.2 The Director of Resources will provide advice with regard to the financial aspects of third party contracts.

31.3 Heads of Service will:-

- (a) ensure that the appropriate approvals are obtained before any negotiations are concluded to work for third parties;
- (b) maintain a register of all contracts entered into with third parties in accordance with the requirements of the Director of Resources;
- (c) ensure that appropriate insurance and other risk management arrangements are made;
- (d) ensure that Merseytravel are not put at risk from any bad debts;
- (e) ensure that no contract is subsidised by Merseytravel;
- (f) ensure that, wherever possible, payment is received in advance of the delivery of the service;
- (g) ensure that the third party has the appropriate expertise to undertake the contract;
- (h) ensure that such contracts do not impact adversely upon the services provided for Merseytravel;
- (i) ensure that all contracts are properly documented; and
- (j) provide appropriate information to the Director of Resources to enable the compilation of the Statement of Accounts in accordance with proper practices.

32. **Assets, Stocks and Stores**

32.1 The Director of Integrated Transport Services is responsible for the development of corporate prioritisation methodologies to assist Merseytravel in determining the Capital Programme within defined resource limitations.

32.2 The Senior Head of Operations is responsible for the delivery of Merseytravel's Capital Programme.

32.3 The Head of Asset Management is responsible for the production of Merseytravel's Asset Management Plan;

32.4 The Director of Integrated Transport Services will ensure that an asset register is developed and available to record details of all land and

building assets held by Merseytravel in order to provide information about those assets and to ensure that they are:-

- (a) safeguarded;
- (b) used efficiently and effectively;
- (c) adequately maintained.

32.5 Heads of Service shall be responsible for the currency and maintenance of data held in the land and buildings register using those processes and procedures specified by the Director of Resources.

32.6 In relation to land and buildings Heads of Service will ensure that the Land Procedures Rules are followed.

32.7 Additionally and in relation to all other assets, Heads of Service will, as appropriate:-

- (a) ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to Merseytravel;
- (b) maintain a register/inventory of moveable assets in accordance with arrangements defined by the Director of Resources;
- (c) ensure that assets are identified, their location recorded and that they are appropriately marked and insured (if required);
- (d) undertake regular checks as required of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, mobile phones and other audio/visual equipment should be identified with security markings as belonging Merseytravel;
- (e) ensure that no Merseytravel owned assets are subject to personal use or any other use other than in pursuance of approved service delivery without proper authority and where appropriate, documentation identifying terms, responsibilities and duration of use;
- (f) ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion;
- (g) investigate and remove from Merseytravel's records (ie write off) any stock as appropriate, discrepancies or redundant stocks, as necessary or to obtain Merseytravel approval (as appropriate) if they are in excess of £2,000;
- (h) ensure cash holdings on premises are kept to a minimum and within relevant insurance limits;
- (i) ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Resources as soon as possible;

- (j) ensure that the disposal or part exchange of assets (other than any land, buildings or other property assets under the Land Procedure Rules) is in accordance with the Corporate Disposal Policy;
- (k) Stores, equipment, furniture or other materials found to be obsolete or surplus to requirements shall normally be disposed of in accordance with the Corporate Disposal Policy;
- (l) ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged or may possess some intrinsic value and its disclosure or loss could result in a cost to Merseytravel in some way;
- (m) provide such information as the Director of Resources requires; and
- (n) submit an annual declaration statement of register of assets above defined thresholds specified by the Head of Finance in a format determined by the Head of Asset Management to the Head of Asset Management upon request.

Part 7 – Scheme of Delegation

1. Decision Making

1.1 Responsibility for Decision-Making

Merseytravel will issue and keep up-to-date a record of what part of Merseytravel has responsibility for particular types of decisions or decisions relating to particular areas or functions.

1.2 Principles of Decision-Making

1.2.1 All decisions of Merseytravel and its Officers will be made in accordance with the following principles:

- (a) be within the lawful powers of Merseytravel;
- (b) not be so unreasonable that no reasonable public body could have reached it, having taken into account all relevant considerations and having ignored irrelevant considerations (the Wednesbury test of reasonableness);
- (c) having due consultation where appropriate (including the taking of relevant professional advice from officers of Merseytravel);
- (d) respect for human rights;
- (e) presumption in favour of openness;
- (f) clarity of aims and desired outcomes;
- (g) as per the Constitution; and
- (h) be proportionate (ie the action must be proportionate to the desired outcome).

1.2.2 The Scheme of Delegation exists to ensure that the right decisions are taken at the right level and for the right reasons.

