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22 October 2012

Merseytravel slammed for 'financial failures'

Dominic Browne

Merseytravel has been told to 'refocus' entirely on delivering public transport, after two separate reports slammed the troubled transport authority for shocking financial failures.

Commissioned by Merseytravel's new chair Cllr Liam Robinson the reports found the authority's new waterfront HQ in Mann Island is running at a £4m annual deficit.

A peer review carried out by St Helens and Liverpool councils' chief executives Carole Hudson and Ged Fitzgerald claims Merseytravel's £85m move from their old offices has 'proven to be very expensive and as of yet unjustified', adding 'members do not appear to have been given a clear analysis of costs at any stage'.

Former chief executive Neil Scales is also criticised for racking up hundreds of thousands of pounds of solicitors' fees when the work was not properly tendered for.

The report adds that 'notwithstanding the method of procurement being itself of concern, the value-for-money obtained on behalf of the authority needs to be examined'.

One of the firms that received regular work charged the authority £257 to £285 per hour for a partner and £217 for an associate solicitor. In contrast, a group of North West councils that jointly commission law firms pay £185 to £205 per hour for a partner and £90 for associates, according to local papers.

The report also found 'a fear culture' within the organization that could have prevented whistleblowing.

Another report by accountants Mazzars said further investigation was needed into the fact an amount of Merseytravel's directors' pay was based on the number of subsidiary companies run by the authority including some dormant firms.

Both reports did acknowledge work was being done to tackle the issues.

In response Cllr Robinson said: 'As we examine the reports in detail, any further areas where action is required will be dealt with thoroughly and firmly. New actions I have instructed to get under way immediately from today are:

- The drafting of a new Constitution for Merseytravel, carried out with support from legal officers from our district partners.

- A redefining of what constitutes a key decision, to give greater clarity for approval processes for important decisions and investments and allow more robust forward planning.

'This will mean that the public and our partners will be able to have full confidence in Merseytravel and its central role working with the districts and other partners to deliver the world-class integrated transport network that is so vital to the success of the city region.'

Merseytravel has two arms – an executive made up of senior officials, and the authority comprised of 18 councillors from across Merseyside.

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