

**Manchester City Council
Report for Resolution**

Report to: Executive - 30 June 2010

Subject: City Region Governance

Report of: Chief Executive

Summary

Following discussion and agreement by the Executive in February and March and by the AGMA Executive Board and GMITA, the Executive endorsed the Final Scheme for a Combined Authority, as agreed by AGMA on 26 February, at its meeting on 3 March. The AGMA Executive Board also unanimously agreed to the proposals to establish a Combined Authority at its meeting in March. This report provides an update on developments since then, including the publication of the Government consultation document. A proposed response to the consultation paper is outlined together with the next steps and timetable.

Recommendations

The Executive is recommended to:

- 1 note that prior to the election being called, Ministers approved the proposals for the creation of a Combined Authority for Greater Manchester;
 - 2 welcome the publication of the Government consultation paper which invites the submission of views by 14 July;
 - 3 endorse the proposal for the establishment of a Combined Authority for Greater Manchester;
 - 4 endorse the proposed constitutional arrangements and functions of the proposed Combined Authority as set out in the consultation paper;
 - 5 approve the proposed responses to a number of issues set out in the consultation paper on which specific responses are sought, and authorise the Chief Executive (in consultation with the City Solicitor and the Leader) to make a formal response to CLG dealing with these and any legal and technical issues relating to the consultation and the draft order.
 - 6 note the views of the AGMA Scrutiny Pool and that officers will discuss this issue further with CLG Officials;
 - 7 note the next steps and timetable and agree that regular progress reports be submitted to the Executive.
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Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The agreed governance reform proposals are designed to enhance joint working across Greater Manchester to ensure the City Region can achieve its full economic potential.
Reaching full potential in education and employment	Effective alignment of key functions will enable the City Region to better optimise the economic and social well being of its people and businesses
Individual and collective self esteem – mutual respect	Enhanced economic and social outcomes for residents across the City Region are important factors in helping boost individual and collective esteem
Neighbourhoods of Choice	As above, improved economic and social outcomes are vital to the sustainability of neighbourhoods across Manchester and the City Region.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents (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. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Proposal to establish a combined authority for Greater Manchester, Consultation, Department of Communities and Local Government, March, 2010
Previous reports to the Executive in September, December, February and March 2010.

AGMA Executive Reports and associated papers.

Local Transport Act 2008

Local Democracy, Economic Development and Construction Act 2009

Introduction

- 1 Following discussion and agreement by the Executive in February and March, and by the AGMA Executive Board and the GMITA, the Executive endorsed the Final Scheme for a Combined Authority, as agreed by AGMA at 26 February, at its meeting on 3 March. Following the agreement of all 10 authorities to the inclusion of their area within the area of the Greater Manchester Combined Authority, the AGMA Executive Board agreed the Final Scheme for the creation of the Combined Authority for submission to the Secretaries of State for Communities and Local Government and Transport in March. The Final Scheme together with all necessary documentation was submitted to Government and published locally on the websites of the 10 councils and the GMITA.
- 2 Following approval by Ministers at the end of March, the Department for Communities and Local Government (DCLG) launched a consultation and published a consultation paper on 29 March. The consultation “seeks views on the proposal that a Combined Authority for Greater Manchester should be established and on the proposed structure, constitution and functions of the new authority.”
- 3 This report reviews the consultation paper, proposes a response for the Executive’s approval together with a proposed response to a number of issues on which specific views are requested. Finally, the next steps and the anticipated timetable are set out for the Executive’s information.

Government consultation document

- 4 The Government consultation runs for 15 weeks with the deadline for the submission of views set for 14 July. A copy of the consultation paper is attached as an appendix to this report. The views of the following stakeholders are specifically requested:
 - The 10 districts
 - The GMITA
 - The GMPTE
 - Other interested parties including neighbouring local authorities
 - Public bodies operating within Greater Manchester
 - Local business representatives
 - Third sector representatives
 - Employees of the relevant local authorities
 - Members of the public
- 5 Responses are specifically requested to the following two consultation questions:
 - i) Do you agree with the Government that there is a strong case for the establishment of a combined authority for Greater Manchester?
 - ii) Do you agree with the proposed constitutional arrangements and functions of the proposed combined authority as set out in this consultation paper?

