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**Manchester City Council  
Report For Information**

**Report to:** Economy, Employment and Skills Overview and Scrutiny  
Committee - 12 January 2011

**Subject:** City Region - Greater Manchester Local Enterprise  
Partnership/Greater Manchester Combined Authority

**Report of:** Deputy Chief Executive (Regeneration)

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**Purpose of the Report**

Government has approved proposals for the establishment of a Greater Manchester Local Enterprise Partnership and Ministers have recently agreed to the creation of the Greater Manchester Combined Authority. This reports sets these proposals within the context of securing sustainable economic growth for the sub-region, and provides an update for Members on progress towards establishing these new governance arrangements.

**Recommendations**

Members are asked to:

Comment upon and note the report

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**Wards Affected:**

All

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**Background Documents for (Available for Public Inspection)**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. If you would like a copy please contact one of the contact officers above.

Report to the Executive, 15 September 2010, 'Greater Manchester Local Enterprise Partnership and Regional Transition Planning'.

## 1.0 Background

1.1 The ten AGMA authorities are working to take 20 years of voluntary collaboration between partners across Greater Manchester to the next level to achieve a step-change in our ability to secure private sector led economic growth, whilst ensuring our residents are able to benefit from, and actively contribute to, this growth. Proposals for the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership provide a platform for the devolution of powers to ensure that key issues such as planning, housing, transport and economic development, are dealt with at the most appropriate spatial level. This report updates Members on progress with establishing these new governance arrangements.

## 2.0 Introduction

2.1 Greater Manchester is a highly coherent functional economic area. Due to its political and business structures, size, talent pool and connectivity, Greater Manchester is one of a small number of engines of national growth and is well placed to complement London and the South East to help rebalance the national economy. Our understanding of the economic potential of Greater Manchester has been supported by the independent analysis of the Manchester Independent Economic Review (MIER). It demonstrated that the scale and the opportunity in Greater Manchester is of national significance, yet we face two significant challenges: to increase our productivity and the competitiveness and efficiency of the labour markets; and secondly, to ensure that all parts of Greater Manchester and its people benefit from and contribute to growth through by tackling low skill levels, worklessness and public service dependency. MIER presented us with real challenges over our priorities for spending and how we use the levers of Government, both national and local, to support growth. These levers need to operate at the optimum level – Greater Manchester for strategic direction and at the most local – city and neighbourhood – for effective delivery.

2.2 We have translated these challenges into a Greater Manchester Strategy (GMS) This is a coherent response focused on creating wealth through private sector job growth by building a bigger critical mass of skilled activity and focusing on the particular needs and opportunities for the local economy. The GMS sets out our vision for a new model of sustainable growth, supported by a series of added value priorities for action across Greater Manchester, which provide a focus for public service reform and present a framework for making choices about our investment. Our key strategic priorities are:

- improving the early years experience
- securing better life chances for all, including those living in the most deprived areas
- upskilling our residents
- attracting and retaining talented people

- improving transport connectivity into and within Greater Manchester to support economic growth
- expanding and diversifying the area's economic base through provision of critical infrastructure
- enhancing the city's residential offer
- enhancing the international connectivity of our businesses through increased inward investment and international trade
- securing a rapid transition to a low carbon economy
- creating quality places which support economic growth; and
- securing effective governance arrangements

2.3 The establishment of the Greater Manchester Combined Authority (GMCA) and the GM Local Enterprise Partnership (LEP) provide us with the opportunity to secure the delivery of these priorities. As Members will be aware proposals for the GMCA have been developed voluntarily by the ten elected leaders and have been ratified by all ten GM local authorities and received widespread support from business and our key partners. The GM LEP is a natural addition to these governance arrangements, building upon the public-private partnerships we already have in place across Greater Manchester. Together the GMCA and the LEP will allow the private sector to play an even more effective leadership role in securing sustainable economic growth and allow for the effective alignment of decision making and delivery in key areas such as economic development, regeneration, planning, transport, housing, inward investment, business support, marketing and tourism, environment and employment and skills.

### **3.0 Greater Manchester Local Enterprise Partnership**

3.1 As Members will be aware the Government has now confirmed that GM's proposals to establish a LEP has been successful and AGMA and our partners have been invited to establish the LEP Board as soon as is possible. We have agreed to move to the rapid establishment of a shadow LEP, utilising the existing infrastructure and partnership arrangements across Greater Manchester. The development of the shadow LEP was seen as essential to create an immediate focus on establishing the functional and delivery structures while an open recruitment process for the permanent LEP took place with a view to it becoming operational in April, 2011. As set out in the agreed bid, the Shadow LEP will be chaired by the Chair of the Business Leadership Council and include members of the Business Leadership Council, the private sector chairs of the Manchester family of organisations, including the GM Chamber of Commerce, along with the Chair and Vice Chairs of AGMA.

3.2 Crucially, the LEP will be integral part of the Combined Authority structures going forward – and Government confirmed the Combined Authority on Friday 12<sup>th</sup> November. As outlined in AGMA's LEP proposal submitted to Government on 6<sup>th</sup> September the Combined Authority will be Greater Manchester's primary accountable body for resource allocation and for integrating local authority functions.

