

Manchester City Council Report for Resolution

Report To: Executive – 16 December 2009
Resources and Governance Overview and Scrutiny Committee –
10 December 2009

Subject: City Region Pilot and Governance

Report of: Chief Executive

Summary

Further to the Executive's meeting in September, this report provides an update on progress on matters concerning the City Region Pilot and associated governance arrangements including the passage of the Local Democracy, Economic Development and Construction Act 2009 and decisions taken by the AGMA Executive Board in November on the next steps regarding the framework for future AGMA governance including transport. This report seeks the Executive's views on the AGMA decisions and, subject to this, outlines the process which will need to be adopted in relation to any agreed change in governance going forward.

Recommendations

The Executive is recommended to:

- 1 note that the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) has now received Royal Assent and agree that the Council should be party, together with other Greater Manchester authorities, to a review of governance arrangements relating to economic development and regeneration, as well as transport;
- 2 consider the resolutions of the AGMA Executive Board on 27th November 2009 and indicate whether these can be endorsed as far as the City Council is concerned;
- 3 authorise the Leader, in consultation with the Chief Executive, to agree at the December AGMA Executive Board a draft scheme as the basis for consultation on revised AGMA governance arrangements under the 2009 Act;
- 4 note the provisional timetable and next steps on the governance review process including, if appropriate, the submission of the draft scheme to this Executive in January or February, 2010 and a final scheme which takes account of the outcome of the consultation on the draft scheme in March, 2010.
- 5 In accordance with paragraph 14 of Part 4 of the Overview and Scrutiny Procedure Rules of the Council's Constitution, agree that the above decisions are urgent and therefore not subject to the Call-in process as any delay likely

to be caused by the Call-in process would seriously prejudice the legal position of the Council and the interests of the residents of Manchester.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The whole objective behind the City Region Pilot and the work on associated governance arrangements is to improve significantly the way in which the Greater Manchester authorities work together to enable the City Region to achieve its full economic potential.
Reaching full potential in education and employment	Effective alignment of key functions will enable the City Region to achieve its full economic potential and secure the economic and social well-being of its people and businesses.
Individual and collective self esteem – mutual respect	Improved economic and social outcomes across the City Region which are translated into local outcomes delivered through the provision of easier and more effective access to education and employment are vital to individual and collective esteem.
Neighbourhoods of Choice	As above. Improved economic and social outcomes for the City Region are vital to the sustainability of neighbourhoods across Manchester and the City Region.

Further details are in the body of the report.

Financial Consequences – Revenue None

Financial Consequences – Capital None

Contact Officers:

Howard Bernstein	h.bernstein@manchester.gov.uk	0161 234 3006
Penny Boothman	p.boothman@manchester.gov.uk	0161 234 4153
Susan Orrell	s.orrell@manchester.gov.uk	0161 234 3087

Background documents (available for public inspection):

Previous reports to the Executive in September, 2009
AGMA Executive Board reports and associated papers

Local Transport Act, 2008

Local Democracy, Economic Development and Construction Act, 2009

BACKGROUND

- 1 At its meeting in September, the Executive considered a report which set out the terms of reference for and the outcome of preparatory work on a review of transport governance in Greater Manchester, sought approval of the principle of a joint review by the 10 districts and the GMITA and requested comments on the content of the review document. The Executive agreed the terms of reference of the review, endorsed the principle of the review being carried out jointly and, finally, agreed the basis of the City Council's response to the review document as the first stage of the review process.
- 2 Since then, the Executive has been updated separately on progress with the Pilot City Region discussions with Government including the proposals which were being developed for discussion at the second Leaders-Ministers meeting due to take place during November. It was clear at the Executive's last meeting that the proposals, if agreed, would have the effect of changing the functional base of AGMA and this would in turn have an impact on AGMA constitutional and governance arrangements. When the AGMA Executive Board was given a similar update in October, it was decided that the Chief Executive as Chair of the AGMA Chief Executives Group should prepare a report for its November meeting outlining draft proposals for a future AGMA governance framework including transport. It also resolved that, if these proposals were agreed by the Executive Board, they should be the subject of consultation with all 10 districts and GMITA.
- 3 In the last few weeks, the Local Democracy, Economic Development and Construction Bill has completed its passage through both Houses of Parliament and been given Royal Assent. Although further guidance is still awaited on various aspects of the 2009 Act including governance reviews, it is now possible to consider wider governance arrangements formally under the terms of the Act. Although the process for the review of governance which has been undertaken by AGMA and GMITA was undertaken under the terms of the Local Transport Act 2008, it took account of the terms of the then Local Democracy Bill insofar as governance and governance reviews were concerned.
- 4 The remainder of this report reviews the report which was considered by the AGMA Executive Board in November together with the decisions taken at the meeting. It then sets out the process and timetable which will need to be adopted by AGMA, the 10 districts and GMITA following the next meeting of the Executive Board if the detailed proposals being developed as a result of its November decisions and before it at its December meeting are approved.

AGMA EXECUTIVE BOARD, NOVEMBER

- 5 Attached at the appendix is a copy of the report which was considered by the AGMA Executive Board in November together with the resolutions as recorded in the decision notice. The report in summary sets out the progress which has been made generally on the Pilot City Region discussions (paragraphs 5 to 7) and puts forward outline proposals for future AGMA

- governance arrangements including transport which takes account of the likely outcomes from these discussions and the outcome of the consultation on transport governance which took place over the summer (see paragraphs 8 to 17). These matters and the detailed arrangements which need to be developed as a result of the outline proposals focus on how a robust framework for governance is provided for the new City Region powers and functions.
- 6 At the AGMA meeting on 27 November, the Chair of AGMA updated the Executive Board on the outcome of the second Leaders-Ministers meeting on 24 November which had been extremely positive. Although Ministers had now formally to approve the detailed wording of the Agreement between Government and AGMA, it was anticipated that the Agreement would be approved and a formal announcement made around the time of the Pre-Budget Report. Any further update on this will be given at the meeting. In the context of expected positive outcomes from the Pilot City Region process, the Chair advised the Executive Board of the need to consider very seriously the proposals set out in the report before it. These focussed on how AGMA's current governance framework might need to change so as to be able to provide the robust arrangements and accountability required by Government as a pre-requisite for greater devolution.
 - 7 The report refers to AGMA's aspiration - as reflected in its new Constitution which was previously approved by all 10 districts - and which designates the Executive Board as the primary accountable body for co-ordinating economic development, housing, planning and, together with other relevant bodies, transport policies for the Manchester City Region. It proposes that if AGMA genuinely wants to embrace new areas of responsibilities which will enable AGMA to deliver more for the people of Greater Manchester, this would point to the creation of a Combined Authority under the terms of the 2009 Act. The report sets out a framework for changed governance including a series of key principles (paragraph 10), a set of detailed proposals (paragraph 15) and key proposals on voting arrangements (paragraph 12) all of which would need to be reflected in a detailed scheme to be prepared subject to approval of the resolutions set out at the front of the report. After discussion, the Executive Board voted on these resolutions and these were carried in accordance with the AGMA Constitution; resolutions 1, 2, 6, 7 and 8 unanimously and resolutions 3, 4 and 5 8:2.
 - 8 On the basis of the AGMA Executive Board's decision, work is now proceeding, in collaboration with Trafford and Rochdale, on the preparation of a detailed scheme for governance based on the outline proposals contained in the AGMA report. This will be submitted to the AGMA Executive Board in December.
 - 9 The Executive is asked to consider the resolutions in the AGMA Executive Board report and indicate whether these can be endorsed as far as the City Council is concerned. It is asked particularly to indicate whether the City Council should be party, together with other Greater Manchester authorities, to a review of governance arrangements relating to economic development and

regeneration, as well as transport. At least 2 of the 10 districts must agree to undertake the review and to prepare and publish a detailed scheme under the terms of the 2009 Act. It is also asked to agree that the Leader, in consultation with the Chief Executive, is authorised to agree at the December AGMA Executive a draft scheme as the basis for consultation on revised AGMA governance arrangements under the 2009 Act. The draft scheme will be brought back to the Executive for its consideration in the New Year.

TIMETABLE AND NEXT STEPS

- 10 Subject to the AGMA Executive Board approving the detailed scheme which is submitted to it in December and to at least 2 authorities agreeing to be party to the review, the next steps and a provisional timetable pending further consultations, are set out below.

11

Early January – mid February

Draft scheme for the establishment of a Combined Authority and a Joint Committee called Transport for Greater Manchester issued for consultation with the districts, GMITA, other interested bodies and the general public.

End February

Taking account of the consultation on the draft scheme, Final Draft Scheme prepared and submitted for approval by AGMA Executive Board.

Early March

Final Scheme submitted for approval to each of the 10 districts.

Mid March

Final Scheme published and submitted to the Secretary of State requesting him to make a Parliamentary Order.

- 12 The Executive is asked to note this proposed timetable and next steps.
- 13 It is essential that AGMA proceeds to put in place as soon as possible more robust Governance arrangements in relation to transport and economic regeneration to enable the City Region to assume and have the benefit of the additional powers and responsibilities referred to in the report to the AGMA Executive Board. The Chief Executive therefore advises that this Executive's decisions should be exempted from Call-in on the grounds of urgency to enable the Council to participate in the development and approval of the draft scheme for consultation in January/February in accordance with the above timetable.

CONCLUSIONS

- 14 The Executive is aware and has been fully supportive of AGMA's aspiration to

reform its governance arrangements with the objective of ensuring that these arrangements enable the member authorities to work together effectively together in order to improve the economic and social well-being of the City Region. The designation of Manchester as a Pilot City Region and the extremely positive outcomes from negotiations with Ministers in terms of devolved powers and strengthened responsibilities underpin even more the case for reform. Robust governance arrangements are vital to demonstrate to Government AGMA's capacity to govern its affairs including the capacity to allocate resources and manage large budgets.

- 15 In this context, the Executive is asked to consider the framework for changed governance set out in the AGMA Executive Board report as summarised in this report and the timescale and next steps in the process going forward.
- 16 Detailed recommendations are set out at the beginning of this report.