2. Formal Scheme of Delegation

2.1 Introduction

2.1.1 This Scheme delegates to Directors of Merseytravel all the powers and duties of Merseytravel necessary for the discharge of Merseytravel's functions carried out within his/her respective directorate. Each Director shall have the authority to manage the officers within their directorates within agreed budgets and establishment numbers subject to appropriate consultation with the Director of Corporate Development or Head of People and Customer Development (as appropriate) and to the Scheme of Delegation in respect of Employee Matters set out in paragraph 5 below

2.1.2 This Scheme includes the power for officers to further delegate any function that has been delegated to them under this

Scheme to another officer or to other officers. Every such sub-delegation shall be in writing, setting out the terms and conditions upon which that function is to be performed and accountability for the performance of the sub-delegated function. The officer making such sub-delegation shall record the sub-delegation in a register maintained for the purpose by the Director General.

2.2 Decisions of Merseytravel

2.2.1 Decisions of Merseytravel shall be those decisions that are not reserved for the Combined Authority and include those within the defined functions of Merseytravel and those delegated to Merseytravel by the Combined Authority.

2.2.2 Decisions of Merseytravel can be Delegated Decisions of Merseytravel or Decisions of Merseytravel.

2.2.3 Decisions of Merseytravel are taken at formal meetings of Merseytravel, held under Merseytravel's constitutional arrangements.

2.2.4 Decisions of Merseytravel shall be those decisions that cannot be taken as Delegated Decisions of Merseytravel and are not reserved for the Combined Authority.

2.2.5 They include:

- (a) Capital and Revenue decisions in excess of £50,000 where no budget has been provided;
- (b) decisions to appoint contractors for Merseytravel contracts in excess of £100,000
- (c) any changes to staffing structures that are contained within the existing establishment;
- (d) any decisions that has implications on the terms and conditions of employment of staff;
- (e) any decision that has potential redundancy implications for staff;
- (f) the write off of any Merseytravel debt over £2,000;
- (g) any decision that involves substantial changes to Merseytravel's on-line presence, including the commissioning of web-based services and on-line payments; and
- (h) any decisions that are reserved by statute for Merseytravel.

2.2.6 In referring a decision to Merseytravel, the Officer shall prepare a report, setting out

- (a) the Officer recommending the decision;

- (b) the issue to be decided;
- (c) any restriction upon the publication of the report in accordance with the Local Government Act 1972;
- (d) any facts upon which any decision must be based including a formal evaluation of risk;
- (e) any legislative requirements;
- (f) any existing Combined Authority or Merseytravel policy relating to the issue;
- (g) any relevant national or regional guidance;
- (h) the alternative options available to the Officer;
- (i) the staffing, equality and financial implications of the issue;
- (j) any consultations undertaken with the relevant Heads of Service;
- (k) the view of any consultees including Trade Unions;
- (l) any implications for any other areas of Merseytravel
- (m) the area of activity within which the issue falls; and
- (n) the Officer's proposed recommendation and the reasons supporting the Officer's proposed recommendation .

2.3 Distribution of a Proposed Decision of Merseytravel

The report must be prepared within the common electronic template contained within the Modern.Gov system and circulated to:

- (a) the relevant Director or Directors for the service affected by the Decision;
- (b) the Director of Resources, the Secretary, Head of Audit and Head of Finance;
- (c) where the matter affects the responsibilities of one or more Head(s) of Service, the Head(s) of Service so affected;
- (d) any other Head of Service who is responsible for services which may be affected by the proposed decision eg Head of People and Customer Development for staffing issues.

2.4 Delegated Decisions of Merseytravel

2.4.1 Delegated Decisions of Merseytravel are decisions that need to be formally recorded and published but do not require the formal approval of the Combined Authority or formal consideration at Merseytravel meetings.

2.4.2 A decision shall not be suitable for delegation in this way if:

- (a) it is a strategic or a decision reserved for the Combined Authority;
- (b) it is in conflict with the Policy Framework approved by the Combined Authority;
- (c) it is in conflict with Merseytravel's Standing Orders and/or Financial Regulations;

- (d) it is in conflict with any statutory restrictions, statutory guidance or statutory code of practice;
- (e) it raises new issues of policy; or
- (f) it falls within the terms of reference of Merseytravel

2.4.3 In exercising delegated powers, Officers shall act only within the revenue and capital budgets for the relevant service as approved by the Combined Authority, subject to any variation thereof which is permitted by Merseytravel's Financial Regulations.

