

GMCA

Date: 31st May 2021

Subject: TfGM Non-Executive Director

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM

PURPOSE OF REPORT:

The purpose of this report is to approve the extension of the appointment of Mr. Les Mosco as Non-Executive Director of Transport for Greater Manchester (TfGM) until 31st December 2021 and authorise TfGM to start the recruitment process for a replacement Non- Executive Director.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the extension of the appointment of Les Mosco as Non-Executive Director of TfGM until 31 December 2021;
2. Delegate authority to the Chief Executive, GMCA & TfGM to formalise the terms of the extended appointment;
3. Approve the commencement of a recruitment process for a replacement Non- Executive Director, to replace Les Mosco; and
4. Delegate authority to the Chief Executive, GMCA & TfGM to formalise the terms of the appointment of the new Non-Executive Director.

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BOLTON
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MANCHESTER
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ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

BACKGROUND PAPERS:

GMCA-RC 31st May 2019 TfGM Executive Board Membership

30th November 2018 Appointment of TfGM Non-Executive Directors

26 October 2018 – Senior Management Arrangements report to GMCA Resources Committee

29 March 2018 – Appointment of Non-Executive Directors Transport for Greater Manchester report to GMCA

28 July 2017 - Appointment of Non-Executive Directors Transport for Greater Manchester report to GMCA

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No
GM Transport Committee	Overview & Scrutiny Committee
N/A	N/A

1. INTRODUCTION/BACKGROUND

1.1 The GMCA, in consultation with TfGM's Chief Executive, is responsible for the appointment of members to TfGM's Executive Board under Section 9(2) of the Transport Act 1968. Section 16(b) of the SELNEC Order 1969 also confirms that: -

'The Executive for a passenger transport area consists of —

- (a) a Director General appointed in accordance with Part II of Schedule 5 to this Act by the Authority; and*
- (b) not less than two, nor more than eight, other members so appointed by the Authority after consultation with the Director General.'*

1.2 The GMCA constitution states under the heading of Transport that

- "(d) The GMCA is 'the Authority' for the purposes of the South East Lancashire and North East Cheshire Passenger Transport Area (Designation) Order 1969 and is responsible for the appointment of members to the Board of TfGM."*

1.3 Therefore, the GMCA may appoint up to eight members to TfGM's Executive Board in addition to the Director General (nine members in total).

1.4 TfGM is governed by different legislation to Local Authorities. In particular, the Transport Act 1968 and its subsequent Orders, which established TfGM, recognises the requirement for TfGM to operate and to negotiate, on behalf of the GMCA, in a manner typical of a private sector environment. The Transport Act 1968 constituted TfGM to resemble the governance arrangements of a large, not-for-profit, private sector company, in such a way as to facilitate the most effective negotiating position with private sector providers.

1.5 Although the Executive Board could, in line with provisions of the Transport Act 1968 and the SELNEC Order 1969, be constituted with executive officers only, TfGM has, for many years adopted the Financial Reporting Council's UK Corporate Governance Code (the UK Code), which sets out Government policy in relation to how organisations should be governed in the best interests of its stakeholders. The use of fixed term appointments for Non-Executive Directors, and the composition of the Board is in line with Principle 11 of the UK Code which states that "at least half the Board, excluding the chair, should be Non-Executive Directors whom the Board considers to be independent." Non-Executive Directors and Advisors have been members of the TfGM Executive Board since approximately 2003.

1.6 The above arrangements mirror other large public body organisations, including, for example, Manchester Airports Group which has a number of Independent Non-Executive directors from both the private and public sector.

