

**SUBJECT: CENTRO-WMPTA GOVERNANCE AND OPERATIONAL
ARRANGEMENTS REVIEW**

Report of the Chief Executive – Geoff Inskip

1. Need for the Change

- 1.1 At its meeting on 27th March 2006 the PTA requested that, once appointed, the Chief Executive undertake a review of the governance and operational arrangements and to review Centro senior management structures, particularly in light of the dynamic external environment and the need to demonstrate delivery capability and value for money.
- 1.2 One of the stimuli for the review in March 2006 was a concern over Centro-WMPTA's ability to deliver schemes and programmes and the appropriateness of the organisation structure in the context of the growing importance of the transport agenda. This review is therefore focussed on establishing a senior management structure and frameworks that will ensure that the revised Centro-WMPTA structures, role and activities will be in line with stakeholders external needs and that the organisation is effective, efficient and economic, i.e. fit for purpose.
- 1.3 The West Midlands Chief Executives Group is examining the way that group operates, transport governance, particularly in relation to TIF governance and has commissioned a review of the Chief Engineers and Planning Officers Group (CEPOG), including examining the role and management of the cross region Core Support Team, currently employed by Wolverhampton CC and located in Centro House. Centro-WMPTA has been involved in this work review through the Chief Executive, the TIF Director and the Assistant Director – Human Resources. This means that any Centro-WMPTA structures must be flexible and adaptable to add value in whatever regional frameworks operate in the future.
- 1.4 It is important to recognise the role of transport not as a means in itself but as a means of ensuring that economic regeneration and access by communities to key facilities (such as health and fresh food) can be enabled. This review takes as a starting point the broader relationships of transport, regeneration, planning, economic development, etc. at regional and national level, including the work underway through the West Midlands Chief Executives Group. It also considers the legislative backcloth and its impact on the future role and functions of PTA/Es, e.g. the Local Government White Paper, draft Road Transport Bill, the Eddington Transport Study, Stern Review, etc.
- 1.5 To be effective, Centro-WMPTA needs to analyse the national, regional and local environment and translate this into tangible actions to contribute to improvements in social, environmental and economic well being.

2 Setting the Vision

2.1 Centro-WMPTA plays the leading role on public transport within the integrated transport strategy for the region. It is also acknowledged that a comprehensive and high performing transport system is important to sustained economic prosperity, and that transport constraints impact negatively on competitiveness. Congestion remains a significant problem for the West Midlands economy and public transport can also help contribute to lower emissions. Transport and public transport are very much on the national agenda.

2.2 The vision for Centro-WMPTA is therefore to provide:

“a world class public transport system delivered by a best in class organisation”.

This vision will provide a focus on delivering the high quality public transport system required by an organisation that benchmarks itself against others, measures its performance and is structured to deliver with and through others.

2.3 It will however be recognised that public transport will continue to be defined and delivered within an overall integrated transport strategy that supports the broader agenda of Regeneration; Economic Development; Housing; Social Inclusion, Health and Quality of Life. When working as a world class organisation, Centro will lead and influence others in defining the public transport system, and partner others to develop and deliver it.

3 The Right Structure

3.1 In order to review and define a new organisation for Centro that is fit for purpose, a process of both analysis and stakeholder engagement was undertaken in order that the preferred option was “fit for purpose”, and had the buy-in of stakeholders, internal and external. To that end, the analysis and building of options was undertaken during January through to April 2007 between ER Consultants, Centro Assistant Director - HR, and Centro-WMPTA Chief Executive. In order to consult, gain input and buy-in to the solution, meetings and focus groups were held with the following stakeholders:

- PTA Members Working Group
- PTA Chairman
- PTA Clerk
- Chief Executive, Coventry City Council
- 1-2-1 meetings with Centro Executive Directors
- 1-2-1 meetings with specific Assistant Directors
- Focus Group sessions with all Assistant Directors
- 2 Executive Board workshops

3.2 This process of analysis and engagement built up a picture that:

- Took account of the national and regional agenda, and the overall landscape in which Centro-WMPTA operates (see Appendix A)
- Defined Centro-WMPTA purpose (why we exist), vision (its ambition) and role (what do we do)