2.4.4 Furthermore, a decision cannot be undertaken under the Delegated Decision of Merseytravel procedure if it has any of the following implications:

- (a) it will result in any staff being displaced or TUPE transferred;
- (b) it requires a virement of funding between approved budgets above £50,000;
- (c) it requires the acceptance of a tender for a contract in excess of £100,000;
- (d) it requires the passage of local legislation or the adoption by Merseytravel of national legislation;
- (e) it is in response to a determination from the Information Commissioner in respect of a breach of the Data Protection or Freedom of Information Act;
- (f) it proposes the write-off of a debt to Merseytravel of more than £2,000;
- (g) it proposes an alteration in the charges which Merseytravel makes for any of its services unless the alteration is as a result of a charge which has been fixed by Government without discretion as to implementation;
- (h) it proposes a severance agreement for an employee that falls outside of that employee's contractual entitlement and / or involves the signing of formal compromise agreements under the terms of the severance;
- (i) on consultation, it raises an objection from the Director of Resources, the Secretary, Directors or a Head of Service; or
- (j) the Head of Service is of the opinion that it should be treated as a Decision of Merseytravel.

2.5 Consultation and Publicity

- 2.5.1 Delegated Decisions of Merseytravel must be taken with full consultation with the Director of Resources, the Secretary, appropriate Heads of Service and Directors and must be formally recorded.
- 2.5.2 In proposing a decision or exercising any delegated function, Officers must have regard to any professional standards or operational policies of Merseytravel and shall be responsible for undertaking any appropriate consultation with the Head or Heads of Service relevant to the matter under consideration.
- 2.5.3 The relevant Heads of Service that must be consulted where a decision has implications within that professional area. These specifically include:-

Senior Head of Operations for all decisions involving network planning, delivery of customer service or construction related activities

Head of Finance for all decisions where there is a potential or actual financial implication. Where the decision proposes the write-off of a debt to Merseytravel, the Director of Resources must be consulted and the procedure must be undertaken in accordance with the Financial Regulations.

Head of People and Customer Development for all decisions where there are potential or actual implications for staffing, including appointments, changes to remuneration or terms and conditions and TUPE and for all decisions that have potential or actual implications in respect of internal and/or external communication and marketing.

The Secretary for all decisions that involve the procurement or commissioning of goods and services from third parties under contractual arrangements and/or have legal implications;

Head of IT for all decisions that involve the commissioning, procurement, development, decommissioning and / or sale of any IT infrastructure, hardware and software

Head of Asset Management for all decisions that have potential or actual implications in respect of the physical assets of Merseytravel. These include decisions to purchase or to sell assets, but also include decisions relating to the maintenance of existing assets and all engineering and other works related to Merseytravel assets. It specifically includes all decisions relating to capital schemes.

- 2.5.4 In exercising any delegated function officers should consult Directors and Heads of Service if they are unsure whether a decision has implications that need to be brought to their attention.
- 2.5.5 It is the Director and Head of Service that determines whether a decision has implications within his/her area rather than the Officer seeking to exercise her/his delegated authority.
- 2.5.6 Officers do not have to prepare or publish a formal written report in respect of a Delegated Decision of Merseytravel, but are responsible for ensuring that consultation where appropriate is undertaken with the Officers detailed in 2.5.3 above.

2.6 Determination

- 2.6.1 Where no objection has been received from a consultee under the process, the Officer may proceed to make his/her final decision.
- 2.6.2 Each Delegated Decision of Merseytravel has to be signed off by the Secretary, the Director of Resources and any other relevant Directors and Heads of Service which shall include the Secretary for all procurements.
- 2.6.3 Where an objection is received from a consultee under the process, the decision cannot be taken under the provisions of the Delegated Decision of Merseytravel.

2.7 Recording and Reporting of Delegated Decisions of Merseytravel

- 2.7.1 Officers shall submit a request for a Delegated Decision of Merseytravel via Merseytravel's electronic decision making process.
- 2.7.3 The Secretary shall maintain a record of all Delegated Decisions of Merseytravel and shall ensure that a record of these decisions, subject to any requirement for confidentiality, is made available to all who require it.

2.8 Accountability

Officers are accountable for any Delegated Decisions of Merseytravel which they make and may be required to report to and attend and answer questions from Merseytravel, or any appropriate Committee of the Combined Authority in respect of any Delegated Decisions of Merseytravel which they make.