**SIR HOWARD BERNSTEIN
CHIEF EXECUTIVE**

ASSOCIATION OF GREATER MANCHESTER AUTHORITIES

COMMITTEE: EXECUTIVE BOARD

DATE: 27 NOVEMBER, 2009

SUBJECT: CITY REGION PILOT AND GOVERNANCE

REPORT OF: CHAIR, AGMA CHIEF EXECUTIVES' GROUP

PURPOSE OF REPORT

Further to the Executive Board's request at its last meeting, this report reviews the progress being made generally on the pilot City Region discussions and puts forward outline proposals for future AGMA governance including transport which take into account both the likely outcomes from these discussions and the outcome of the consultation on transport governance which took place over the summer. These proposals and the detailed arrangements which need to be developed as a result of these outline proposals are concerned with how a robust framework of governance is provided for the new City Region powers and functions, with other arrangements remaining unchanged.

RECOMMENDATIONS

The Executive Board is recommended to:

- 1 note the outcome of the second Leaders-Ministers meeting on the City Region Pilot and agree that the next stage of delivery of the Ministerial Agreement which forms a large part of the Greater Manchester Strategy Delivery Plan going forward should be considered in greater detail at the Leaders/Chief Executives Away Session in January.
- 2 note the positive outcomes which are emerging from the City Region Pilot will lead to a significant change in the functional base of the Executive including significant devolution of powers and functions insofar as the co-ordination of policy on skills, post-16 provision and transport are concerned;
- 3 demonstrate formally its willingness to proceed with a change in the constitutional and governance base of AGMA in relation to these changes in the Executive's functional base;
- 4 consider as an Executive Board the framework for changed governance set out in the report including the principles set out in paragraph 10, the detailed proposals in paragraph 15 to enable AGMA to fully embrace the significant devolution of powers which it has been seeking for some time and the proposals on voting arrangements set out in paragraph 12, subject to the further report referred to in 8 below;

- 5 note and consider the outcome of the consultation on transport governance and consider whether it can in principle support the specific proposals put forward in paragraph 15 in relation to transport in particular;
- 6 agree the principle of partnership working between the Commissions and other bodies on cross functional strategies and issues such as low carbon and the environment;
- 7 seek the views of the 10 districts and GMITA on the principles and approach set out in this report before a detailed scheme is formally considered in accordance with the requirements of the Local Transport Act, 2008 and the Local Democracy, Economic Development and Construction Act 2009;
- 8 agree that a further report which sets out the detailed scheme should be submitted to the Executive Board's next meeting.

BACKGROUND DOCUMENTS

Previous reports to each meeting of this Executive Board in the last 6 months
Responses to the Consultation on Transport Governance

CONTACT OFFICERS

Howard Bernstein 0161 234 3006

BACKGROUND

- 1 At its last meeting, the Executive Board received a progress report on the state of play on the pilot City Region negotiations including the proposals being developed for discussion at the second Leaders-Ministers meeting due to take place during November (the date was still to be fixed at the time of the last Executive Board meeting but it has since been confirmed for 24 November). A draft Agreement which contains these proposals is to be considered at that meeting and a verbal report back from the meeting will be given to the Executive Board. The next stage of delivery of the Agreement forms a large part of the Greater Manchester Strategy Delivery Plan going forward which it is proposed should be considered in greater detail at the Leaders/Chief Executives Away Session which has been arranged in January.
- 2 It was clear at the Executive Board's last meeting that the Agreement, if formally approved, will have the effect of changing the functional base of the Executive which would in turn have an impact on the constitutional and governance base of AGMA. In the light of this, the Chair of the AGMA Chief Executives Group was asked to report back to an early Executive Board meeting with draft proposals for future AGMA Governance including transport in consultation with the Chair and Vice Chairs of AGMA. Subject to agreement of any proposals by the Executive Board, it was resolved that these proposals would be issued for consultation with all ten member authorities and GMITA.
- 3 The positive outcomes generated so far through the Pilot City Region process have been a key influence in the development of proposals in this report. A key consideration here is the potential outcomes from the transport workstream and the impact which these will have on transport governance in Greater Manchester. Linked to this is the need to consider the outcome of the consultation on transport governance which was undertaken during the summer. Given that the consultation was undertaken independently of the pilot City Region negotiations, there is a need to review the outcome from that consultation in the new context which takes into account the wider outcomes from those negotiations.
- 4 In the light of this new context, this report considers AGMA's current constitutional framework and how it might need to change to be able to provide the robust arrangements and accountability required by Government as a pre-requisite for greater devolution. The outcomes from the pilot City Region discussions in terms of transport and the consequent need to review governance are a particular focus here because these represent a change to existing arrangements as distinct from the other proposals which call for the creation of new arrangements.

PILOT CITY REGION UPDATE

- 5 Since the announcement of Manchester's successful bid to be designated as a pilot City Region, progress on a number of key priorities is summarised below. The detailed outcomes will be discussed at the second Leaders-Ministers meeting:

- The Greater Manchester Strategy has been prepared and agreed and priorities have been endorsed. This is designed to provide the essential framework to support resource allocation and prioritisation.
- A new framework for public reform has been agreed, initially through a series of pilot projects relating to deprived neighbourhoods, worklessness, skills, 0-5s etc. These are essential to create not only an evidence base to support different interventions but also an effective approach to devolved funding.
- Greater Manchester is to become the only place outside London to assume responsibility for determining its skill needs with a statutory Skills and Employment Board which will be able to set skills policy both through its own statutory "Section 4" powers to instruct the Skills Funding Agency and National Apprenticeship Service and through its strategy being embedded within the regional strategy which is likely to be binding on the SFA and its commissioning.
- The creation of a single revenue pot of circa £600m for post-16 provision in Greater Manchester has been agreed which can come into operation from April, 2010 together with the responsibility for planning, commissioning and performance managing the 16-18 apprenticeship budget in partnership with the NAS (including the flexibility to vary) and to prioritise capital spend when available.
- There is likely to be Ministerial support to ensure Greater Manchester can make the transition to a low carbon economy with a particular emphasis in the discussions on the retro-fitting of both domestic and commercial stock and linking this to skills. An increased ability to influence energy policy which impacts on the City Region is also a likely outcome.
- Significant progress has also been made in creating a new framework for connecting local businesses to international markets, rapid progress on the development of a Broadband programme, and a new focus to build on Greater Manchester's science and research capacity. The principle has also been agreed for a new protocol regulating the relationships between Midas and the RDA.

6 As far as transport is concerned, the Government has committed itself to examining how new powers and responsibilities on transport can be devolved to Greater Manchester, consistent with Transport for London, subject to agreement on new governance arrangements. These will include a greatly enhanced relationship with Government resulting in a greater ability to influence the prioritisation of transport investment and policies and specifications in relation to operational management issues particularly in relation to heavy rail and highways. A series of interventions has been agreed as shorter-term priorities as part of a more detailed work programme and the likely outcome of these is as follows:

- On **heavy rail**, the pilot will deliver a series of protocols which will provide:
 - a robust basis for a close working relationship between GM and DfT on the development of HLOS 2 including joint working on an appropriate evidence base to

enable forward planning and the definition of future rail capacity needs for GM;

- a clear voice for GM in the process of developing franchise service specifications using the arrangements between TfL and DfT Rail for the Southern Franchise as a starting point;
- a seat at the table with DfT and Network Rail in capital investment decisions including bespoke studies such as the Manchester Hub, High Speed Rail, Network Rail's regular capital programmes and the rail interventions made by Manchester.
- On **highways**, the pilot will deliver a more joined-up approach to managing the interface between the HA and local authority road networks through a series of protocols which will provide for:
 - a group involving both the Highways Agency and GM being established with the remit of reviewing and developing all schemes relating to the road network in GM including both the HA and local road networks;
 - an agreed basis for joint working between the HA and Manchester on strategic studies, research projects and evidence-based pieces of work.
 - the feasibility of London-style arrangements for the day to day management of the road network being examined in the longer term alongside a "quick win" interim scenario which would see real improvements in network management through a new strategic group, a high level protocol and a series of Service Level Agreements and improved delivery based around integrated traffic control arrangements for GM.
- On **bus**, it has been agreed that, through the pilot, DfT and GM will undertake a joint piece of work on the issues currently being faced by bus users in GM which will provide the basis for a range of joint workstreams to deliver the required step change in the quality and capacity of the bus network across key corridors.
- New **funding** mechanisms will be explored to support Manchester as an economic powerhouse and to underpin the delivery and extension of the Greater Manchester Transport Fund.

7 Taken together, these outcomes represent a solid agenda for genuine reform and significant devolution to be delivered to Greater Manchester through the pilot City Region arrangements. These and other policy innovations which are taking shape now demand a fresh look at governance arrangements. Failure to do this is likely to mean that AGMA will be unable to assume many if not all of these new responsibilities. This is particularly the case in relation to transport where greater devolution is predicated on stronger and more decisive governance arrangements. The DfT have made it clear that one of the key principles which should underpin governance reform is the need for:

“effective alignment between decision-making on transport and planning and decisions on other areas of policy such as land use, economic development and wider regeneration, which could only be achieved through institutional mechanisms”

A copy of the letter sent by the senior DfT official involved in the pilot City Region negotiations is attached at Appendix 1 to this report.