- 6 The consultation paper describes the background, including the legislative context to the proposals, and then sets out the basis of the Secretary of State's consideration of the scheme. It sets out the Government's belief that there is strong evidence to show that Greater Manchester represents a functional economic market area. Given the context of the new functions and responsibilities which will be devolved to Greater Manchester in accordance with the City Region agreement, it concludes that existing governance arrangements are sub-optimal. It records the Government's belief that there is a strong case for having one body within Greater Manchester responsible for economic development, regeneration and transport and its agreement in principle that the establishment of a Combined Authority would enable Greater Manchester to deliver more effectively on the commitments set out in the City Region agreement. Each aspect of AGMA's Final Scheme is then comprehensively considered and the Government's endorsement recorded. Finally, a draft of the order which would establish the new Combined Authority is attached to the consultation paper.
- 7 Whilst these are the conclusions of the previous Government, the following points are considered relevant in determining whether the proposal to establish a Combined Authority will enjoy the support in principle of the Coalition Government:
- The importance of voluntary collaboration amongst local authorities in the pursuit of shared economic priorities including the delivery of public service efficiencies and improvement. Many of these priorities have been agreed following the production of the Manchester Independent Economic Review, the conclusions of which have been widely accepted by local, regional and national stakeholders;
 - The emphasis Greater Manchester has placed on the efficiency and competitiveness of labour markets – including the evidence which shows that Greater Manchester represents a strong functional economic market area – and the importance of this focus to support national and regional economic recovery;
 - The way public sector reform has been placed at the heart of the process with a number of pilot projects around under-5's, worklessness, skills etc – and new ways of evaluating the costs and benefits of interventions – which are designed to inform Greater Manchester's contribution to the Comprehensive Spending Review later this year;
 - The way strengthened governance is seen as essential not only by the local authorities but the private sector and business interests in Greater Manchester as a means of supporting greater devolution of powers and the creation of a single accountable focus on key priorities – economic development, transport and regeneration, a principle which has been underlined by the Coalition Government's approach to spatial planning;

- The fact that Greater Manchester's approach to engagement includes significant involvement by the private sector in keeping under review the strategic direction of Greater Manchester, overseeing the delivery of priorities and the execution of policy in key areas, for example skills, etc:
 - The proposals fit well with the Coalition Government's intention, as laid out in the Programme for Government and in the Spending Review Framework document, to "promote the radical devolution of power and greater financial autonomy to local government."
 - The detailed governance arrangements have been determined following extensive public consultation.
8. A number of issues are set out in the consultation paper as requiring a specific response from consultees. These are as follows:

Para 5.13

Views are requested on the detailed arrangements for the payment of the Combined Authority's costs relating to economic development and regeneration functions and whether the order should include provisions relating to such issues as the timing of notifications for payment, the timing of payment and enforcement in the event of non-payment and provision for interest in late payment.

The Final Scheme proposes that, in relation to its economic development and regeneration functions, the costs of the Combined Authority would be apportioned as now between the districts in the same proportions as the transport levy. **It is not considered necessary for the detail of how these costs are notified and how payments are made and enforced to be included in the order.**

Para 5.15

Views are requested on the Government's proposal that the economic assessment duty should be held concurrently by the Combined Authority and the 10 districts.

This was the only economic development function which the Final Scheme proposed should be exercised by the Combined Authority rather than concurrently with the districts (although it was clearly stated that this would not prevent individual districts from undertaking their own assessments at their discretion). The Government believes that this function should be exercised concurrently to ensure that the economic assessment is prepared on the basis of partnership working across the 10 authorities and the Combined Authority. **It is proposed that this should be supported.**

Para 5.17

Views are sought on the Government's proposal that it does not think it necessary to give the Combined Authority the well-being power under section 2 of the Local Government Act 2000 (LGA) because of the well-being power which the Combined Authority has automatically by virtue of sections 99 and

102A of the Local Transport Act 2008 (LTA). The LTA power is similar in scope to the LGA power: indeed, in one aspect it is slightly wider since it can be exercised for the benefit of “persons travelling through the area” as well as those resident or present in the area. Therefore, there would appear to be no objection in principle to the order not giving the Combined Authority the LGA power.

