

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

REPORT TO: EXECUTIVE
RESOURCES AND GOVERNANCE OVERVIEW AND
SCRUTINY COMMITTEE
CITY COUNCIL

DATE: 28 MAY 2008
19 JUNE 2008
9 JULY 2008

SUBJECT: FUTURE GOVERNANCE OF AGMA

REPORT OF: CHIEF EXECUTIVE

PURPOSE OF REPORT

To seek the endorsement of the Executive and the City Council for the proposed new governance agreements for the Association of Greater Manchester Authorities (AGMA).

RECOMMENDATIONS

The Executive and the City Council are recommended:

1. To approve the Operating Agreement and Constitution for AGMA attached in Appendix 1 to this report.
2. To authorise the City Solicitor to execute the Agreement.

FINANCIAL IMPLICATIONS FOR REVENUE BUDGET

The budget for the joint arrangements will be agreed by the AGMA Board and the costs will be charged to the constituent Councils in proportion to their population.

FINANCIAL IMPLICATIONS FOR CAPITAL BUDGET

None.

WARDS AFFECTED

All

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BACKGROUND DOCUMENTS

Current AGMA Constitution
Report of Chief Executive to Executive of 24 October 2007
Reports to AGMA Executive

IMPLICATIONS FOR KEY COUNCIL POLICIES

<u>Employment</u>	<u>Anti-Poverty</u>	<u>Environment</u>	<u>Equal Opportunities</u>
Yes	Yes	Yes	Yes

1. BACKGROUND

- 1.1 The Association of Greater Manchester Authorities (AGMA) was established in 1986 following the abolition of the Greater Manchester County Council (GMC). It has operated as a local authority association representing the collective interests of the local authorities within Greater Manchester and as a joint committee with responsibilities for a number of residual functions previously performed by the GMC, including urban traffic control, the Section 48 grants scheme and the County Records Office, and any other functions which its constituent councils have delegated to it.
- 1.2 The City Council and other Greater Manchester authorities have long recognised that the economic prospects for their areas are inextricably linked to the performance of the wider Greater Manchester city region and therefore the need for effective collaboration and co-operation to support economic growth in the city region's economy. In this regard, Greater Manchester authorities have become partners in a range of strategic and delivery organisations, including Manchester Enterprises, Manchester Investment and Development Advisory Service (MIDAS), Marketing Manchester and Manchester Solutions.
- 1.3 The concept of the city region as an economic entity has for some time been promoted by the Core Cities. It was recognised and endorsed in 2005 through the publication of the Northern Way Growth Strategy by the three northern Regional Development Authorities in response to an invitation by Government to set out the means by which the performance of the Northern regions could be transformed. Subsequently, following the collapse of the move towards elected regional assemblies, the Secretary of State for Communities and Local Government called for proposals to be developed for more effective arrangements for city regions to manage and determine their economic policies.
- 1.4 A "city summit" was held in Manchester in October 2005 chaired by David Miliband. An initial paper for that event was prepared and agreed by the AGMA Executive in September 2005. Following that summit, areas such as Greater Manchester were invited to submit business cases arguing how and why a better system of devolved government would add value. Submissions were made to the Secretary of State in March and July 2006.
- 1.5 These 'business cases' then informed the Local Government White Paper, which was issued in July 2006. That had a whole chapter entitled "Strong Cities, Strategic Regions", which recognised that some key decisions may be better made if devolved down to a city-region level. It also introduced the idea of Multi Area Agreements (MAAs) which were advocated in the AGMA submissions; stating that they

“could have a particular role to play in larger cities, helping create a sense of economic place and enabling the development of shared objectives across city regions”.

The White Paper was also not prescriptive about how city regions should collaborate and cooperate, instead stating that

“The Government acknowledges that each place faces different challenges and has a different political and administrative context and culture. One size will not fit all.”

- 1.6 However much of the detail in the White Paper surrounding these ideas was put off for further analysis to be reported on in the outcomes of the 2007 Comprehensive Spending Review and its associated “review of sub-national economic development” (usually referred to as the “SNR”). That reported in late July 2007 and was much more specific. The SNR used ‘sub’ rather than ‘city regions’ as the term, as it considered that such policies need not only apply to large urban areas; but stated that:-

“sub-regions are in many respects the key spatial level around which growth is concentrated, in particular in city regions. Sub-national economic markets are also concentrated at the sub-regional level. Increasing the extent to which economic development decision-making is managed at the sub-regional level is therefore an important means of improving economic outcomes, including in the most deprived areas.”

- 1.7 The sub national review was also more specific on how MAAs should work stating that they should:-

- be voluntary at the point of creation;
- focus on activities where sub-regional working can add most value – the rationale for cross-boundary delivery of objectives should be evidence-based;
- have an economic core and relate principally to economic development (although MAAs for other activities will not be ruled out)

and that in their operation

- local authority partners and public sector bodies should share collective responsibility for outcomes; and that
- sub-regional partnerships will have transparent arrangements for ensuring financial and democratic accountability.