CURRENT AND FUTURE GOVERNANCE

- 8 As the Executive Board will be aware, AGMA has been pursuing a programme of major reforms in the arrangements for governance for the City Region with the objective of ensuring that these arrangements will enable the districts to work together effectively in order to improve the economic and social well-being of the whole City Region. This reform programme is reflected in the new constitution which was approved by all 10 districts last year and which designates the Executive Board as the primary accountable body for co-ordinating economic development, housing, planning and, together with other relevant statutory bodies, transport policies for the Manchester City Region with a supporting structure of 7 Commissions. This programme has also been the basis for AGMA's bid for pilot City Region status and for the ongoing negotiations with Government on the reforms and devolution of powers to enable the City Region realise its full economic potential and to ensure that economic development, transport, housing and planning functions can be properly co-ordinated and integrated.
- 9 AGMA now needs to address in more detail how and on what basis existing governance arrangements should be strengthened in order to demonstrate to Government our capacity to exercise new roles including the management of large budgets and the allocation of resources. The following issues in particular need to be addressed:
- whether AGMA agrees or not that new functions and strengthened roles should be embraced as a matter of principle;
 - what structures are needed to deliver these new functions and in ways which strengthen the primary accountable role of Leaders and the Executive Board;
 - what changes are required to other parts of the present constitution on voting, duration of commitment etc to give effect to the new arrangements.
- 10 At present there are three specific set of proposals which are likely to demand a clear response to these questions: skills, post-16 provision, and transport. Over the coming months there are likely to be others eg the environment. If Leaders are committed to embracing new areas of responsibilities which will enable AGMA to deliver more for the people of Greater Manchester, they are invited to consider the following principles:
- The Executive Board to remain the primary accountable body for overseeing the discharge of new and enhanced functions.
 - Maximum delegation to be afforded to associated bodies to take active responsibility for delivery.
 - Voting arrangements to be developed to enable new functions to be assimilated and to enable binding decisions to be made on functions going forward.

- 11 If the Executive Board's role is to be the primary accountable body for transport as well as for economic development, regeneration, planning and housing, this would point to the creation of a Combined Authority (CA) under the terms of the Local Democracy, Economic Development and Construction Act 2009 and the Local Transport Act 2008. An Order made under the 2009 Act would have the effect of creating a new Authority with a range of powers relating to those strategic policy issues which may be provided for concurrent exercise with individual districts. This would need to be the subject of a further report which will be produced through the Chair and Vice Chairs of the Executive Board.
- 12 The proposal from the Chair and Vice Chairs is that for functions which are to be vested in the Combined Authority in accordance with paragraph 11 including those which have emerged through the Pilot City Region process, voting should be on a simple majority basis with no casting vote in case of a tied vote. They also propose that where the Executive Board continues to discharge its functions outside its remit as a Combined Authority, current voting arrangements would remain unchanged.

NEW OUTLINE ARRANGEMENTS

- 13 In reaching a view on what reformed transport governance arrangements might look like, it is necessary to take into account the views which have been expressed as a result of the consultation which took place over the summer even though this did not fully take into account the pilot City Region discussions.
- 14 A total of 76 responses were received and these are summarised in Appendix 2 to this report and are available for inspection upon request. Whilst it is difficult to identify common themes emerging from the responses, the following is considered to be an accurate representation of the position:
- There were few, if any, comments made about the principal role of the AGMA Executive Board in relation to overall transport strategy and its relationship to the Greater Manchester Strategy - in any event this general role had already been determined as part of the new AGMA constitution.
 - There was considerable support for the continuation of a body in the form of the current ITA given its democratically representative nature and its particular awareness of local issues and the detailed operation of the transport network.
 - There was support too for the simplification of current support arrangements for transport.

On specific options, many responses did not express a preference about particular options. Of those which did, many supported options which underlined the continuation of the present ITA.

- 15 In the Officers' view the following outline arrangements would respond positively both to the requirements of the pilot City Region discussions and the

outcome of the local consultation on transport.

- a) A new Joint Committee – which could be called “Transport for Greater Manchester” - should be established with the same composition and number of members as the current ITA. It will work in partnership with the Combined Authority and have final accountability to it. Manchester will remain the lead local authority. The Joint Committee would also have the capacity to determine its own Chair and Vice Chair, appoint Committees etc. The membership of the Joint Committee would be appointed by individual authorities in accordance with the present arrangements.
 - b) The Joint Committee would assume responsibility for delivering the transport function including directly overseeing the activities of a reformed and strengthened GMPTE. The various transport Units including the ITA unit, the GM Joint Transport Team, the GMUTC and GMTU will be consolidated within the PTE.
 - c) The powers of the Joint Committee would be enhanced by assuming responsibility for the new functions through the bus and rail protocols which are currently being negotiated with the DfT and, in consultation with highways authorities and the AGMA Executive Board, the development of the pilot work on highways with the Highways Agency.
 - d) The Joint Committee will exercise similar functions in relation to the bus and rail network; it will oversee the implementation of the Greater Manchester Transport Fund, the preparation of the LTP and other bids for transport funding; and it will have responsibility for lobbying DfT and other regional, national and European institutions to ensure Greater Manchester's transport interests are actively promoted.
 - e) The Joint Committee will be accountable to the Executive Board which will, as now, be responsible for overseeing transport strategy and its relationship with the Greater Manchester Strategy; ensuring that transport, economic development, housing, planning priorities and programmes are aligned; approving bids jointly with the Joint Committee for major transport funding eg LTP, approving the Joint Committee's Annual Budget and the Levy etc, and overseeing jointly with the Joint Committee the operation of the Greater Manchester Transport Fund, and approve any new schemes.
- 16 These arrangements are wholly consistent with the Executive Board becoming a Combined Authority thus providing a statutory base for it to discharge wider responsibilities in relation to economic development etc and to embrace the opportunities for wider devolution as the engagement process with Government on other functions continue.
- 17 Subject to the Executive Board's comments on this outline framework, it would be necessary to obtain the views of the ITA and the 10 local authorities. It is proposed that comments are requested **during December**. In parallel with this process, work will proceed on the preparation of detailed proposals for presentation to the Executive Board alongside the comments of local

authorities and the ITA at the end of December. The proposals will then need to be the subject of public consultation prior to their presentation to Government. Further detailed proposals on this will be presented in the Officers' report in December.