- Defined Centro-WMPTA's future core processes, and understood how they should be delivered
 - Defined the organisation success criteria required to deliver the vision
 - Benchmarked the organisations of the other PTEs and TfL
 - Created and evaluated organisational options
 - Defined a preferred structure
- 3.3 The vision “to provide a world class public transport system delivered by a best in class organisation” will be actioned through six core processes:
- Influencing of strategic direction and needs
 - Vision and strategic direction
 - Programme development & funding
 - Project delivery
 - Services and Partnership Management
 - Organisation Change and Development
- 3.4 Implementing revised processes and structures is part of the changes needed. To be capable of delivering the above core processes, Centro-WMPTA also needs to have capability in:
- Providing strategic vision and direction in a complex landscape
 - Strategic and local balance – to keep a sustainable balance between the national, regional and district agendas
 - Partnership Management - in contractual management and relationship development
 - Stakeholder Management (especially government bodies) – able to understand and influence
 - Commercial & political intelligence – to understand how the world in which Centro-PTA operates, works, and to have the skills to work within it
 - Open mindedness & critical thinking – creative to deliver solutions and able to deal with complex and ambiguous situations
 - Accountable / Outcome focused – to accept accountability for delivering an outcome and achieving this through influencing outside of one's immediate control
 - Performance management – to be clear with objectives, aware of progress against plan and be able to manage difficult situations in getting back on track
 - Promoting business excellence
 - Capable in developing & enabling people
 - Tenacity & Resilience – to keep on going when times are tough
 - Working across boundaries – internally between functions and externally between public bodies and businesses
- 3.5 In order to build an organisation that is fit for purpose to meet the identified needs, the following criteria were established, against which a number of options were considered:

External facing

- Accommodates the degree of change taking place within public transport
- Fits into the future regional governance structure
- Improves the delivery of the District agenda

- Takes account of PTA / District Leader / West Midlands Chief Executives demands for: Clarity of accountability; Focus on strategic issues; Minimum number of senior posts
- Has clarity around how partner & stakeholder management takes place
- Provides passenger insight / representation / ownership and sets standards/ Influences service delivery performance

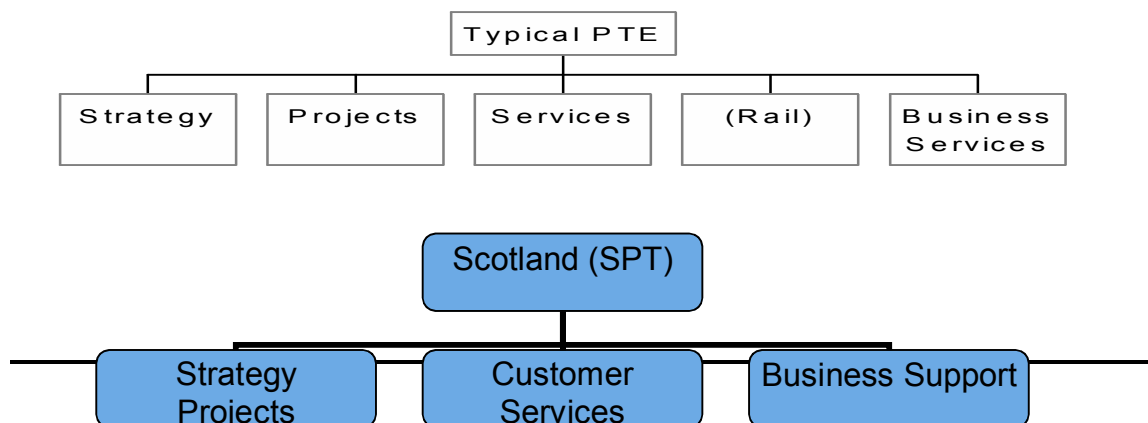
Internal demands

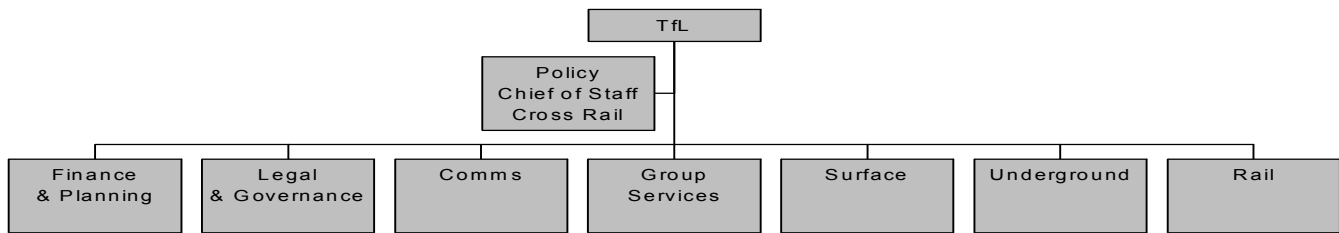
- Takes account of the size of roles
- Determines at what point integration & trade-offs are made – e.g. where are the bus versus metro options considered?
- Balances functional scale (e.g. building programme management capability) versus modal focus (e.g. people focused on developing, delivering and operating specific modes of transport)
- Is affordable
- Builds organisational capacity to ensure the organisation is aligned to the vision, and adaptable to changing circumstances