3. **Urgent Decisions**

- 3.1 Where an Officer is of the opinion that a decision for which he/she is responsible should be made urgently in order to prevent or reduce the risk of damage to persons or property or to the interests of Merseytravel and that the urgency of the decision is such that it is not practicable to complete a formal decision-making process set out above, the Officer shall:-
- (a) use his/her best endeavours, as far as the urgency of the matter permits, to consult those persons whom he/she would have been required to consult had the full decision-making process been followed; and
 - (b) have the full power to take that decision, notwithstanding that the full procedure has not been followed;
 - (c) as soon as practicable after taking the decision, ensure that a report set out as in paragraph 2.2.6 is prepared, setting out also the reasons for the urgency and the final decision which has been taken and that report shall go to the next convenient meeting of Merseytravel for information.
- 3.2 Failure to give due consideration to a matter that could have been reported through the normal route for any decision if anticipated or acted upon in a timely fashion is not considered grounds for utilising the Urgent Provisions herein.
- 3.3 Where an Officer is of the opinion that a decision for which he/she is responsible should be made urgently within the parameters established in paragraph 3.1, that Officer must still seek to consult with all relevant Heads of Service and/or Directors, particularly where there are infrastructure, asset management, staffing and ICT implications that would affect the safety of employees, service users and others.

4. **Scheme of Delegation for Employee Matters**

4.1 **Recruitment of Directors of Merseytravel**

- 4.1.1 Where the Combined Authority proposes to appoint a Director of Merseytravel, the Head of People and Customer Development will, in consultation with the Combined Authority, draw up a statement specifying:
- (a) the duties of the Officer concerned; and
 - (b) any qualifications or qualities to be sought in the person to be appointed;

- 4.1.2 The Head of People and Customer Development will subsequently:
- (a) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it;
 - (b) make arrangements for a copy of the statement mentioned in Paragraph 5.1.1 to be sent to any person on request; and
- 4.1.3 The Combined Authority shall consider and determine the amount of any salary which it is proposed to offer to any new appointment of a Director of Merseytravel.
- 4.1.4 The Combined Authority will approve the appointment of the all Directors of Merseytravel before an offer of appointment is made to him/her, following the recommendation of such an appointment by a Committee/Sub-Committee of the Combined Authority (as appropriate).
- 4.1.5 For the purposes of sub-paragraph 4.1 above these provisions relate to the following posts:
- (a) Director General
 - (b) Director of Integrated Transport Services
 - (c) Director of Resources
 - (d) Director of Corporate Development; and
 - (e.) Any Non-Executive Directors of Merseytravel whether remunerated or not

4.2 Recruitment of Heads of Service and Officers

- 4.2.1 The appointment of all other posts is delegated to the relevant Director or his/her nominee and will not be made on the approval of the Combined Authority.
- 4.2.2 Vacant posts for permanent staff shall be publicly advertised by any mechanism deemed appropriate by the Head of People and Customer Development in consultation with the relevant Head of Service. Posts shall be filled from applications received in response thereto except where:-
- (a) the post is filled by internal appointment, promotion or transfer, or
 - (b) applications received for a publicly advertised post are reconsidered, within a period of 6 months, for a similar vacant post; or
 - (c) any such public advertisement has produced no suitable response.

4.2.3 Where a post has been advertised as provided in 4.2.2 above, the Head of Service shall, in consultation with and support from the Head of People and Customer Development:-

- (a) interview all qualified applicants for the post; or
- (b) select a shortlist of such qualified applicants and interview those included on the shortlist; or
- (c) agree a revised recruitment mechanism dependent on circumstances.

Where no qualified person has applied, the Head of Service shall make further arrangements for advertisement after consultation with the Head of People and Customer Development.

4.3 **Employees**

4.3.1 Canvassing of Members of the Combined Authority or its Committees, Boards or Sub-Committees or any Director or Head of Service of Merseytravel directly or indirectly for any appointment by Merseytravel shall disqualify the candidate concerned for that appointment.

4.3.2 A Member of the Combined Authority shall not solicit for any person any employment/appointment to provide services to Merseytravel, but this shall not preclude a Member from giving a written reference for a candidate with an application for appointment.

4.3.3 A candidate for any appointment to Merseytravel who knows that they are related to any Member of the Combined Authority or its Committees, Boards or Sub-Committees or any employee of Merseytravel or any of its subsidiary companies shall when making an application for appointment, disclose that relationship to the appropriate Director or Head of Service.

4.3.4 Every Director, Head of Service or Manager of Merseytravel or any of its subsidiary companies shall disclose to the appropriate Director or Head of Service (as appropriate) any relationship known to him/her to exist between himself/herself and any person who he/she knows is a candidate for any appointment for Merseytravel.