CONCLUSIONS

- 18 The Executive Board has been pursuing reform in its governance arrangements for some time with the objective of ensuring that these arrangements enable the member authorities to work effectively together in order to improve the economic and social well-being of the City Region. The designation of Manchester as a pilot City Region is a clear indication that Government recognises the importance of Manchester as the principal economic powerhouse outside London for regional and national growth and that the devolution of powers is fundamental if the City Region is to realise its full economic potential and ensure that economic development, transport, housing and planning functions are properly integrated and co-ordinated.
- 19 This report has set out in some detail the likely outcomes from the pilot City Region negotiations in terms of devolved powers and strengthened responsibilities. Taken together, these outcomes represent a solid agenda for genuine reform and significant devolution to be delivered to Greater Manchester. Robust governance arrangements are now required to demonstrate AGMA's capacity to manage large budgets and to show Government that AGMA has the capacity to allocate resources.
- 20 The Executive Board is invited to consider the key principles set out in this report for new governance arrangements and to consider the detailed recommendations at the front of this Report.

SIR HOWARD BERNSTEIN
CHAIR, AGMA CHIEF EXECUTIVES' GROUP

Department for **Transport**

Sir Howard Bernstein
Chief Executive
Manchester City Council
Town Hall
Albert Square
MANCHESTER
M60 2LA

JOHN DOWIE **APPENDIX 1**
Director, Regional & Local Transport
Delivery

Great Minster House
Zone 3/24
76 Marsham Street
London SW1P 4DR

Direct Line: 020 7944 6425
Enquiries: 020 7944 5966
Fax: 020 7944 6011

John.dowie@dft.gsi.gov.uk
Web Site: www.dft.gov.uk

12 OCTOBER 2009

Dear Sir Howard,

STRENGTHENING CITY REGION GOVERNANCE

It was good to meet you and your colleagues last week. There is much good work underway on the transport aspects of the City Region pilot work and our meeting was productive in moving forward our joint agenda. I certainly look forward to our next meeting later this month when I hope we can make further progress.

There is a clear link between the work to explore devolution of responsibilities and the work on governance reform and so as you are currently developing your thinking around this, following your recent consultation on transport governance, it would seem an appropriate time to explain the Department's position on these issues.

Over the last few years, the Department for Transport and AGMA have frequently discussed future governance arrangements for the Greater Manchester city-region. There is a general consensus amongst commentators and the English cities themselves that the current city-region governance arrangements are no longer fit for purpose. The Government brought forward the Local Transport Act 2008 to enable our cities to strengthen their decision-making and delivery arrangements. The guidance that DfT issued to support the 2008 Act describes the broad issues and processes for improving governance structures.

We jointly did a considerable amount of joint work on future governance and capability during the engagement process for your TIF bid.

More recently, the agreement signed in July between Ministers and the Association of Greater Manchester Authorities leaders, set out a vision to:

'examine how Manchester can, as a city region, assume responsibilities and influence comparable to Transport for London and the robust governance arrangements that will be necessary to support this'.

Your recent consultation paper on transport governance does a good job of setting out the key issues you are attempting to resolve in this area and in light of joint commitment to progress greater devolution in return for governance reform, we felt that it would be helpful for us to share with you the high-level principles that we believe should underpin governance reform in Manchester and indeed other city regions. They are as follows.

- There needs to be effective alignment between decision making on transport and planning and decisions on other areas of policy such as land use, economic development and wider regeneration, which could only be achieved through institutional mechanisms.
- There need to be robust and streamlined decision making arrangements which allow necessary decisions to be taken on complex and difficult issues in a timely and transparent manner. This requires a clear focus on accountability and responsibility of decisions on behalf of the city region, with proper safeguards to ensure that decisions command the assent and support of the affected stakeholders, whilst avoiding lowest common denominator decision-making.
- There needs to be a real enhancement of delivery capacity by taking a coherent and integrated approach to managing the city-region's currently fragmented transport planning and delivery skills and capacity, in order to maximise the effectiveness of existing resources of people and money, secure efficiency savings which can be redirected into enhanced capability and enable the provision of additional specialist skills.
- The current operational fragmentation, in particular on highways, traffic management and public transport needs to be addressed, so ensuring greater alignment of policy interventions and maximising delivery efficiencies across the various public authorities involved, consistent with appropriate levels of subsidiarity.
- There need to be stronger internal challenge and assessment functions, allied to improved performance management, in order to ensure that the City Region is better equipped to take decisions in relation to future plans and interventions, maximise VfM, monitor impacts of interventions and safeguard public funds.