The LEP will oversee the development and delivery of our strategy and of the performance management framework. Our submission identified a number of key areas of activity where we believe the LEP could play a key role:

- Employment and skills
- Business support for new business and growth
- Science and innovation
- Inward investment and international trade
- Marketing and tourism
- European funding
- Low carbon economy
- Planning, housing and transport
- Research, strategy development and performance management of the Manchester family

3.3 The recently published Local Growth White Paper also provides further detail on the Government's view on role of LEPs and their position on a number of these functions following the forthcoming abolition of RDAs. There is a clear expectation from Government that LEPs will:

- provide strategic leadership for their areas and will be tasked with determining key investment priorities;
- co-ordinate RGF bids and leverage of funding from the private sector;
- provide leadership on the low carbon economy, strategic housing delivery and creating the conditions for private sector growth, including leadership on planning and transport as part of an integrated approach to infrastructure delivery; and
- to manage and set the strategy going forward for locally targeted business support activity, in the context of reduced funding.

3.4 Our proposals for each of the work strands at 3.2 are developing on a twin track – through both the HMT led Senior Officials Group and directly with Departments through the Regional Transition work streams, led by the Regional Leaders Board. Within the Regional Transition work proposals have been developed for regional hubs (based in one of the GM Centres of Excellence) on inward investment, business and sector support and tourism. We are also pursuing proposals for strategic management of European funding streams to be based within the region, with a lead LEP, and for hosting of scrutiny and audit functions to be co-located. The Regional Transition Team are also discussing with Government options for RDA assets and liabilities to be managed for regional benefit. Our proposal for a LEP single capital pot was unique and we continue to discuss this with Government through the senior officials group.

3.5 The current focus of the shadow LEP is on ensuring that there is a robust process in place to recruit the non-local authority members and Chair of the permanent LEP. This will be undertaken through an open and transparent recruitment process which will emphasise the selection of individuals because of their ability, professional and personal contributions, rather than organisational representation. All non-local authority appointments to the LEP will be subject to

endorsement by the AGMA Executive Board. A recruitment agency is currently being appointed to support this process and invitations for applications to sit on the LEP will be issued early in the New Year. Local authority representation on the LEP will be determined by AGMA's Executive Board.

3.6 Greater Manchester's LEP proposal has generated a great deal of interest from across the private sector, including from representative bodies such as the CBI, IOD and FSB, as well as from individuals and businesses themselves. Moving forward it will be critical that we put in place a robust process which enables us to fully harness this energy, talent and experience, to the benefit of Greater Manchester. It is proposed that the process should encompass the following core principles:

- The recruitment process will be open and transparent and adhere to the seven principles of public life (the 'Nolan principles'). LEP appointees will be expected to adhere to these principles as they undertake their role on the LEP.
- Appointments will be solely based on merit and the ability of individuals to meet a defined skill specification. It should seek to appoint experienced members of the private sector from a broad range of industries, as well as individuals from other sectors (for example higher and further education and the voluntary sector) who can demonstrate a strong understanding of the business needs and requirements for growing Greater Manchester's economic base. Appointees will need to demonstrate credibility within the wider business community with small and large firms.
- Appointees will sit on the LEP as individuals and will not be there to represent the views of their company, industry or representative body.
- Applications will be invited from any individual with a business interest and who can demonstrate that they have the skills and experience to meet the specification.

3.7 The Government have now invited first stage bids for the Regional Growth Fund, worth up to £1.4bn over three years. The Shadow LEP will be involved in leading the development of the bid, not least to ensure that a consistent approach is being taken across GM.

#### **4.0 Greater Manchester Combined Authority**

4.1 Ministers have now approved proposals which AGMA submitted to the previous Government for the establishment of a Combined Authority for Greater Manchester. Although this approval has been given some 8 months after the submission of the Final Scheme, the approval is clearly welcome news as is the commitment given by Ministers to the laying of the Order establishing the Combined Authority.

4.2 The AGMA Executive Board has received a detailed report setting out the next steps and proposed timescales for the establishment of the GMCA. Discussion is

ongoing with CLG and DfT officials on the detailed wording of the Order establishing the CA. Although a number of issues were identified when the draft Order was published as part of the Government's Consultation Document at the end of March, making progress on these has been difficult until Ministers had reached a decision on the principle of governance change and the Final Scheme submitted by AGMA. Most of the outstanding issues are technical in nature rather than matters of principle. The timetable agreed with senior officials allows for all these matters to be resolved by the beginning of January. This will allow the Order to go through the necessary scrutiny processes prior to being laid before the Houses of Parliament sometime in February and be approved by both Houses of Parliament, following parliamentary debate, sometime in March.

4.3 Based on these timescales, an indicative timetable has been drawn up for the actions which need to be taken locally to enable the new governance arrangements to be put in place. It has been assumed that the CA and associated new arrangements will come into operation on 1 April, 2011 though this will need to be kept under review over the coming months. Although there is a risk of proceeding in advance of the making of the Order, it is thought that this is low given the support of Ministers as well as of AGMA and the 10 districts.

4.4 Key headlines of the timetable are:

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| January  | AGMA to consider the draft Operating Agreement, the amendments to the AGMA Constitution, the detailed protocols relating to the CA's economic development and transport functions and the schemes for the transfer of property, rights and liabilities |
| February | GMITA to consider the draft Operating Agreement and the detailed transport protocols   |
| February | District Executives/Cabinets then full Councils to consider all the documentation as considered by AGMA plus agree the appointment of members and substitute members of the CA and TfGMC.  |
| February | Shadow CA to consider draft constitution and Standing Orders and Shadow TfGMC to consider final operating agreement and sub-committee structure  |
| 1 April  | CA and TfGMC meet to adopt constitutional documentation and, in the case of TfGMC, to elect Chair/Vice Chair, appoint committees etc.  |

## 5.0 Conclusions

5.1 Together the Greater Manchester CA and LEP provide an unprecedented opportunity for partners across Greater Manchester to work together to secure our shared objective of sustainable economic growth. Further updates on progress will be brought back to Members in due course.