- 1.8 The above factors have provided the policy context which has led to AGMA proposing a changed constitution. The reasons for doing so, and the proposals themselves, are considered in the next sections of this report.

2. CHANGING AGMA'S CONSTITUTION

2.1 The fundamental reason for changing AGMA's constitution was set in the initial submissions made in 2005 and 2006. In summary this is that currently the constitution:-

- does not properly reflect the ambitions which the 10 authorities in Greater Manchester have expressed in terms of collaborating more effectively at a sub regional level on issues where they agree this is necessary. There needs to be a legal framework which shows both a readiness to manage strategic development and financial resources delegated from either a national or regional level and which underpins our common goal of Greater Manchester becoming a world-class city region at the heart of a thriving and competitive North
- contains very little in terms of linking the functions and work which is done at a strategic sub regional level into a system of democratic accountability, both at a sub regional level and within individual local authorities in Greater Manchester.

2.2 This is linked to a shared belief – again argued in the many submissions made to Government on this issue over the past few years – that whilst partners within the AGMA area have achieved much together there remain obstacles to progress in a number of key areas. These include the limited capacity of national and regional agencies to develop specific Greater Manchester approaches to delivering key services. Many are driven by nationally determined targets and priorities. This gap could be addressed if there was an effective and accountable strategic framework at a Greater Manchester level; within which priorities can be developed and performance management arrangements put in place.

2.3 The proposed new constitution has been developed from the Heads of Terms report developed first by a sub group of the 10 Leaders and then discussed by both the whole AGMA Executive and AGMA Council and also in more detail by a sub group of members drawn from AGMA Council members. The constitution itself was drafted and considered by the Leaders sub group in January 2008 and then discussed and shared with AGMA Council at a meeting on 28 March in Rochdale to which all political group leaders from across Greater Manchester were invited.

2.4 One of the themes which runs through the new proposals is of the 'sovereign' role of the existing 10 local authorities who make up AGMA. This is dealt with at both the beginning and end of the new proposed constitution, where it is stated that the proposals:-

“are not seeking to create a separate local authority and are committed to retaining the existing structure of metropolitan districts within the combined administrative area”

and that nothing in the constitution should place any

“restriction on the exercise by any of the parties of their statutory functions”

Both these reflect the view, often expressed in submissions to Government, that AGMA has been successful because it has been 10 authorities collaborating, without a centrally imposed governance structure. Greater Manchester is not the same as Greater London, and there has been a consistent view that an Elected Mayor at a Greater Manchester level would not be supported within AGMA authorities.

- 2.5 To underpin this, it is the intention that – rather than just amending AGMA’s existing constitution – a fresh start is made with an entirely new constitution. To deliver this, and using the sovereignty principle, each of the 10 local authorities within AGMA need to adopt the constitution through their own statutory and constitutional processes. This is in contrast to current arrangements, whereby the AGMA constitution could just be changed via a vote of the 10 Leaders. This is why the constitution is also called an operating agreement and it is proposed that it be signed and authorised by each of the 10 authorities.
- 2.6 The AGMA Leaders propose that the new constitution be taken through each of the 10 local authority’s decision making process as soon as is practicable. The aim is have completed this process within the local authorities in time for it to then be formally adopted by AGMA, as its new constitution, at a Special General Meeting at the end of July 2008.

3. PROPOSED NEW CONSTITUTION/OPERATING AGREEMENT

- 3.1 The proposed new Constitution/Operating Agreement which was agreed by AGMA Executive on 25 April 2008 and which is attached at Appendix 1 will be entered into by all ten Greater Manchester Councils described in the Agreement as “the Parties”. The Agreement constitutes joint arrangements made pursuant to Section 20 of the Local Government Act 2000, Section 101(5) of the Local Government Act 1972, and Regulations 4, 11 and 12 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000. The arrangements propose that the AGMA Executive operates as a joint committee under Sections 101 and 102 of the Local Government Act 1972 and will now be known as the AGMA Board.

AGMA Board

- 3.2 The Board will have the functions and terms or reference set out in Schedules 1 and 2 to the Agreement, including specific functions in relation to -

- ❖ Economic Development
- ❖ Planning & Housing

- ❖ Transport
- ❖ Environment
- ❖ Health
- ❖ Public Protection
- ❖ Improvement and Efficiency
- ❖ GMC residual functions

- 3.3 The Board will consist of the ten leaders of the constituent councils. Should a leader not be able to attend, then one of the two named members of their council's Executive will be able to substitute.
- 3.4 The Board will appoint a Chair, a Deputy Chair and a Vice-Chair. If more than one political group is represented on the Board, all three offices cannot be occupied by members of the same group. The Board may delegate powers to the Chair, Deputy Chair and Vice-Chair, sitting as a sub-committee.
- 3.5 The Board may establish sub-committee, commissions and/or advisory groups as it may determine. It will ensure that there is political and geographical proportionality across such bodies in aggregate and, as far as possible, within individual sub-committees, commissions and advisory groups. Any constituent council which disagrees with any decision of a sub-committee or commission may within 5 working days of the publication of the decision refer such decision to the Board for reconsideration. The Board may also delegate some functions to officers.
- 3.6 The quorum for the Board will be seven members. Except where the Agreement provides for the contrary (i.e. in Clause 12.4), decisions will need the support of seven members to be valid, although wherever possible it is hoped that decisions can be made by agreement without the need for a vote.