3.6 In addition to the above major criteria, a set of basic organisational criteria were established, in order to ensure new ways of working were taken on board from the outset:

- Delegation to and the accountability of individuals
- Accountability holders
 - do not have unilateral power, they are required to confer with interested parties and gain their commitment to the decisions made and meetings may be an effective way to do so
 - have a broad external accountability to the customer, and an internal accountability to the company
- Authority to act will be placed at the lowest level possible commensurate with capability and risk management
- Teams and individuals will have goals and targets and a set of key performance measures
- Spans of management control at c. 5 (+/-2), subject to exceptional circumstances

3.7 As part of the review, the organisation structures of the other PTEs, and TfL were considered. In essence, the PTEs have opted for a functional model (with Projects Directorate and Services Directorate), with TfL opting for a modal model (with MDs positions for underground, bus and rail). Whilst it is accepted that there is no right or wrong way, on balance it was felt that a modal focus enables a clearer line of accountability, and sharper focus in the organisation for both strategic development and programme delivery. Comparisons are set out below:





4 Recommended Option for Centro-WMPTA

4.1 The outcome of the review process was a clear preference for a modal-focused organisation backed up with strong strategic planning, and financially focused programme delivery. The recommended structure is attached as Appendix B. It includes creating the following top team roles:

- Finance & Planning Executive Director (a Member of the Executive Board and Operating Board)
- Policy & Strategy Director (a Member of the Operating Board)
- Bus & Highway Director (a Member of the Operating Board)
- Rail and Rapid Transit Director (a Member of the Operating Board)
- Organisation Change and Development Director (a Member of the Operating Board)

4.2 It is proposed that the posts are titled "Director" to recognise the responsibility and to give the equivalent seniority with that of external agencies/partners and to assist in the recruiting to the new structure. It is noted that it is proposed that the Finance and Planning Director is the only new post that will have a seat on the Executive Board. The main activities of these roles are set out below. The detailed draft job descriptions and person specifications are attached as Appendix C. A brief description of the main roles of the proposed new posts is:

4.3 Finance & Planning Executive Director

To provide strategic oversight of the development of public transport and to manage the developing transport investment package. To prepare and monitor the Finance and Business plans for the organisation and secure funding sources for its plans. To provide budgeting, finance and treasury functions.

4.4 Policy & Strategy Director

To play a central role in defining the development of West Midlands transport policy and strategies that support the housing, regeneration, education, social inclusion and environmental agendas. This includes a unit dedicated to providing detailed policy advice to the Chief Executive and PTA Chairman. The remit of the Directorate could incorporate the Core Support Team, subject to the current CEPOG review.

The Policy and Strategy Director will also direct the TIF programme, on behalf of the West Midlands Districts managing the TIF Business Case submission and consequent work.

4.5 Bus & Highway Director (including walking and cycling)

Two key areas will be covered.

- a. Championing the Bus to support the delivery of the objectives of the West Midlands Integrated Transport Strategy. This includes taking responsibility for examining and delivering highway schemes which will assist delivery of the Bus Strategy. The role will also encompass developing related schemes with Districts as well as cycling and walking.
- b. Cross-modal Customer Services Management.

4.6 Rail and Rapid Transit Director

Championing Heavy and Light Rail as well as Bus Rapid Transit to support the delivery of West Midlands Integrated Transport Strategy. The inclusion of Transit with Rail ensures that proper consideration is given to an initial “high volume” solution before looking at which specific mode is the most appropriate solution in that situation.

4.7 Organisation Change & Development Director

To be the champion of Centro-WMPTA’s strategic change programme.