Clearly you will want to consider the responses to your recent consultation paper in developing options for governance reform. In setting out our goals for reform, we are not mandating any particular solutions and indeed are fully aware that there are a number of possible scenarios that could successfully deliver against our objectives.

That said, however, the above principles are in our view critical to the success of governance reform and to unlocking greater devolution of responsibilities to the city-region.

We would welcome the opportunity to keep in close and ongoing dialogue with you as your thinking on this issue develops and we expect that this will form part of the

discussion between DfT Ministers and your leaders at the second Ministerial meeting in November.

A handwritten signature in black ink, appearing to read 'J D', with a horizontal line underneath.

JOHN DOWIE

APPENDIX 2

SUMMARY OF RESPONSES RECEIVED TO THE TRANSPORT GOVERNANCE CONSULTATION

This appendix sets out a summary of the responses received during the recent consultation. All responses received are held on file by the GMITA Secretariat in Room 308, Manchester Town Hall.

A total of 76 responses were received, of which:

- 8 responses were received by Greater Manchester authorities
- 2 responses were received from neighbouring authorities – Rossendale BC and Warrington BC
- 1 response received from other ITAs - Merseytravel
- 5 responses were received from political party groups within Greater Manchester authorities - Bolton MBC Liberal Democrat Group, Manchester CC Liberal Democrat Group, Stockport MBC Liberal Democrat Group, Tameside MBC Conservative Group and Wigan MBC Conservative Group
- 31 responses were received from individual GM councillors – 27 Stockport MBC members, 1 Manchester CC member, 1 Salford CC member, 1 Oldham MBC member and 1 Trafford MBC member
- 2 responses were received from political party groups within Greater Manchester joint boards – Conservative and Liberal Democrat Groups of the GM Fire and Rescue Authority
- 2 responses received from GM district officers – Tameside MBC and Rochdale MBC
- 3 responses were received from external public organisations - Salford Primary Care Trust; North West Ambulance Service NHS Trust; The Oldham College
- 14 responses were received from other external organisations - Greater Manchester Business Leadership Council; Manchester Airport Group PLC; New East Manchester Ltd; GM Chamber of Commerce; Sustrans; Travelwatch North West; Freight Transport Association; Greater Manchester Freight Quality Partnership ;Greater Manchester Bus Operators Association; North West Business Leadership Team; Transport Action Group Manchester; Transport Activists Round Table; Greater Manchester Centre for Voluntary Organisations
- 1 response was received from a Greater Manchester MP
- 1 response was received from a Greater Manchester MEP

- 6 responses were received from individual members of the public

The consultation document was supported by a response form, asking a series of specific questions relating to the analysis and presentation of options set out in the document.

Responses to Question 1

Question 1 asked respondents to comment on whether they were in agreement with the analysis presented in the document with regard to:

- (a) the relationship between the strategic role of AGMA and the transport commissioning and delivery roles;
- (b) constitutional arrangements;
- (c) functional changes; and
- (d) geographic scope and boundaries.

Most respondents that indicated a view on this element (a number of respondents recorded no views) agreed with the analysis. Two individual councillors recorded that they did not agree with (a).

Two external organisations representing transport activists suggested that they could not agree with the analysis at all, citing in particular the need for the involvement of the voluntary sector. In addition, freight, transport operator and business representatives highlighted the importance of involvement of representatives from their stakeholder communities.

Two GM authorities and one neighbouring authority recognised the importance of providing scope for cross-boundary working outside the GM boundary where appropriate.

Responses to Question 2

Question 2 asked respondents whether they were in agreement that the future governance options presented in the document constituted a comprehensive range.

No specific comments were recorded to this question. Most of the respondents that indicated (many did not) agreed that the options were comprehensive.

Responses to Questions 3 to 5

Questions 3 to 5 asked respondents to comment on the Category A, B and C models, set out in the document, whereby,

- Category A models presented options based around GMITA in its current form;

- Category B models presented options based around various changes to the size and function of GMITA; and
- Category C models presented options based around a Combined Authority.

Where appropriate, respondents were also asked to indicate their support for specific models under any category.

Amongst the AGMA authorities,

- Manchester CC proposed the concept of a new Joint Committee in support of the wider city region model being developed by AGMA
- Salford CC indicated a preference for option B1
- Wigan MBC indicated support for either option B4 or the development of a Category C model
- Stockport MBC indicated support for option A2
- Bolton MBC did not indicate any specific support for options, but emphasised the need for an accountable model to fit with the emerging GM city region model
- Rochdale MBC indicated a preference for both options A2 and B2
- Trafford MBC indicated a preference for option A2
- Oldham MBC indicated a preference for option B1

Amongst the individual councillors, 29 of the 31 responses received recorded a preference for option A2, largely without further comment, although one member highlighted the scope for greater control of the railways and strategic road network. The remaining two responses stated no preference but recorded a preference for retaining 33 members of the ITA. Two councillors also identified an additional preference for B2 and one for B1.