Scrutiny Arrangements

- 3.7 The Agreement established for the first time a formal system of scrutiny and "call in" of decisions taken within AGMA.
- 3.8 Each constituent council may appoint three members to a "Scrutiny Pool" which will scrutinise the activities of the Board and its commissions and investigate matters of strategic importance to Greater Manchester residents. One of the three members will be a member of the largest minority group on the Council, provided that at least 25% of the membership of that council, are members of minority groups.
- 3.9 The thirty member Scrutiny Pool will meet at least once a year to elect a chair and vice-chair (who shall be members of different political groups), to determine areas of review and scrutiny for the year, and to establish scrutiny panels from amongst their member in order to carry out the agreed areas of review and scrutiny.

- 3.10 Any five members of the Scrutiny Pool may “call in” a decision of the Board for scrutiny within 5 working days after the publication of the decisions (except where the matter is urgent) and if the Scrutiny Pool has concerns about the decision it may refer the matter back to the Board for reconsideration.

Budget

- 3.11 The Board will prepare a budget to cover all its expenses and a similar budget will be prepared to meet the costs of the joint scrutiny arrangements. The budgets will be prepared before the end of February each year and a charge will be submitted to each of the constituent councils to be calculated proportionately to their populations.

Amendments to the Operating Agreement/Constitution

- 3.12 The Agreement may be amended following a resolution of two-thirds of the constituent councils. The operating of the Agreement will also be subject to annual review.
- 3.13 Any of the constituent councils may by resolution cease to be party to the Agreement provided that they give at least 12 months’ notice effective from the end of a financial year. A constituent council may also withdraw a specific delegation to the Board by resolution. However, where such a resolution affects any financial liabilities and/or commitments of the Board at least 12 months notice must again be given in writing effective from the end of the financial year.

4. OTHER PARTNERS – AND BEYOND GREATER MANCHESTER

- 4.1 The previous section has described how the proposed Constitution will affect the ten constituent councils which are parties to the Agreement. The proposals, however, involve other partners.

Associate Members

- 4.2 There is a provision for the four joint authorities in Greater Manchester to be “associate members”, namely -

- ❖ Greater Manchester Fire and Civil Defence Authority
- ❖ Greater Manchester Passenger Transport Authority
- ❖ Greater Manchester Police Authority
- ❖ Greater Manchester Waste Disposal Authority

As “associate members”, their representatives may participate in meetings but not vote.

- 4.3 It is recognised that the Manchester City Region stretches wider than Greater Manchester itself, but includes parts of Cheshire, Lancashire and the High Peak district of Derbyshire. Therefore, the constitution will also enable any local authority or joint committee of local authorities outside Greater Manchester to become associate members, provided that the Board agrees. It should be noted that currently three local authorities outside Greater Manchester are associate members of AGMA, namely, Blackburn with Darwen, Blackpool and Warrington, but potentially there are others.

Business Leadership Council and Commissions

- 4.4 The previous paragraphs dealt with local authority partners. However, it is also proposed that the Board should establish a Business Leadership Council and a series of Commissions.
- 4.5 The Business Leadership Council (BLC) will have a number of roles –
- ❖ to advise the Board on its ongoing policies and priorities
 - ❖ to conduct its own reviews on matters that will effect the future economic well-being of Greater Manchester
 - ❖ to make representations to the Board.
- 4.6 It is intended to appoint a number of strategic Commissions which will include elected councillors, representatives of the private sector and of other public agencies. The Commissions will have responsibilities for policy development within a remit set by the Board in the following areas:
- ❖ Health
 - ❖ Planning and Housing
 - ❖ Transport
 - ❖ Economic development
 - ❖ Environment
 - ❖ Public Protection
 - ❖ Improvement and Efficiency
- 4.7 The BLC and the Commissions will have a key role in relation to the proposed Multi-Area Agreement for Greater Manchester where the objective is to build and embed joint ownership and commitment of other agencies to common goals, outputs and targets.

5. SUMMARY

- 5.1 A set of Frequently Asked Questions and Answers has been prepared by the AGMA Policy and Research Unit and these are attached at Appendix 2.
- 5.2 The proposed new Agreement has been constructed on the basis that this is a first attempt at putting together a new Constitution to manage

the way that the Leaders wish to see AGMA operating in the future. As with any new proposal it may be that some matters will need to be changed if they are not effective or working in the way intended. Therefore, the Constitution builds into its processes the opportunity for its operation to be reviewed each year. This review, as explained, will need to involve every constituent council, rather than as at present the Leaders on AGMA Executive being able to amend the Constitution without reference to individual councils.

6. RECOMMENDATIONS

The Executive and the City Council are recommended:

- (1) to approve the proposed Operating Agreement/Constitution for AGMA attached at Appendix 1
- (2) to authorise the City Solicitor to execute the Agreement on behalf of the Council.