However, there are some technical questions arising from the wording of the draft order and Schedule 6 to the Local Democracy, Economic Development and Construction Act 2009 which may affect the funding of any expenditure incurred under the well-being power in section 99 of the LTA. These questions need to be resolved and it is therefore proposed that they are raised with senior officials at CLG.

Para 5.18

There is a need to respond to the Government view that the definition of local authority for the purposes of the Sustainable Communities Act 2007 (including whether to include Combined Authorities within the definition) should best be considered in the context of its future review of how the Act works following consultation. For this reason, the order does not make the Combined Authority a local authority for the purposes of this Act. **It is proposed that this should be supported for the reasons outlined in the consultation paper.**

- 9 In addition, there are a number of technical issues associated with the draft order which are the subject of discussion with senior officials in CLG.
- 10 The AGMA Scrutiny Pool considered the CLG Consultation Paper on the proposals for the CA at its meeting on 11 June. The Scrutiny Pool agreed:
 - to support the case for the establishment of a combined authority for Greater Manchester;
 - to endorse the proposed constitutional arrangements and functions of the proposed combined authority as set out in the consultation paper
 - that the requirement for there to be joint scrutiny arrangements should be mandatory rather than voluntary and appropriate reference to the requirement for a scrutiny function should be contained in the order. The form and function of the scrutiny arrangements put in place to exercise an overview and scrutiny role should be a matter for the combined authority to determine.

On the issue of joint scrutiny arrangements and whether or not there should be a mandatory requirement in the order, this was discussed with senior CLG officials prior to the order being drafted with the officers' preferred option being the inclusion of a mandatory requirement for a scrutiny function in the order. CLG officials' initial view was that it should not be in the order and they referred to a Private Member's Bill which was at the committee stage and which would have achieved this objective without any reference having to be included in the order. In the event, the Bill ran out of time and the officers will therefore raise the issue again in their discussions with CLG officials.

- 11 The issues outlined above and the more detailed technical issues currently under discussions have minimal impact on the Final Scheme as agreed by the 10 districts and the Executive Board in February/March. In fact, the consultation document confirms that the Government “by and large supports this scheme” and, except for the issues outlined above on which it seeks views through the consultation, the Government’s endorsement of each aspect of AGMA’s Final Scheme is recorded. It is proposed therefore that the Executive agrees to respond positively to the two consultation questions outlined in paragraph 5 above and also approves the proposed responses to the issues set out in the consultation paper on which specific views are sought.

Next steps and timetable

- 12 After the completion of the consultation, the Government will consider any comments received and decide whether to proceed with the laying of the order before both Houses of Parliament. Based on discussions with CLG officials, the assumption is that this will not be done until after the summer recess and this is likely to mean consideration of the order in October or November. This timetable would be consistent with the implementation date proposed in the Final Scheme and draft order of 1 April 2011.
- 13 It will be important therefore to establish at an early stage the position of the new Government on the proposals contained within the consultation paper. The Chair and Vice Chairs of the AGMA Executive Board will therefore consider any appropriate action to ensure that the new Secretaries of State for Communities and Local Government and for Transport are fully briefed on AGMA’s strong support for the proposals.

Recommendations

- 14 A full set of recommendations are set out at the beginning of the report.

15 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

The governance reform proposals are designed to enhance joint working across Greater Manchester to ensure that the City Region can achieve its full economic potential, and contribute fully to improving regional and national prosperity.

(b) Reaching full potential in education and employment

The proposed governance reforms will better secure the alignment of key functions, such as skills, which in turn will enable the City Region to better optimise the economic and social well being of its people and businesses

(c) Individual and collective self esteem – mutual respect

Enhanced economic and social outcomes for residents across the City Region are important factors in helping boost individual and collective esteem

(d) Neighbourhoods of Choice

Improved economic and social outcomes that the governance reforms are intended to engender are vital to the sustainability of neighbourhoods across Manchester and the City Region.

16 Key Policies and Considerations

(a) Equal Opportunities

N/A

(b) Risk Management

N/A

(c) Legal Considerations

N/A

**SIR HOWARD BERNSTEIN
CHIEF EXECUTIVE**