The five responses from GM authority party groups and the two responses from GM Fire and Rescue Authority Liberal Democrat and Conservative groups also stated a preference for option A2.

The responding MP and MEP and the neighbouring authorities did not indicate a preference amongst the options presented.

The responding public sector bodies did not indicate a preference amongst the options; however, Salford PCT stressed the need for city region strategic leadership of cycling and walking programmes.

Amongst the other external bodies,

- Greater Manchester Business Leadership Council indicated a preference for option C1

- The Manchester Airport Group PLC did not indicate a preference but highlighted the need to maximise future outcomes from the future model of governance
- New East Manchester Ltd indicated a preference for Category C options
- Greater Manchester Chamber of Commerce identified a preference for options B2 and B3
- Sustrans did not indicate a clear preference but stressed the importance of coordinated revenue spending and investment in cycling and walking
- Travelwatch North West indicated an ultimate preference for C2 with consumer representatives
- Freight Transport Association indicated a preference for option B4
- Greater Manchester Freight Quality Partnership did not indicate a preference
- Greater Manchester Bus Operators Association indicated a preference for option C1
- North West Business Leadership Team did not indicate a preference but stressed the need for a simple governance structure
- Transport Action Group Manchester indicated a preference for both A2 and Category C options, whilst highlighting the need integration across public transport highways, freight, cycling and walking
- Transport Activists Round Table offered no support for any model and urged consideration of the Transport for London model
- Greater Manchester Centre for Voluntary Organisations indicated a preference for Category C options whilst highlighting the importance of involving voluntary sector involvement

Amongst the members of the public,

- Two respondents indicated a preference for option A2
- Three respondents indicated a preference for option B2
- One respondent indicated a preference for option C2

Responses to Questions 6 and 7

Question 6 asked respondents for views on the analysis on delivery arrangements presented in the consultation document.

Comments received to this question largely revolved around the need to effectively integrate all elements of capital and revenue spending across public transport, highways, freight, cycling, walking and travel behaviour change activities. A number

of respondents also stressed the need for accountable and simple governance models.

Several respondents advocated the amalgamation of the GMITA and GMPTE.

Question 7 sought any further comments, which largely related to context for earlier responses and have therefore been reflected in the commentary above.

Key to Options

Category A - based models

- A 1** *The Status Quo – the ITA is retained with a similar membership as currently both in terms of numbers (33) and personnel (i.e. generally not including leaders). There would be few changes in the ITA’s functions with the primary focus being on public passenger transport. However, pursuant to the LTA, the ITA would have overall responsibility for determining transport policies for the area and for producing the LTP even though these will involve the whole range of transport issues and not just public transport. Any change in arrangements would focus on internal matters such as whether or not to operate executive and scrutiny arrangements and the relationship with GMPTE.*
- A 2** *A variant of A1 might involve a consideration of some strategic highways and traffic functions being delegated to GMITA.*

Category B – based models

- B 1** *The ITA is retained with its current membership and functions. Joint arrangements are made between the ITA and the ten districts (and the EPB, if any) establishing one or two joint committees, for example, one strategic transport committee (including, say, the ten AGMA leaders and leading members of the ITA), supported by an operational/delivery committee, involving other members of the ITA and carrying out the role of the Transport Commission. The ITA would delegate appropriate public transport functions to the joint committee(s) and the districts would delegate appropriate highways/traffic functions.*
- B 2** *The ITA is retained with its current number of members, but including the ten members of the AGMA Executive/EPB who could form a strategy committee. The other members of the ITA would form an operations/delivery committee and other functions envisaged for the Transport Commission. Appropriate district highways/traffic functions could be delegated to the ITA.*
- B 3** *A restructured ITA is retained with a reduced membership of 10 members (one appointed by each district) who could be the same of the members of the AGMA Executive Board/EPB. Appropriate district highways/traffic functions would be delegated to the ITA. Joint arrangements would be made between the ITA and the ten districts establishing a joint committee with similar*

membership to the current ITA which would undertake the role of the Transport Commission.

- B 4** *All of the above options involve a committee or joint committee fulfilling the role of the Transport Commission. In models B1 – 3, the Transport Commission would contain only elected members. In B4 it would become a partnership between elected members and co-opted representatives of other sectors, including the private sector. A joint committee would be established to undertake the operations/delivery role.*

Category C – based models

- C 1** *A Combined Authority is established with functions relating to transport, economic development and regeneration and consisting of ten members – the ten AGMA leaders. The ITA would be formally dissolved and the CA would take over all the ITA's functions. The order establishing the CA could also statutorily delegate appropriate district highways and traffic functions to the CA and such functions of the Secretary of State as are agreed. Joint arrangements would be made between the CA and the ten districts to establish a joint committee to act as a Transport Commission in accordance with either model B3 or B4.*
- C 2** *A Combined Authority is established with, say, 33 members, including the ten AGMA leaders who would form a strategy/policy committee. There would be a number of other committees of the CA to undertake the roles of the Transport Commission and other relevant commissions and the scrutiny function. Members of these could include those elected members on the CA who are not members of the strategy/policy committee and co-opted representatives of other sectors.*