To drive change through the development and execution of people and technology policies that help deliver the ambitions of Centro-WMPTA.

To ensure support services operate effectively, efficiently and economically in line with Centro-WMPTA’s business.

To ensure performance management systems are in place and drive business performance.

To be responsible for Corporate Governance and associated arrangements.

- 4.8 In order for this top team to operate effectively, and to ensure new ways of working are cascaded throughout the organisation, a common set of values, behaviours and skills is needed. These have been defined as:

- Providing strategic vision and direction in complex landscape, recognising the national, regional and district agenda
- Providing leadership
- Partnership Management - in contractual management and relationship development
- Stakeholder Management (especially government bodies) – able to understand and influence
- Commercial & political intelligence – to understand how the world in which Centro-WMPTA operates, works, and to have the skills to work within it
- Open mindedness & critical thinking – creative to deliver solutions and able to deal with complex and ambiguous situations
- Accountable / Outcome focused – to accept accountability for delivering an outcome and achieving this through influencing outside of one’s immediate control
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- Tenacity & Resilience – to keep on going when times are tough
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5 Governance

- 5.1 In order to deliver the new Centro-WMPTA vision, a new governance framework is recommended, which delegates certain responsibilities and accountabilities to an Operating Board. The Executive Board will set direction, review success and be responsible for monitoring against the Long Term and Medium Term Plan. The Operating Board will be responsible for delivering the Medium Term and Business Plan. It is proposed that the Boards are broadly shaped as set out in the table as at 5.3 and will be refined, developed and reported to a future Executive meeting.
- 5.2 The proposals in this report establish the posts of Finance and Planning Executive Director, Policy and Strategy Director, Bus and Highway Director, Rail and Transit Director and Organisation Change and Development Director. These new posts, along with the Head of Communications, and the Assistant Director - Finance, form the Operating Board (see 5.3). This Board has the role of ensuring that Centro-WMPTA is “doing things right”, jointly managing the day to day business and identifying actions as required.
- 5.3 The following table sets out the principles around which the Boards will work and the outline arrangements:

	Executive Board	Operating Board
Purpose	Asking “are we doing the right things?” Setting direction and monitoring against medium and long term plans	Asking “are we doing things right?” Delivering the medium term and business plan
Membership	<p>Executive Directors:</p> <ul style="list-style-type: none"> ○ Chief Executive ○ Finance & Planning Executive Director <p>Non-Executive Directors: looking for experience in:</p> <ul style="list-style-type: none"> ○ Business representative (e.g. Chamber of Commerce) ○ Business-focused ○ Government-focused ○ West Midlands Chief Executive ○ PTA Clerk ○ PTA Treasurer 	<p>Executive Directors</p> <ul style="list-style-type: none"> ○ Chief Executive ○ Finance & Planning Executive Director <p>Directors</p> <ul style="list-style-type: none"> ○ Policy & Strategy Director ○ Bus & Highway Director ○ Rail & Rapid Transit Director ○ Organisation Change and Development Director <p>Head</p> <ul style="list-style-type: none"> ○ Communications ○ Assistant Director - Finance
Meeting Frequency	Every 2 Months	Monthly
Accountabilities	○ Monitoring the external	○ Defining & Delivering the

	<p>environment and acting accordingly</p> <ul style="list-style-type: none"> ○ Reviewing and revising the Board agenda ○ Setting the Vision & Values for Centro ○ Defining the Strategy ○ Signing off the Business Plan ○ Integrated transport strategic thinking ○ Solving transport problems ○ Oversight of progress versus Long Term Strategic Plan ○ Governance ○ Managing performance when outside the remit of the Operating Board ○ Delivery against Long Term Strategic Plan 	<p>Business Plan</p> <ul style="list-style-type: none"> ○ Reviewing and taking corrective action re: performance vs. business plan ○ Ensuring the strategic plan is well defined ○ Integrated transport thinking ○ Programme design & delivery & service delivery ○ Delegated standing orders
Decision Authorities	<ul style="list-style-type: none"> ○ WM Public Transport Strategy ○ Sign off Long and Medium Term Plans ○ Sign off Budget ○ CAPEX authority levels to be determined ○ Cross-modal trade-offs 	<ul style="list-style-type: none"> ○ Recommending the Medium Term and Business Plans ○ Decisions to deliver the Business Plan ○ Delegated standing orders

Geoff Inskip
Chief Executive