2. THE CURRENT TfGM BOARD COMPOSITION

- 2.1 TfGM's current Executive Board comprises eight members, who are:
- the joint GMCA/TfGM Chief Executive Officer (as Director General);
 - the Finance and Corporate Services Director;
 - the Chief Operating Officer;
 - the GMCA Treasurer;
 - three Independent Non-Executive Directors.
 - The Head of Legal Services, acting as Secretary to the Executive for the purposes of Article 16(3) of the SELNEC Order.
- 2.2 There is no legal distinction between the duties of those members who are permanent appointments to TfGM (the Chief Executive, Finance and Corporate Services Director, and Chief Operating Officer) and the Independent Non-Executive Directors, who have the same fiduciary duties and the same duty of skill and care as the Executives.
- 2.3 All members of the Board must act in the way they consider would be most likely to promote the success of TfGM. In doing so, the Independent Non-Executive Directors must, when performing their role, have regard to (among other matters): the likely consequences of any decision in the long term; the impact of TfGM's operations on the community and the environment; and TfGM maintaining a reputation for high standards of 'business conduct'. The Independent Non-Executive Directors must also satisfy themselves that TfGM has appropriate financial reporting and risk management procedures in place.
- 2.4 The Independent Non-Executive Directors work on behalf of the GMCA to provide constructive challenge to the Executive Directors, and to offer independent assurance in relation to, inter alia, the integrity of TfGM's financial information, and that TfGM's internal controls and systems of risk management are robust and defensible.
- 2.5 In accordance with the UK Code, TfGM's Audit and Risk Assurance Committee is chaired by, and wholly composed of, Independent Non-Executive Directors. The Audit and Risk Assurance Committee has a particular role to act independently from management to ensure that the interests of financial stakeholders (including GMCA and others) are properly protected in relation to financial reporting and internal control. This arrangement also provides a formal process to ensure the independence and effectiveness of the internal and external audit functions; and provides assurance that TfGM's risk management policies and procedures are appropriate to determine the nature and extent of the principal risks that TfGM should accept in order to achieve its, and GMCA's, long term strategic objectives; and that those risks are appropriately and systemically managed and controlled.

- 2.6 As members will be aware, TfGM is responsible for delivering a wide and complex range of transport services and infrastructure on behalf of the GMCA, including a budgeted capital programme of approximately £193 million in 2019/2020, and management of a c£1.8 billion asset portfolio.. In addition, TfGM is also leading on a number of large, complex 'change programmes' including, for example, the implementation of bus franchising, the development and delivery of a major Active Travel programme and the development and delivery of the Clean Air Plan on behalf of the 10 Greater Manchester Local Authorities.
- 2.7 The TfGM Executive Board meets at least once a month and the Audit and Risk Assurance Committee meets once a quarter.
- 2.8 The salary / fee paid to each of the Independent Non-Executive Directors is £28,000. The average hours that the current Non-Executive Directors spend on TfGM Executive Board and Audit Committee work is estimated to be at least circa 3.5 days per month. This equates to a day rate of circa £650. 0.
- 2.9 Although the Independent Non-Executive Directors do not have any executive responsibilities, the experience that they bring and the specialist advice that they provide to TfGM is extremely valuable in helping the Executive Team to develop policy propositions into delivery; and to steer TfGM in respect of commercial and contractual risk. The TfGM delivery model relies on a large number of contracts with third parties and the commercial, financial and legal expertise of the current and recent Non- Executive Directors has provided the organisation with considerable challenge and support.

3 EXTENSION TO APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr Les Mosco, Independent Non-Executive Director

- 3.1 The GMCA have previously approved the re-appointment of Mr Les Mosco as an Independent Non-Executive Director of TfGM's Board for a fixed term, which expires on 31st May 2021.
- 3.2 Mr Mosco has 40 years' experience in the Banking, Oil & Gas, Rail and Renewable Power sectors and in Central Government. He was appointed to TfGM's Board in 2015 by the GMCA following an open recruitment process.
- 3.3 Mr Mosco has served six years as a Non-Executive Director of TfGM., It is proposed that he would be re-appointed until 31st December 2021 to allow time for TfGM to recruit a new Non-Executive Director.

4 RECRUITMENT PROCESS

- 4.1 It is recognised that the Executive Board needs to have a range of skills and experience to support TfGM's functions. Therefore, any recruitment would need to

be conducted, and selection made, on merit, against objective criteria and with due regard to the benefits of diversity on the Board.

- 4.2 Recruitment of a replacement Non-Executive Director would be subject to an open recruitment process and it is proposed to utilise an external executive search agency that would utilise advertising and targeted search activity to identify a ‘long list’ of candidates.
- 4.3 The subsequently shortlisted candidates would be interviewed by a panel made up of TfGM’s Chief Executive and other senior stakeholders from both TfGM and GMCA. Any decision to appoint would be subject to GMCA approval.

5 RECOMMENDATIONS

- I. Approve the extension of the appointment of Les Mosco as Non-Executive Director of TfGM until 31 December 2021;
- II. Delegate authority to the Chief Executive, GMCA & TfGM to formalise the terms of the extended appointment;
- III. Approve the commencement of a recruitment process for a replacement Non-Executive Director, to replace Les Mosco; and
- IV. Delegate authority to the Chief Executive, GMCA & TfGM to formalise the terms of the appointment of the new Non-Executive Director.

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM