



Manchester City Region Authority

Business case for governance reform under the Local Democracy,
Economic Development and Construction Act

19 February 2010

ADVISORY

Glossary of terms (1)

AGMA	Association of Greater Manchester Authorities	GMTU	Greater Manchester Transportation Unit
CA	Combined Authority	GMUTC	Greater Manchester Urban Traffic Control Unit
CLG	Department of Communities and Local Government	HA	Housing Association
CNE	Commission for the New Economy	HCA	Homes and Communities Agency
DfT	Department for Transport	HMA s	Housing Market Areas
Draft guidance	<i>Economic prosperity boards and combined authorities</i> – consultation on draft statutory guidance issued by Communities and Local Government, February 2010	HMT	HM Treasury
Draft scheme	'Draft Scheme for Establishment of a Combined Authority' appended to the City Region Governance consultation	HR	Human Resources
DWP	Department for Work and Pensions	ICT	Information and Communication Technologies
EPB	Economic Prosperity Board	ITA	Integrated Transport Authority
ESB	Employment and Skills Board	JCP	Job Centre Plus
Executive Board	The Executive Board of AGMA	LEA	Local Economic Assessment
FEMA	Functioning Economic Market Area	LCEA	Low Carbon Economic Area
GMITA	Greater Manchester Integrated Transport Executive	LDEDC Act	Local Democracy, Economic Development and Construction Act 2009
GM	Greater Manchester	LTA	Local Transport Act 2008
GMS	Greater Manchester Strategy	LTP	Local Transport Plan
GMPTE	Greater Manchester Passenger Transport Authority	Manchester	Greater Manchester (in respect of the city region)
GMTF	Greater Manchester Transport Fund	MAA	Multi-Area Agreement
		MCR	Manchester City Region

Glossary of terms (2)

MCRA	Manchester City Region Authority
MIDAS	Manchester Investment Development Agency Service
MIER	Manchester Independent Economic Review
NAS	National Apprenticeship Scheme
NWDA	North West Development Agency
PTE	Passenger Transport Executive
RDA	Regional Development Agency
RSL	Registered Social Landlord
SMT	Senior Management Team
SRG	Sub Regional Group
TfL	Transport for London
TfGMC	Transport for Greater Manchester Committee
TfGME	Transport for Greater Manchester Executive
TMEDL	Think Manchester Economic Development Leads
YPLA	Young People's Learning Agency

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Disclaimer and Basis of Preparation

Disclaimer

This report has been prepared in line with our Engagement Letter (dated 4 January 2010 and signed 15 January 2010).

The report is for the attention of the Association of Greater Manchester Authorities, the ten constituent Greater Manchester authorities and the Department of Communities and Local Government.

The report is provided on the basis that it is for your information only and that it will not be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, without our prior written consent. We are already aware that the report will be in the public domain as a result of its circulation to members of AGMA.

Where, with our prior permission, this report is shared with third parties, such third parties may make no reliance upon this report or any of the analysis or conclusions therein. KPMG cannot be held liable for any use, or consequences of any use, of this report

Although you may rely on our work to the extent set out herein, we may not have become aware of all of the facts or information that you may regard as relevant. KPMG has not performed an audit or carried out any tests or verification work on the information provided. We therefore reserve the right to further review and refine the contents of this document should any new information become available.

Our work commenced on 4 January 2010 and our fieldwork was completed on 5 February 2010. Our findings and recommendations have been conscientiously and objectively produced on the basis of the information available at the time.

Basis of Preparation

KPMG was commissioned by the Association of Greater Manchester Authorities (AGMA) on 4 January 2010 to assist with the preparation of a business case to evaluate the relative benefits of a Combined Authority against several options. KPMG was asked to present this against a number of hypotheses which were set out in our Engagement Letter and based on the City Region Governance report presented to the AGMA Executive Board on 18 December 2009:

- Existing governance arrangements are not optimal for economic development, regeneration and transport. The sub-regional economy is not performing to its full potential.
- Weaknesses in the current arrangements can only be addressed by stronger leadership and more effective decision-making at a sub-regional level.
- The pros and cons of establishing a CA outweigh the pros and cons of keeping existing arrangements or modifying/strengthening existing arrangements.
- There are no viable alternatives to establishing a CA.
- A CA will prove the most effective and efficient in delivering the strategic ambitions of all ten authorities within AGMA.
- AGMA is a Functioning Economic Market Area (FEMA).

In preparing the business case, our primary source has been information and evidence that has already been prepared for/made available to AGMA.

Details of our principal information sources are set out in Appendix 1 and we have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of our Engagement Letter. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

This project has not sought to review detailed operational or human resources issues, or cost savings. In addition, given the limited timeframe for this exercise, we have only undertaken a limited amount of stakeholder consultations. We have not conducted interviews with private stakeholders, the political leadership of AGMA or all the chief executives of the ten authorities in Greater Manchester. Our findings are based on this stakeholder consultation and desktop research only.

Executive summary

Headlines (1)

History of collaboration

- AGMA's successful track record of collaboration can be traced back a number of years. Working across a range of partners in the public/private sectors, it has delivered many projects including the Metrolink and the expansion of Manchester Airport.
- Under the new Constitution in 2008, there were changes made to Greater Manchester's governance which better reflected the collaborative ambitions of the ten member authorities at a sub-regional level.

The City Region agreement

- The publication of the MIER, and its incorporation into the Greater Manchester Strategy, highlighted the challenges, opportunities and ambitions of the city region. The first tranche of public sector reform initiatives have been brought through the Statutory City Region agreement that was signed by AGMA Leaders and Government in December 2009.
- The city region agreement includes a host of devolved roles and responsibilities on transport, skills, post 16 education, economic development, low carbon and early years development. Actions including tackling worklessness, developing skills, and aligning post 16 provision to employment priorities within sub region, are crucial components of policies to strengthen the efficiency and productivity of the city region's labour market.
- The next step for the city region is how and on what basis governance arrangements should be strengthened to demonstrate the capacity to execute the new roles. Furthermore, a series of spatial pilots will be undertaken to create an evidence base to support new ways of working as well as an approach to devolved funding.

GM is a functional economic market area

- The draft guidance suggests that the business case should address an area which forms a functional economic market area (FEMA) to ensure that issues are being considered at the most appropriate spatial scale.
- The initial submission for city region status presented several reasons why GM operates as a FEMA. This includes the high level of connectivity of transport networks between local authorities, a coherent travel to work/learn geography, integrated labour markets, interlinked Housing Market Areas and the fact that only 2% of GM retail spend occurs outside the sub-region.
- The findings of the MIER (which were published shortly after the city region submission) reinforced the principle of GM as a FEMA. The report was commissioned on behalf of GM and provided a future framework for the city region via the GMS.

Existing governance arrangements are not optimal

- Government has requested more robust governance arrangements within the city region agreement. In particular, the DfT (see Appendix 6) has emphasised the need for effective alignment between decision making on areas such as transport, economic development and regeneration in exchange for greater devolution of transport responsibilities.
- Despite the progress that Greater Manchester has made within the confines of its existing framework, a step change is required to maintain this momentum and realise opportunities more effectively.
- Stakeholder consultation identified a number of examples as to why the existing arrangements are not optimal:
 - Governance arrangements for transport and economic development are fragmented between different bodies.
 - Responsibility for transport policies vested elsewhere than that for economic development, regeneration, strategic housing and planning.
 - Less than optimal identification of economic opportunity at the city region level.
 - Ambiguity and overlap of roles/responsibilities as well non-strategic prioritisation across a number of areas.

Executive summary

Headlines (2)

The benefits of a combined authority outweigh other options

- As AGMA has pushed the boundaries of the existing governance arrangements, the scope to drive future public sector reform under the same structure is very limited. Additionally, the framework of an Economic Prosperity Board (EPB) would not cover the proposed changes on Transport governance, potentially at the detriment of the roles and responsibilities available through the city region agreement.
- The establishment of a Combined Authority (CA) – a body corporate under Section 103 of the LDEDC – will simplify the way that transport planning, strategy and implementation is governed alongside economic development and regeneration across the city region. It will provide a single focus for co-ordinating these key strategic functions which are crucial for driving the economic competitiveness of the city region. The CA is also seen to address the current weaknesses by increasing the level of co-operation, addressing the ambiguity and overlap in decision-making, and providing a default framework for future projects (as a minimum).

The CA will have formal roles and responsibilities in relation to transport, economic development and regeneration

- The draft scheme sets out the functions that a CA would initially adopt in respect of transport and economic development. Additional responsibilities, including well-being powers and the role to review of housing conditions/provisions will be exercised concurrently with the constituent councils.

Transport

- The changes in relation to transport governance are detailed within the draft scheme. The functions of the GMITA would transfer to and be exercisable by the CA. A joint committee, the Transport for Greater Manchester Committee, would be established to oversee the operational delivery of policy with appropriate delegated responsibilities.
- The current GMPTE would be renamed the Transport for Greater Manchester Executive and be the delivery body of the CA in respect of its transport functions.

Economic development

- On a statutory basis, the CA would have the duty to prepare Local Economic Assessments; the Commission for the New Economy (CNE) will lead this process, producing a GM wide assessment with sub-sections for each GM authority. This collaboration should provide a value for money approach to conducting LEAs, whilst the CA framework would formalise the arrangements ensuring that these efficiency benefits continue

A combined authority is likely to be the most effective and efficient option for a number of functions

- The potential benefits of a CA, in the immediate term as well future prospects, have been appraised alongside the views of stakeholders. However, the overriding message is clear – the CA is intended to reform the way that the city region is governed – it is not intended to introduce an additional layer of bureaucracy or give rise to increased support costs.

Transport

- As part of the changes proposed within the draft scheme, several transport units would be combined to provide an integrated delivery capacity. This is expected to deliver a more effective transport organisation for GM, and has the potential for significant cost savings.
- These changes will also enable the city region to move forward on the transport objectives it has agreed with Government around highways, bus and rail functions.

Executive summary

Headlines (3)

A combined authority is likely to be the most effective and efficient option for a number of functions (cont.)

City region pilots

- The pilot projects that will be taken forward from the city region agreement are geared to tackling productivity and efficiency issues in the sub-regional labour markets, which was one of the key messages from the MIER. The CA would be responsible for managing the objectives and outcomes from the pilot activity.
- One such objective is the need to connect economic performance to the development of the market. This could inform reviews of housing conditions and future accommodation provision, which the CA is intended to exercise concurrently with the constituent authorities (see Appendix 7).
- Whilst robust governance arrangements are a pre-requisite of the pilot projects, it is also essential that they demonstrate the effectiveness and cost-benefit of public sector reform. A CA would have a leadership role over the city region process and act as the key liaison for discussions with Government and other partners. Stakeholders view the CA structure as a more robust framework, particularly as the focus moves towards invest-to-save models in conjunction with the work required around Total Place.

Other opportunities

- GM is currently deciding on the allocation of additional HCA monies for housing and regeneration priorities. The governance of future decision making is seen as an area which could fall to the CA.
- The city region agreement has already secured a single GM revenue budget for 16-19 education (including apprenticeships), from 2011-12. Whilst the arrangements in place to govern commissioning and planning, this could be delegated to the CA.

There are a range of other opportunities that could be considered for governance under a CA

Economic development

- There are a range of opportunities to improve economic development for the sub-region – whilst these are not strictly dependent on the governance arrangements offered by establishing a CA, stakeholders recognise the impact that the new governance framework could have on driving future change.
- Economic development could have more of a city region focus by giving the CA an oversight in its delivery. Consequently, there is the opportunity to strengthen capacity and cut duplication between the ten local authorities and other organisations tasked with economic development in the sub-region.
- The establishment of a CA is also seen as the route to more effective co-commissioning particularly with delivery agents within AGMA (MIDAS, CNE, etc) on inward investment. Currently there is a tendency for authorities to prioritise themselves for investment opportunities, whilst stakeholders were keen to move to a city region offering which would give more potential solutions to investors.

City region status

- If more roles and responsibilities are to be devolved from central Government, a CA is the natural recipient of the governance for those powers.

Improvement and efficiency

- The CA could help to deal with collaborative improvement and efficiency opportunities more effectively. Stakeholders felt that it could provide a stronger commitment to co-operate although participation will remain largely voluntary.

Executive summary

Headlines (4)

There is no reason for a Combined Authority to lead to an increase in costs

- There is no reason why a CA should lead to any increase in costs as it should build upon infrastructure and resource capacity which exists already within the local authorities. It is recommended that any cost proposals that arise in the future should be carefully scrutinised. Furthermore, in respect of existing commitments, the following issues should be addressed:
 - Will the CA secure better value from existing committed spend?
 - Have the potential for operational efficiencies in transport and economic development been fully captured?
- There may be a requirement for the existing skills set of the Secretariat to be reviewed, along with the way that the CA will work with other key agencies.

Conclusions

- Section 112 of the LDEDC Act states the conclusions required from the overall review, of which an extract is presented:

Preparation and publication of scheme: existing combined authority

This section applies where one or more of the authorities that have undertaken a review under section 111 conclude that the exercise of the power to make an order under any one or more of sections 104 to 107 would be likely to improve -

- (a) the exercise of statutory functions relating to transport in an area of a combined authority or a proposed area of a combined authority,
- (b) the effectiveness and efficiency of transport in such an area,
- (c) the exercise of statutory functions relating to economic development and regeneration in such an area, or
- (d) economic conditions in such an area

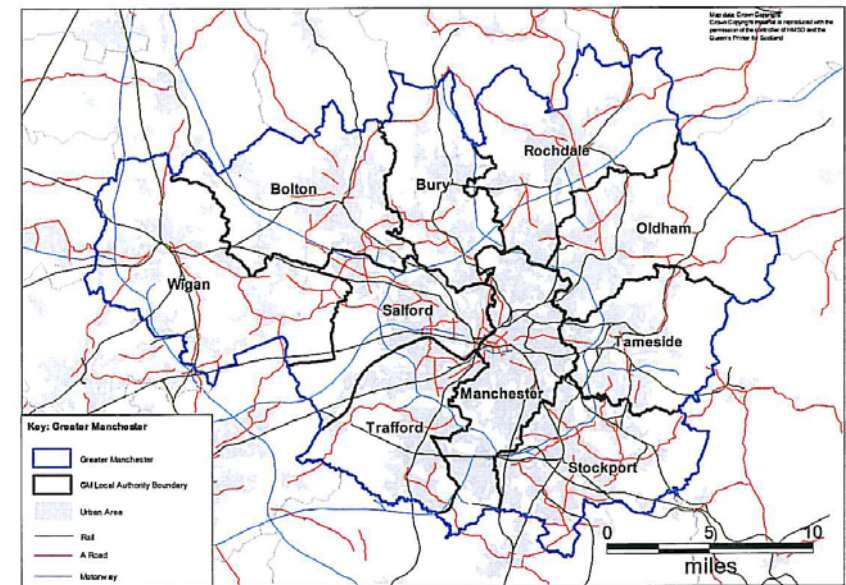
This business case highlights the rationale for governance reform via a combined authority:

- The case for improvements on transport is very strong and presents a significant opportunity for the city region to have more responsibility devolved from Government in the future. The CA will be able to exercise influence with regional and national agencies on resource prioritisation, aligning different programmes with priorities, capturing operational efficiencies and delivering greater outcomes in the locality.
- From an efficiency perspective, the CA is not intended to increase the cost to the ten local authorities currently within AGMA; conversely, stakeholders have presented a number of areas where there is considerable scope for efficiencies. In relation of transport, an integrated delivery capacity has the potential for significant cost savings.
- The changes that could be brought about from transport are linked to the overall economic development and regeneration of the sub-region. However, there are host of other roles and responsibilities – including the statutory duty for LEAs and the allocation of monies from the HCA – which in their own right should benefit from the implementation of a CA framework.
- The pilot activity within the city region agreement is aimed at tackling productivity and efficiency issues in the sub-regional labour markets. The projects address the need to connect economic performance to the development of the housing market, the progression of a spatial strategy which reflects how the market place operates, and arrangements that are geared to equipping young people with skills that match employment demands and growth in the city region.

Introduction

- Greater Manchester (GM) was announced as a pilot city region in the Budget 2009. This was followed with Government formally awarding Manchester with city region status in December 2009, with an agreement signed by Ministers and AGMA leaders on a number of public sector reform measures combined with new powers and responsibilities.
- The existing arrangements for collaborative working in the sub-region have delivered a number of successes. However, it is acknowledged by Government and Manchester that the governance framework needs to be tailored to deliver new powers and functions and realise further opportunities for more effective collaboration.
- In accordance with the draft guidance issued by the Department of Communities and Local Government (CLG) under the LDEDC Act, this business case aims to evaluate the relative benefits of a Combined Authority for Greater Manchester against several options.
- The review within this business case covers the ten local authorities, which make up Greater Manchester and collectively form AGMA:
 - Bolton Council;
 - Bury Council;
 - Manchester City Council;
 - Oldham Metropolitan Borough Council;
 - Rochdale Metropolitan Borough Council;
 - Salford City Council;
 - Stockport Metropolitan Borough Council;
 - Tameside Metropolitan Borough Council;
 - Trafford Council;
 - Wigan Council.
- Greater Manchester's districts and transport infrastructure are set out opposite.

Figure 1: Greater Manchester districts and transport infrastructure



Source: *Pre-Budget report, city region pilots – submission by the Association of Greater Manchester Authorities; 6 March 2009*

Background

History of AGMA

- AGMA was created in 1986 as a voluntary association to represent the ten Greater Manchester local authorities, after the Greater Manchester County Council was abolished. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions (transport, fire, police and waste disposal) that needed to be co-ordinated at a metropolitan level.
- Until 2008, the sub-region's governance remained fundamentally organised around ten authorities charged with providing services to maintain and improve the quality of life of residents within their respective administrative boundaries.
- In 2008, important changes in GM's governance took place. AGMA's constitution was revised with a new legal framework to better manage strategic development and pooled financial resources. The changes reflected the collaborative ambitions of the ten member authorities and the vision of Greater Manchester as a world-class city region.
- The new constitution, which was approved in August 2008, provided for the Executive Board becoming the focus for co-ordinating economic development, transport, planning and housing policies for the Manchester city region with a supporting structure of seven Commissions. The governance structure implemented under the new constitution is set out in Appendix 2.
- AGMA's successful track record for collaboration can be traced back at least to its creation in 1986. Working both with its own members and those from outside the city region, as well as the public and private sector, AGMA has had some genuine successes. It delivered the Metrolink, the city region's light rail network, and oversaw the expansion of Manchester Airport which is jointly owned by the ten local authorities.
- More recently, the development of a Multi-Area Agreement (MAA) was the precursor to securing Manchester's status as a city region and has now been absorbed into the city region pilot. Other notable successes include the production of the Manchester Independent Economic Review (MIER), the development of the Greater Manchester Strategy (GMS) and the city region proposals; these are addressed separately.

Manchester Independent Economic Review

- The MIER was published in April 2009 and revealed that investment in skills is vital from an early age to raise productivity in the city region and ensure that Manchester realises its long-term economic potential.
- This wide-ranging study of the Manchester City Region (MCR) economy was produced by an independent group of leading economic figures, who conclude that:
 - MCR, due to its size, skills base, talent pool, connectivity and political and business structures, is 'best placed' to complement London and the South East compared to other major cities thereby helping the UK to realise its long term economic growth;
 - MCR businesses do not take advantage of accessible links between sectors as effectively as businesses elsewhere in the UK. As a result, their productivity is lower than should be expected given the size of MCR's economy;
 - The future productivity of MCR's labour markets demands a re-assessment of skills, employment, spatial planning, transport and housing policies at all level to ensure that they become integrated.
- The key findings of the review are set out in Appendix 3.
- The MIER provides a framework for the economic development of the city region for the next decade. This is the first time a city region has undertaken such a process to examine what governance structure and policy focus is required to deliver future growth.

Background

The Greater Manchester Strategy – Prosperity for All

- The GMS is an 'added value' strategy that sets out, on the basis of the MIER and a wide variety of other evidence, priorities to ensure long-term sustainable economic growth in the city region. Approved by the elected leadership of AGMA in August 2009, the GMS is a landmark strategy setting out a roadmap for a more prosperous city region in response to the MIER findings.
- The strategy is a shared vision with accompanying strategic priorities which the AGMA authorities and partners will use to develop plans and programmes to meet common objectives. The strategic priorities have been based around discussion with stakeholders, business partners and civic leaders.
- Furthermore, GMS is the city region's high-level response to the fundamental policy challenge set out in the MIER:

There are two dimensions to the challenge of raising long term growth: one is the need to boost productivity so that the growth rate increases; the other is to ensure that all parts of the city region and all its people enjoy improved opportunities as a result of a stronger economy

- The MIER also provides a baseline to ensure that the strategy is as robust as well as bold and pioneering. Appendix 4 summarises the vision, principles and priorities within the GMS.

The City Region agreement

Key outcomes

- The city region agreement represents a significant milestone for GM in realising its future ambitions. Directly informed by the MIER and GMS, the agreement was signed on 18 December 2009 and included:
 - Government endorsement of the GMS as the essential framework to support resource allocation and prioritisation.
 - Agreement to a new framework for public reform, initially through a series of pilot projects with geographical boundaries within the work stream areas of early years, better life chances in the most deprived areas, housing and the low carbon economy. The pilots are outlined in Appendix 5.
 - A statutory Employment and Skills Board which will be able to set skills policy both through its own statutory powers and through its strategy being embedded within the regional position.
 - The creation of a single revenue pot for post-16 skills provision in Greater Manchester which will 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 and to prioritise capital spend when available.
 - GM as the UK's fourth low carbon economic area (LCEA), the focus of which will be the built environment. Working with local, regional and national partner agencies, granting LCEA status will deliver benefits for GM and the rest of the UK, through stimulating the wider supply chain, sharing learning and best practice with other regions. The LCEA will involve a five-year housing retrofit programme, improving the insulation of thousands of homes and offices in Greater Manchester. It will also focus on driving skills progression, business support and the attraction of private investment into the market.
 - Significant progress 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 GM's science and research capacity. The principle of a new protocol regulating the relationships between MIDAS and the RDA was also agreed.
 - Government commitment to examining how new powers and responsibilities on transport can be devolved to GM consistent with TfL, subject to agreement on new governance arrangements.

Next steps of the city region process

- AGMA has agreed that these outcomes, as confirmed in the announcement made in the Pre-Budget Report on 9 December 2009, represent a solid agenda for genuine reform and devolution to be delivered to GM through the city region pilot arrangements. GM has to deliver against actions such as tackling worklessness, developing skills, and aligning post 16 provision with sub-regional employment priorities. These are critical components of policies to strengthen the productivity and efficiency of the city region's labour markets.
- The next step for AGMA is to determine how and on what basis existing governance arrangements should be strengthened in order to demonstrate the capacity to exercise new roles. The adoption of more robust governance arrangements with greater accountability is required by Government as a pre-requisite for greater devolution, particularly in relation to transport.
- AGMA also need to develop an evidence base for the city region pilots which demonstrates that new ways of working can deliver a payback on investment through better outcomes for citizens as well as efficiencies.

Criteria per the draft guidance (1)

Overview

- This section of the business case seeks to evaluate the relative benefits of a Combined Authority for GM - a body corporate under section 103 of the LDEDC Act - against several options, as required in the draft guidance which was issued by CLG in February 2010.
- This section also includes a summary of some of the areas where a CA will have an impact, or could present opportunities in the future. The views of a range of stakeholders who were interviewed as part of the process have been incorporated as appropriate.

Greater Manchester is a functioning economic market area (FEMA)

- The draft guidance suggests that that the business case should address whether or not the area under review forms a functional economic market area (FEMA) to ensure that issues are being considered at the most appropriate spatial scale. There is no definition of a FEMA; consequently the onus is on AGMA to identify the bases which represent a FEMA – the guidance refers to the examples of labour markets measured by travel to work patterns, or retail markets by retail catchment areas).
- The evidence for GM as a FEMA was initially presented in March 2009 as part of the submission to Government for city region status. The case presented the following points:
 - GM has substantial travel across local authority boundaries for work, education, and recreation. The economic geography of the city region has a number of permutations reflecting housing markets, business linkages, travel to work movements, administrative areas, travel to learn patterns, etc.
 - On average just 60% of residents live and work in the same borough but 90% live and work in GM. This means that 330,000 people regularly cross GM's administrative boundaries to access work.
 - GM has extensive public transport, road and motorway networks which provide a high level of connectivity between the local authorities and allow significant cross boundary travel which make the administrative boundaries largely academic.
- Manchester is a central driver of the Northern economy and its economic influence extends to parts of the High Peak, Lancashire, Yorkshire, Cheshire and Warrington. However, GM, as the heart of the Manchester city region, encompasses most of the economy's travel to work area.
- The area is also a coherent travel to learn geography: 71% of 16-18 year olds live and study in the same borough but 96% live and study in GM. The figures are even more stark for young people undertaking work-based learning: 60% do so in their home borough but 95% do so within the city region.
- The city region has a distinct and coherent business environment with around three-fifths of GM businesses' purchases (and a similar proportion of sales), being made from the local economy. The close ties and interdependencies between GM's businesses is reflected in the fact that the area has a single Chamber of Commerce covering the ten authorities
- Research undertaken for AGMA in 2007 identified four housing market areas (HMAs) which make up the wider city region market. These areas span administrative boundaries and were defined by household demand/preferences for housing, reflecting the linkages between places where people live and work. Four HMAs were identified in GM each comprising several districts, in whole or part:
 - Central – inner parts of Manchester, Salford and Trafford
 - South – South Manchester, Stockport and remainder of Trafford
 - North West – Bolton, Bury, Wigan and remainder of Salford
 - North East – Oldham, Rochdale, Tameside and the northern part of Manchester
- These four areas operate independently but share 'catchments'. Crucially, no individual local authority area makes up its own housing market area.

Criteria per the draft guidance (2)

- Retail spending patterns also confirm that GM is a coherent economic area. Although concentrated in Manchester city centre, GM has a large and diverse retail sector, and there are a large number of local town centres as well as out of town shopping facilities, especially the Trafford Centre. Research done by White Young Green found that the GM retail zone lost proportionately the lowest amount of expenditure in the North West (just 2% of GM retail spend was spent outside GM) substantiating the fact that GM is a single retail market.
- The findings of the MIER (which were published shortly after the city region submission) reinforced the principle of GM as a FEMA. The report was commissioned on behalf of GM and provided a future framework for the city region via the GMS.
- *Ultimately, the city region agreement confirms that Government share the view that GM is a FEMA.*

Existing governance arrangements are not optimal for economic development, regeneration and transport

- Government has requested more robust governance arrangements for the execution of roles and responsibilities within the city region agreement. Notwithstanding this, AGMA's existing governance arrangements have been developed as far as possible. Despite the progress which has been made over the last few years – some examples are highlighted later in the business case - the AGMA Executive Board is limited by the fact that it:
 - is a joint committee and not a body corporate;
 - has no functions in its own right and those which it has are dependent on delegations from or agreements by its constituent authorities which means that it is perceived as lacking long-term stability;
 - can only under its constitution take most decisions by a two thirds majority vote;
 - is dependent on the existing local government legal framework.
- The city region spatial pilots increase the need to develop sub-regional performance management and objectives monitoring, which is currently seen as most effective at district and regional level.

- There are a range of operational examples as to why the existing arrangements are not optimal:
 - Transport governance arrangements are fragmented between different bodies.
 - Responsibility for transport policies is not vested in the same organisation as that for economic development, regeneration and strategic housing and planning.
 - There is no a formal GM approach to economic development - all ten authorities have economic development teams and there are a number of other organisations with a similar remit.
 - The risk of reduced funding streams in the future will strengthen the rationale to align resources and capacity for economic development; however, this will require more robust governance arrangements.
 - The current system does not optimally identify economic opportunity at the city region (as opposed to the district or regional) level.
 - There is ambiguity and overlap of roles/responsibilities as well non-strategic prioritisation across a number of areas.

Weaknesses in the current arrangements can only be addressed by stronger leadership and more effective decision-making at a sub-regional level

- The opportunities for reform within transport are dependent on stronger governance – this view has been reinforced by DfT. This alone is enough to drive the case for a CA.
- A number of stakeholders recognised the potential for stronger governance under a CA, over and above the formal duties in respect of transport and economic development agreed at this stage.
- Furthermore, stakeholders commented that a CA could address the weaknesses in the current AGMA model by:
 - increasing the level of co-operation and collaboration.
 - addressing the ambiguity and overlap in decision-making processes – the preparation of Local Economic Assessments is an example.
 - reducing the need to review governance for standalone projects and ad-hoc arrangements – the legal position of a CA would create a default governance framework, for new projects as a minimum.

Rationale for governance reform

Criteria per the draft guidance (3)

The pros and cons of establishing a CA outweigh the pros and cons of keeping existing arrangements or modifying/strengthening existing arrangements

- AGMA has pushed the boundaries of the current arrangements; consequently the scope for the existing structure to drive future public sector reform would be very limited. There is also little that could be changed that would provide the equivalent potential of a CA in the future.
- Furthermore, maintaining, modifying or strengthening existing arrangements could become less cost-effective due to the degree of change they could deliver compared to their management costs.
- In comparison, the range of benefits a CA could bring are wide and varied. This is highlighted in the business case by the opportunities for future collaboration later that have been put forward by stakeholders.
- A CA is a corporate body with a legal personality and powers in its own right. It is therefore well placed to lead collaboration on a sub-regional basis and form legal relationships. It is a stable mechanism for long-term strategic decision-making across the entire sub-region.
- The start up costs for a CA have been estimated to be low as the infrastructure and resource capacity is largely in place. Consequently, a schedule of set-up and running costs has not been prepared. The general principle is to avoid creating new staffing structures but rather to use embedded capacity within constituent authorities.
- The CA is intended to remain a governance tool – several stakeholders confirmed that additional capacity would only be brought in if there was a business case to support it and any cost proposals in the future would be subject to careful scrutiny.

There are no viable alternatives to creating a CA

- The establishment of an Economic Prosperity Board (EPB) has been considered as part of the evaluation process. However, this framework on a standalone basis would not cover the proposed changes on transport governance, potentially at the detriment of the roles and responsibilities available through the city region agreement.

- An EPB would require a separate ITA to exist. Whilst this is a viable option according to section 2.6 of the draft guidance, the disadvantages to such an approach are also presented in the guidance, most importantly that it would hinder *'the obvious benefits to be gained from a co-ordinated approach to economic development, regeneration and transport'*.

A CA will prove the most effective and efficient in delivering the strategic ambitions of all ten authorities within AGMA

- The following sections of this business case present the agreed functions and future opportunities within the areas of transport and economic development, as well the wider potential that a stronger governance could support in the future.
- However, the level of cost-benefit assessment is limited in the thematic examples – this is for several reasons:
 - The primary reason of establishing of a CA is to reform the current governance arrangements in order to bring about a more effective structure for the city region.
 - The options for future collaboration (under a CA or not) may be subject to appraisal against other opportunities and so it cannot be assumed to what degree they will be undertaken and when they might commence.
 - The baseline cost work for some of the proposed changes and opportunities has not started or is in progress; it would not be sensible to estimate the potential savings ahead of this work being completed.
- In respect of reviewing existing commitments in the future, the following issues should be addressed:
 - Will the CA secure maximum value from existing committed spend?
 - Have the potential for operational efficiencies in transport and economic development been fully captured?
- There may be a requirement for the existing skills set of the Secretariat to be reviewed along with the way that the CA will work with other key agencies.

Rationale for governance reform

Functions per the draft scheme

Overview

- The following sections of this business case presents the rationale for governance reform, under the following areas:
 - Transport;
 - Economic Development;
 - Improvement and Efficiency;
 - Housing and Regeneration;
 - 16-19 Provision.
- Each area addresses, where applicable:
 - What the existing arrangements are, along with examples of what they have delivered for the city region.
 - Why the current arrangement are not optimal.
 - What changes are proposed as part of the draft scheme: *it should be noted that these would be the functions to initially come under the remit of the Combined Authority.*
 - The potential benefits, particularly in relation to the city region agreement, which could arise from the establishment of a CA
 - Other opportunities which have been identified throughout the course of our work that the city region may wish to consider and explore in the future

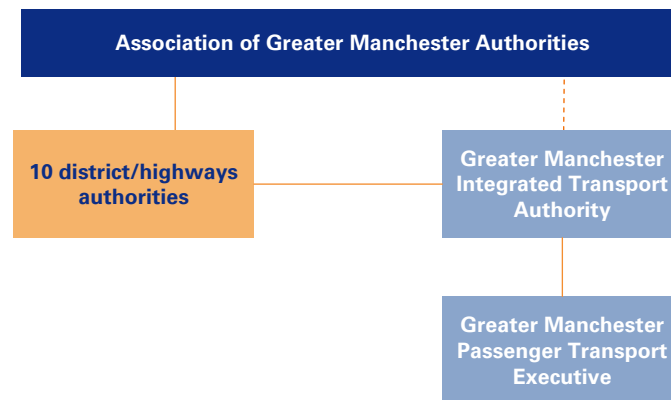
Functions per the draft scheme

- The draft scheme sets out the functions that a CA would initially adopt in respect of transport and economic development. Additional responsibilities, including well-being powers and the role to review of current housing conditions and need for future provision, will be exercised concurrently with the constituent councils. These are listed in Appendix 7.
- In terms of transport, the functions of the GMITA would transfer to and be exercisable by the CA. A joint committee, the Transport for Greater Manchester Committee, would be established to oversee the operational delivery of policy with appropriate delegated responsibilities. The current GMPTC would be renamed the Transport for Greater Manchester Executive and be the executive body of the CA in respect of its transport functions.
- On a statutory basis, the CA would have the duty to prepare Local Economic Assessments; the Commission for the New Economy (CNE) will lead this process, producing a GM wide assessment with sub-sections for each GM authority. This collaborative approach should provide a value for money approach to conducting LEAs, whilst the CA framework would formalise the arrangements ensuring that these efficiency benefits continue.
- These opportunities are discussed further in their relative sub-sections.

Rationale for governance reform

Transport (1)

Existing arrangements



- The AGMA Constitution approved by all ten district councils provides for the Executive Board to be the accountable focus for co-ordinating strategic economic development transport, planning and housing for the city region. In relation to transport, it refers to the Executive Board as having responsibility together with the appropriate statutory bodies (e.g. GMITA, GMPTE, Highways Agency) for the development of an integrated transport system for Greater Manchester and over-seeing the development and management of actions resulting from the Local Transport Plan (LTP) and other agreed investment programmes.
- Transport functions are currently divided between the GMITA, districts and the Secretary of State. In general terms:
 - the districts are the local highway, traffic and street authorities;
 - GMITA is responsible for securing public passenger transport in the area;
 - the Secretary of State is responsible for rail and strategic highways.
- In addition, the Local Transport Act 2008 (LTA) gives GMITA as local transport authority overall responsibility for developing 'policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area' and for the production of the LTP.

- This is not confined to policies relating to public passenger transport but covers the whole range of transport issues within their area. Previously, this had been the joint responsibility of GMITA and the district councils, whereas now they are only consulted. Moreover, the district councils have a statutory duty to carry out their functions so as to implement the transport policies developed by GMITA.

Key outcomes under the existing arrangements

Greater Manchester Transport Fund (GMTF)

- An accelerated transport package for GM was announced in May 2009 for further extensions to Metrolink lines, a cross city bus package and investment in additional park and ride sites worth almost £0.25 billion.
- AGMA agreed a Greater Manchester Transport Fund prioritising public transport and highway schemes involving an investment of over £1.5 billion.
- The transport strategy focuses funding on these schemes which deliver the greatest benefits for the GM economy and creates an overall investment in public transport of over £1 billion through contributions from local transport programmes, future ITA levies and regional allocations which have been earmarked for GM.
- The overall programme is estimated to create over 20,000 jobs and highlights an important step in the development of the overall transport strategy for equipping GM's economy with the necessary infrastructure and the resilience to continue to grow over the next five to ten years.

City Region agreement

- As part of the City Region process, the Government has committed itself to examining how new powers and responsibilities on transport can be devolved to GM, consistent with Transport for London (TfL). These would give 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.

Rationale for governance reform

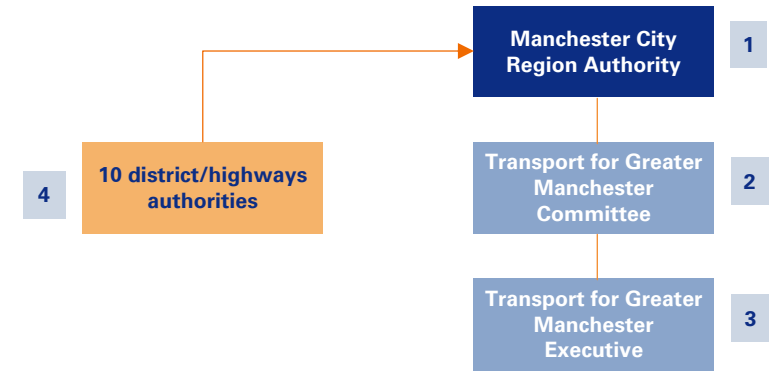
Transport (2)

Why the current arrangements are not optimal

- There are several deficiencies in the current transport governance arrangements. In particular:
 - responsibility for transport functions is fragmented between various different bodies;
 - responsibility for transport policies and the LTP is now vested in a different authority from those authorities responsible for economic development, regeneration and strategic housing and planning policies.
- The DfT has indicated that they share this view (correspondence from DfT is attached in Appendix 6). In the light of the commitment to progress greater devolution in return for governance reform it has set out the high level principles that it believes should underpin this reform in the Manchester City Region. They include:
 - 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*', achieved through '*institutional mechanisms*';
 - the need to address the '*current operational fragmentation, in particular, on highways, traffic management and public transport, so ensuring greater alignment of policy interventions and maximising delivery of efficiencies across the various public authorities involved, consistent with appropriate levels of subsidiarity*'.
 - '*governance reforms...to enable the city region to take full advantage of the stronger role that is on offer*'
- Therefore in order to unlock greater devolution of transport responsibilities to the city region, the current arrangements cannot continue.

Overview of the proposed changes

- The proposed changes under the draft scheme are summarised below:



1. All the functions of the GMITA would transfer to the CA, MCRA. Those functions conferred or imposed on the ITA by any enactment relating to the functions of the GMPTE would be exercisable by the CA in relation to its executive body (TfGME – see 3. overleaf).
2. The CA and the constituent councils would enter into joint arrangements for the discharge of specified transport functions which would include the establishment of a joint committee to be called the Transport for Greater Manchester Committee (TfGMC).

The functions which would be referred (but not delegated) to the TfGMC are expected to include making recommendations in relation to:

- the budget and transport levy;
- borrowing limits;
- major and strategic transport policies;
- the local transport plan;
- operation of GMTF and approval of new schemes;
- appointment of Director General/chief executive of TfGME.

Rationale for governance reform

Transport (3)

In relation to these functions, the recommendations of TfGMC would need to be approved by the CA.

The following functions of the constituent councils will be delegated directly to TfGMC and not through the CA:

- Duty of local traffic authority to manage their road network with a view to securing the expeditious movement of traffic on its own roads and facilitating the same on other authorities' roads;
- Duty of local authority to prepare and carry out programme of measures to promote road safety, including road safety studies, accident prevention schemes and provision of information and advice.

3. Greater Manchester Passenger Transport Executive would be re-named Transport for Greater Manchester Executive (TfGME). This would be the executive body of the CA in relation to its transport functions.

TfGME would have all the functions of the GMPTE and such additional functions necessary for it to act as the CA's executive body in relation to any transport functions delegated to the CA by the Secretary of State or constituent councils. It is intended that this would include any functions delegated in connection to the Manchester City Region agreement.

DfT and GMITA are currently in discussions to consider how new powers and responsibilities can be devolved to Greater Manchester consistent with Transport for London. These 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.

The ITA Unit, the GM Joint Transport Unit, GM Urban Traffic Control and the GM Transportation Unit would be relocated into TfGME. The TfGME will be accountable to both the TfGMC and the CA, with the TfGMC responsible for monitoring and overseeing its activities and performance.

4. The following transport related functions of the constituent councils would be delegated to and be exercisable by the CA. In practice, it is proposed that these will be sub-delegated by the CA to the TfGME:
 - Duty to prepare reports containing assessments of levels of road traffic in the area and forecasts of growth in those levels;
 - Functions of the districts in relation to traffic signals (i.e. the direction and management of GMUTC which is currently done under a joint agreement of the districts).

Potential benefits of a Combined Authority

Consolidation of Transport Units

- It is proposed the Transport Units will consolidate and be reformed to provide an integrated delivery capacity. The current revenue budget for the four separate units that will be combined under TfGME is in the region of £15 million. This budget covers staff costs, accommodation and other overheads related to the service provision.
- The opportunities to deliver the combined service under the TfGME for less are yet to be fully identified; however, given that there is currently an overlap between the roles of the separate units (for example, in terms of management and policy), it is expected that the new merged entity will be more efficient resulting in significant cost savings.
- Stakeholders have indicated that the CA also has the potential to drive voluntary arrangements between two or more authorities on areas such as road maintenance. It was suggested that a pilot could be undertaken to streamline the management and enforcement of on-street/highways functions between various partners including the Highways Agency, Greater Manchester Police, highways authorities and TfGME.

Ability to move forward with the Transport objectives agreed in the City Region agreement

- The short-term priority will be to develop a strengthened relationship between GM and DfT on heavy rail to be captured in a Protocol. In developing this, consideration will be given to how the distribution of available resources for GM can better reflect economic outcomes, how priorities can be better aligned, and how greater input over service specifications can be assumed.
- The partnership will also examine how greater levels of integration with the Highways Agency can be achieved in terms of investment priorities, traffic management measures, research and enforcement. Regarding buses, a pilot project has been agreed which will consider the case for greater levels of influence over available funding, including concessionary fares, Bus Service Operators Grant and fares and ticketing options.

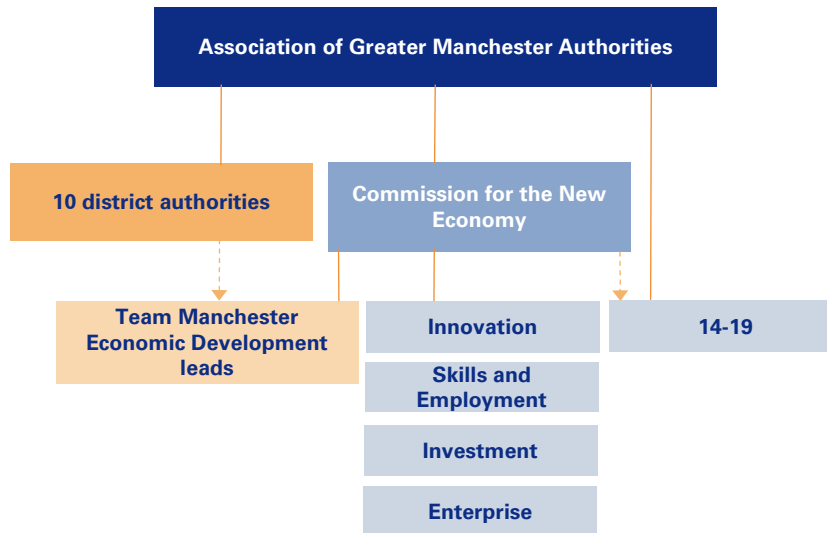
More holistic approach to GM transport strategy

- Under the LTA, the CA will be responsible for policy development and the production of the LTP, and will consult with the local authorities rather than pre-LTA where it was a joint responsibility. These changes, as well a duty for local authorities to carry out their functions in line with transport policies, should allow for a greater GM focus.

Rationale for governance reform

Economic Development (1)

Existing arrangements



- The Commission for the New Economy (CNE) leads on economic development for the city region on behalf of AGMA. It is part of a range of organisations across Greater Manchester and the wider North West that includes the remaining six strategic commissions, the Business Leadership Council, MIDAS, Marketing Manchester, Manchester:Knowledge Capital and the Greater Manchester Chamber of Commerce.
- CNE's priorities are derived from the Greater Manchester Strategy, and therefore the city region agreement. They include:
 - Better life chances in the most deprived areas
 - Increasing high level skills
 - Attracting and retaining talent
 - Economic base
 - International connectivity

- The Commission exists to develop, implement and review these economic priorities within the GMS by:
 - Managing the overall implementation
 - Implementing selected parts of the strategy
 - Ensuring that all other economically focused parts of the strategy are resourced and committed by appropriate partners
- The Team Manchester Economic Development leads (TMEDL) are second tier officers, led by the Chief Executive of Salford City Council, who seek to help shape CNE's agenda. This group was established in 2006 as part of the previous structure of AGMA strategic commissions.

Key outcomes under the existing arrangements

Commissioning of the MIER

- The MIER was a ground-breaking piece of research and analysis that provided an independent view of the Manchester city region economy and its future. Chaired by independent economists and business leaders, the MIER provided thought-provoking evidence for the city region, and has become the basis of the future priorities of Greater Manchester.

Future jobs fund

- In June 2009, the ten authorities submitted a single bid to the Department of Work and Pensions (DWP) for the future jobs fund. The benefits of a joint proposal included:
 - Working together would generate economies of scale – at least in the number of conversations with key partners, administration, developing the bid and liaising with Government departments
 - There would be a co-ordination of post-bid activities such as performance management, managing a consistent quality of jobs, claims and finance processes, and communications across GM
- The programme is now live – whilst other city region have been more successful in people *started* in jobs, feedback from DWP already is that the quality of jobs in GM is high, and that the model is the only sub-regional approach of its kind in the UK.

Rationale for governance reform

Economic Development (2)

Research

- At a meeting of the Wider Leadership Group on 1 May 2009, it was agreed to establish an integrated management structure to oversee the development, management and delivery of an integrated programme of research to inform AGMA's strategic agenda.
- A Senior Management Team, made up of a research lead for each strategic commission, and chaired by the AGMA lead chief executive for research, is responsible for ensuring that GM research requirements are met in a collaborative and holistic way, ensuring that duplication or inconsistency is avoided.
- The team is charged with identifying opportunities for co-commissioning research, developing shared research proposals and combining research budgets where appropriate, ensuring that any research commissioned meets the needs of a range of partners in an integrated, effective and cost efficient way.

Why the current arrangements are not optimal

Overlap of various organisations

- There is not a formal GM approach to economic development - all ten authorities have economic development teams and there are a number of other organisations with a similar remit. For example, there are over twenty different authorities that deal with employer engagement. This inevitably leads to ambiguity and overlap as well non-strategic prioritisation.

Reduction in future funding streams

- Shared Intelligence was commissioned in June 2008 to undertake a mapping exercise of the economic development capacity across the ten GM authorities and specialist sub-regional agencies. Whilst this work identified opportunities for greater collaboration, the baseline information (as at 2008-09) is likely to have changed and is therefore not directly referenced.

- Nonetheless, what this work highlighted was the large reliance on grant funding to support economic development activity; consequently the capacity is susceptible to the significant reductions that will take place over the next two to three years. The ability for organisations across the sub-region to align resources and capacity will require, amongst other things, stronger governance arrangements.

Joint investment and co-commissioning

- The CNE was successful in negotiating with the NWDA the opportunity for the ten authorities to invest jointly in GM's start-up priorities in addition to the Agency's own regional priorities. The idea was that AGMA would take a GM approach to this investment opportunity, supported by a single accountable body.
- However, despite this commitment the following issues arose:
 - ambiguity about how what had been agreed would be made binding on all ten authorities
 - through the lack of any formal mechanism, it was not possible to ensure that any agreements would be binding
- Consequently, separate discussions took place with the Agency to pursue an independent approach to the investment opportunities proffered by the start-up programme. The result was a fragmented approach to investment and provider procurement by AGMA, using several accountable functions with the inherent additional costs of these compared to a single accountable body.

Rationale for governance reform

Economic Development (3)

Overview of the proposed changes

- Per the draft scheme, the CA will have formal roles and responsibilities in respect of economic development and regeneration; these are set out in Appendix 7.

Local Economic Assessments

- The statutory duty to perform a Local Economic Assessment (LEA) comes into force in April 2010 under Section 69 of the LDEDC Act. It is proposed the duty to prepare an assessment of economic conditions in the area will be exercised by the CA, although this will not prevent individual districts from undertaking their own assessments at their discretion.
- AGMA, through TMEDL, have agreed that the CNE should lead this process, producing a GM wide assessment with sections for each local authority. The work will be governed by a Steering Group comprising representatives from each AGMA authority.
- Each authority in the UK will receive £65,000 of additional funding to perform this duty therefore totaling £650,000 across AGMA (note: the exercise will be completed in full every three years with annual refreshes each year – the funding for future years has not been confirmed). By undertaking the exercise jointly, under the lead of the CNE, it is anticipated that real efficiency gains should be achievable (by way of cost and capacity savings) in the following areas:
 1. **Analysis, interpretation and assessment** of statistical information to produce a thorough economic baseline analysis for GM and each individual borough, encompassing all elements required in the Government guidance.
 2. **Coordinated consultation** with businesses as well as local, regional and national public sector stakeholders.
 3. **Co-commissioning of bespoke research** into priority areas identified by AGMA authorities. The commissioning of bespoke research is not compulsory within the LEA duty however the ten authorities have agreed that this should be pursued to ensure that the assessments add real insight into key areas of economic priority for the city region. The commissioning of research is likely to be to internal partners (CNE and specialist teams within specific GM authorities) rather than to external providers.

- Efficiency savings are expected on the basis that there is a similarity in the priorities across the ten authorities and hence overlap and duplication could be avoided. Whilst the potential cost savings will not necessarily arise for the CA, its establishment will formalise the arrangements ensuring that the efficiency benefits continue.
- Further work is required to understand the baseline cost and resource needs at each authority before any efficiencies can be identified in detail.

Potential benefits of a combined authority

- Currently, economic development is carried out by a wide range of organisations and does not always have a city region focus. By giving the CA an oversight role in economic development there would be the opportunity to cut out duplication and also to ensure that development activity is, where possible, focused on the city region.
- The pilot projects that will be taken forward from the city region agreement are geared to tackling productivity and efficiency issues in the sub-regional labour markets, which was one of the key messages from the MIER. A CA would be responsible for managing the objectives of the pilots:
 - the need to connect economic performance to the development of the market. This could inform the proposed function of a CA to review housing conditions and the provision of further housing accommodation (see Appendix 7);
 - the development of a spatial strategy which reflects the operation of the market place (see Housing section);
 - post 16 arrangements which are geared to equipping young people with skills that match employment demand/growth in the city region (see section on 16-19 provision).

Rationale for governance reform

Economic Development (4)

Other opportunities

Propensity to improved Economic Performance

- The certainty of a new statutory basis for AGMA's governance structures should translate into better economic performance. AGMA has previously referred to studies which point to the importance and tangible long-term economic benefits of leadership, good economic policies and appropriate distribution of fiscal levers between tiers of Government. The work of the London School of Economics' Cheshire & Magrini (2005) demonstrates a strong link between the '*degree of co-occurrence of governmental boundaries with those of functionally defined city-regions and the growth performance of the city-region*'.

More efficient employment and skills activity

- The designation of CNE as the Employment and Skills Board (ESB) for GM in the City Region agreement gives the sub-region greater influence over DWP/JCP commissioning and direct strategy-setting powers for adult skills. CNE anticipate this will allow for significant efficiency savings through:
 - better alignment of mainstream provision with local requirements/need, leading to a reduction in discretionary spending on skills and employment programmes
 - reduced programme management costs, through the lower programme spend as well as more co-commissioning at a sub-regional level.

More unified approach to co-commissioning

- A CA could potentially address the ambiguity and weaknesses in the current decision-making processes and ensure that decisions are binding on the ten authorities.
- This would benefit a number of other areas within business support where a unified approach from AGMA is needed such as employer engagement and the commitment to business support simplification in the MAA.

Delivery agents

- There is the potential to make a more collective use of delivery agents within AGMA – MIDAS, CNE, Growth Point, etc – particularly in respect of inward investment. By way of a city region offering, stakeholders thought this could provide more potential solutions to investors and increase the success rate for the sub-region. Currently authorities can sometimes prioritise themselves rather than being part of a city region.

Planning

- The planning framework for the CA needs to reflect the marketplace across the city region, the delivery of transport and the transformation of the housing market. A significant challenge over the next decade or more will be to create capacity for a significant population increase; an integrated approach to the definition and execution of policies will be essential to achieving this.

Research

- Whilst CNE envisage that the CA will not necessarily change the approach to research, it is felt that it will formalise the duty on the SMT to develop an integrated research programme. It should be noted that there is no formal powers within the proposed arrangements of the CA that would require an integrated approach to be undertaken.

Rationale for governance reform

Improvement and Efficiency (1)

Existing arrangements

City Region pilots and Total Place

- AGMA, CLG and HMT, along with other departments, are already working together to develop and test an evaluation framework for the pilots following on from Total Place (which is taking place in GM and Warrington) under the city region agreement. This will include the collection of cost data and financial benefits to enable the calculation of cost-benefit ratios for pilot activity.
- The opportunities for future efficiencies under the guidance of a CA are addressed later.

Strategic commissions under AGMA



- The Improvement & Efficiency Commission has the following role on behalf of the AGMA Executive Board:
 - Lead the improvement of value for money public services, collectively and within individual councils and partners for the mutual benefit of their customers and communities .
 - Support the city region and regional agenda by developing collaborative ways of working, which are both ambitious and inclusive, realising efficiencies and transforming the way business is carried out.

- Two teams were established to drive this forward:
 - Collaborative Services Group - to improve the capacity and capability of AGMA in developing collaborative services and delivering the efficiencies/improvements identified in the Collaborative Efficiency Plan.
 - Strategic Procurement Hub – as one of five hubs in GM, it aims to improve purchasing operations in GM with regards to driving forward efficiencies and the delivery of significant cashable savings through smarter procurement.

Key successes under the current arrangements

Collaborative Services programme office

- Since the development of its Collaborative Efficiency Plan, the group has:
 - identified 20 opportunities of an individual and collaborative nature for Customer Contact and Social Transport and is currently developing the action plan to deliver the prioritised opportunities
 - agreed the scope of six other service areas – vehicle fleet, workforce development, collaborative insurance and transactional finance/HR/ICT
- Furthermore, the scope of work for Adult Social Care and Children’s Service is being defined. This progress has been made despite the programme office only being fully staffed for the last six months. We are informed that the activities to date have captured savings which more than cover the running costs of the programme office.

SpendPro

- AGMA launched a new spend analysis tool, SpendPro, in December 2009. The tool will supersede the current, outsourced, spend analysis tool and is estimated to save up to £100,000 over three years.
- The development of SpendPro has been funded by AGMA and the North West Improvement and Efficiency Partnership (NWIEP). It includes data on spend by local authority all the way through the procurement chain to the service area, geographical spend at local, Greater Manchester and regional level, spend by cost band and spend by supplier.
- The tool is hosted by Trafford MBC, which is the lead authority for the AGMA Procurement Hub. Training for SpendPro is already taking place among procurement teams across AGMA enquiries have already been received from several of the other sub-regional procurement hubs in the North West as well as Manchester Airport.

Rationale for governance reform

Improvement and Efficiency (2)

Potential benefits of a Combined Authority

Evaluation, cost benefit analysis and invest-to save mechanisms for the city region pilots and Total Place

- Whilst governance is a key element of progressing the ambitions within the city region agreement, it is also essential that the pilot projects demonstrate the effectiveness and cost-benefit of public sector reform.
- This will be carried out by developing and testing evaluation and cost-benefits analysis models with Government. The evidence base from this work is anticipated to:
 - support the case for new ways of working – in terms of actual service delivery, greater joint commissioning and pooling/aligning budgets
 - identify where efficiencies can be made to meet the challenge of doing 'more for less'.
 - help decide how reform activity might be funded in the long-term by way of invest-to-save mechanisms such as a productivity fund
- Work on 0-5s within Total Place will flow directly into the city region work on early years; this will be the test-bed for further evaluation work along all the spatial pilots (see Appendix 5) that will commence from April 2010.
- A CA would have a leadership role over the city region process and act as the key liaison for discussions with Government and other partners. Stakeholders view the CA structure as more robust framework for these discussions, particularly as the focus moves to invest-to save models

Other opportunities

Create the conditions for a step change in shared services and procurement

- A number of stakeholders commented on the shared service opportunities. Overall the view was that there is scope to work more at a GM-level in this area and whilst its not the key driver for establishing a CA, the benefits are seen to be as follows:
 - mechanism to deal with collaborative opportunities, particularly new concepts – versus the use of a lead authority and other ad-hoc arrangements at present;
 - reduces the need to review governance for standalone projects;
 - provides a more permanent/robust forum to deal with difficult decisions.
- These benefits are seen as complimentary to the benefits different authorities are getting from collaborative working arrangements/shared services with neighbouring councils.

Cessation of funding for the Procurement Hub

- NWIEP funding was received to kick start the initiative; this three-year funding stream expires in June 2010. The CA could therefore create the funding and governance conditions to ensure that the commitment to the Procurement Hub continues as the need to realise efficiencies increases in the current economic climate.

Rationale for governance reform

Housing and Regeneration (1)

Existing arrangements

- The Planning and Housing Commission was established in May 2009, as one of the seven strategic commissions under AGMA. Its role is to work with partners to develop and implement an effective spatial planning framework and housing strategy for GM. This will help to achieve the city region's vision of being a globally competitive sustainable economy providing opportunities for all its citizens. This work complements statutory planning and housing activity which is taking place at the regional and local district level.
- The Commission's membership includes six Councillors from across GM and five non local authority members who offer their expertise in private and public sector housing, planning and infrastructure issues. Representatives of the Government Office for the North West; the Environment Agency; the Homes and Communities Agency and the Regional Development Agency also attend meetings in an advisory capacity.

Key outcomes under the current arrangements

Single Conversation

- AGMA concluded the first sub-regional Single Conversation with the HCA in December 2009, with the agreement on future housing and regeneration priorities that will co-ordinate over £370 million of investment across GM over a range of programmes including Housing Market Renewal, PFI, Decent Homes and National Affordable Housing.

Integrated approach to infrastructure and spatial planning

- As stated in the city region agreement, GM is continuing to develop a new integrated approach to spatial and infrastructure planning. Working with the NWDA and HCA, this builds on the MIER's findings on responding to residential and business property supply and demand. A new spatial framework is expected to be in place by June 2010.

Potential benefits of a Combined Authority

- Whilst the CA may not increase the ability to adopt the options set out below, feedback from stakeholders suggests that the introduction of other initiatives (i.e. new roles and responsibilities for transport under the CA) will help to create a stronger environment for collaboration.

Future decisions from the Single Conversation

- In addition to the £370 million announced in December 2009 (which has already been set against a range of programmes), the city region has also been awarded £30 million to allocate against 2010-11 priorities by June 2010. The decision-making process will require the ten authorities to agree an allocation process and commissioning principles in order to submit bids for GM to the HCA as well as decide on the final allocation once these bids have been scored against the HCA's value for money criteria.
- Decisions in future years are expected to be delegated to the CA, and will require a more robust and impartial process which balances affordability and regeneration.

Data sharing and management

- Previous initiatives to collate housing market data across GM, such as 'Making Housing Count' and the Strategic Housing Market Assessment have provided comparable information and helped to show what the different markets are. However, such exercises have not been particularly cost-effective.
- As part of the new spatial framework and the proposed statutory duty (see Appendix 7) of the CA to review housing conditions and housing provision concurrently with the constituent councils, it will be important that data sharing/management is efficient as well as effective. The potential benefits of a GM housing/neighbourhood model include the ability to build up a consistent evidence base for the sub-region to inform decision-making. Furthermore, it will help to identify the characteristics and functions of each authorities in respect of the overall sub-region.

Rationale for governance reform

Housing and Regeneration (2)

Other opportunities

Total Capital

- The Manchester City Region is one of six areas within which the HCA will undertake a case study for Total Capital. This initiative will seek to address capital spend across the public sector in the long term. The outcomes from the case study stage will be used to consider the broader implications of how Total Capital could work for GM and so leadership from the CA could be of significant importance.

Housing allocations

- The city region agreement included a pilot for five districts to work to agree a 'local' definition of allocation priorities that places more emphasis on employment. In addition to this objective, it is felt that there is scope for a more joined up approach in GM to housing allocations from an operational perspective.
- Pinpoint is a GM-wide choice based letting scheme which was established as a partnership between the ten local authorities and 13 Housing Associations. The scheme aims to provide more choice across the region in selecting a home and offer a greater opportunity in deciding where to live. Customers register just once with their local authority and this registration enables access to Pinpoint properties. The agreement is designed to give an additional choice to citizens with the ability to still express interest in properties within their local scheme.
- The ten authorities currently give a proportion of their housing allocation (up to 10%) to Pinpoint. Based on stakeholder views, there is an opportunity to increase this allocation but also use capacity across the AGMA more efficiently and improve working across Registered Social Landlords (RSLs) and Housing Associations (HAs). For example, housing registered maintained at a district level could be aggregated under the CA and receive funding from RSLs/HAs in a single tranche.

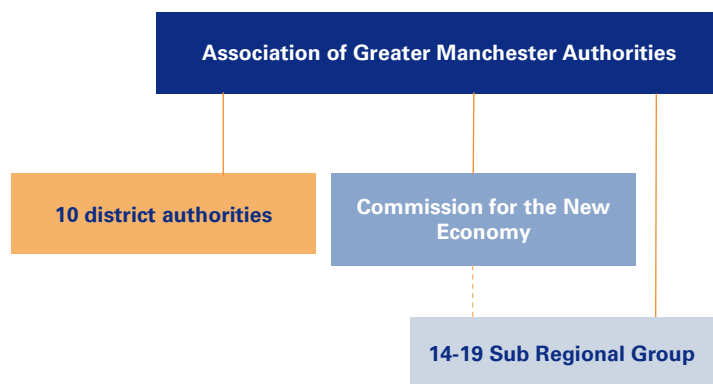
Landlord accreditation

- 'A list' accreditation standards are adopted by nine of the ten authorities; however, there are inconsistencies in how the accreditation process is run.
- As the budgets for managing are limited within the ten authorities, it is felt that a single system operated under the CA could enable a more consistent and cost-effective options to be reached.

Rationale for governance reform

16-19 Provision

Existing arrangements



- The 16-19 Sub Regional Group (SRG) for GM reflects the importance that the city region places on the planning and commissioning of 16-19 provision. The SRG has a direct reporting to the AGMA Executive Board in line with the arrangements for 14-19 reform within the wider remit of 0-19 education.
- The SRG also has an informal reporting line in the Commission for the New Economy linking in with the remit of the Skills and Employment sub group.

Key outcomes under the current arrangements

City Region agreement

- With regards to the Young People's Learning Agency (YPLA) budget, GM will receive a single allocation for 16-19 places in Schools and Further Education from 2011-12 (except Academies funding). As part of this new arrangement:
 - AGMA will determine its own commissioning priorities, operating within the statutory national commissioning framework.
 - There will be absolute flexibility for GM to determine the number of places and levels which are funded in Schools, FE and other providers within the overall budget available.

- It will be GM's responsibility to determine the allocation of places and mix of provision to providers except for apprenticeships.
- It will be possible to vire learner numbers/ places and consequently money from the YPLA pot into apprenticeships and vice versa.

- Whilst the AGMA Executive Board will be the primary accountable body for post-16 provision, the role will be discharged taking account of national and regional priorities.

Potential benefits of a Combined Authority

- Bury Council will be the lead authority to co-ordinate the commissioning framework and planning for 16-19 provision. There is no intention under the current proposals for the responsibilities to be delegated to the CA. However, this is seen by a number a stakeholders as something that should be transferred to the CA in the future, simplifying the governance arrangements. If the powers were transferred to the CA, it is anticipated that the running costs would be met from within the overall 16-19 budget.

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1. Principal information sources
2. Current structure of AGMA
3. Key findings of the MIER
4. Vision, principles and priorities within the GMS
5. City region spatial pilots
6. Correspondence from DfT
7. Economic development and regeneration functions
per the draft scheme

Appendix 1

Principal information sources

Principal information sources

- *City region governance*; AGMA Executive Board report; 18 December 2009 (including appendices)
- *The development of 16-19 provision for the city region*; AGMA Executive Board report; 30 October 2009
- *City region pilot and governance*; AGMA Executive Board report; 27 November 2009
- *Pre-Budget report, city region pilots – submission by the Association of Greater Manchester Authorities*; 6 March 2009
- *Prosperity for all: The Greater Manchester Strategy*; August 2009
- Local Democracy, Economic Development and Construction Act 2009, Chapter 20
- Manchester Statutory City Region Pilot (signed agreement); 18 December 2009
- *'Manchester councils launch spend analysis tool'*; Local Government Chronicle; 11 December 2009
- *'Greater Manchester granted city region status'*; Statutory City Region HMT press release; 16 December 2009
- *City Regions. Draft submission to Government*; 24 February 2009
- *City Region Governance, A consultation on future arrangements in Greater Manchester*
- *Business Case for the Combined Authority*; information provided by the Commission for the New Economy
- *Public Sector Reform supported by Evaluation, Cost Benefit Analysis and Productivity Fund*; Total Place Higher Level Officials Group; 18 January 2010
- *Strengthening city region governance*; letter from DfT; 12 October 2009
- *Letter from Lord Adonis, DfT*; 20 January 2010
- *First Manchester City Region agreement, July 2009*
- *Future Jobs Fund update*; AGMA Executive Board report; 18 December 2009
- *Manchester in the here and now: Governance & Economic Development* (draft); Commission for the New Economy
- *Manchester MAA, Economic Development Capacity Assessment* (final report and appendices); Shared Intelligence; 6 June 2008
- *Economic prosperity boards and combined authorities – consultation on draft statutory guidance*; Communities and Local Government, February 2010
- *AGMA News Release: Transport for Greater Manchester on Track*; 13 May 2009
- *Greater Manchester's Single Conversation*; <http://www.homesandcommunities.co.uk/greater-manchester-single-conversation>; 11 December 2009
- www.agma.gov.uk
- www.manchester-review.org.uk
- www.gmpte.gov.uk

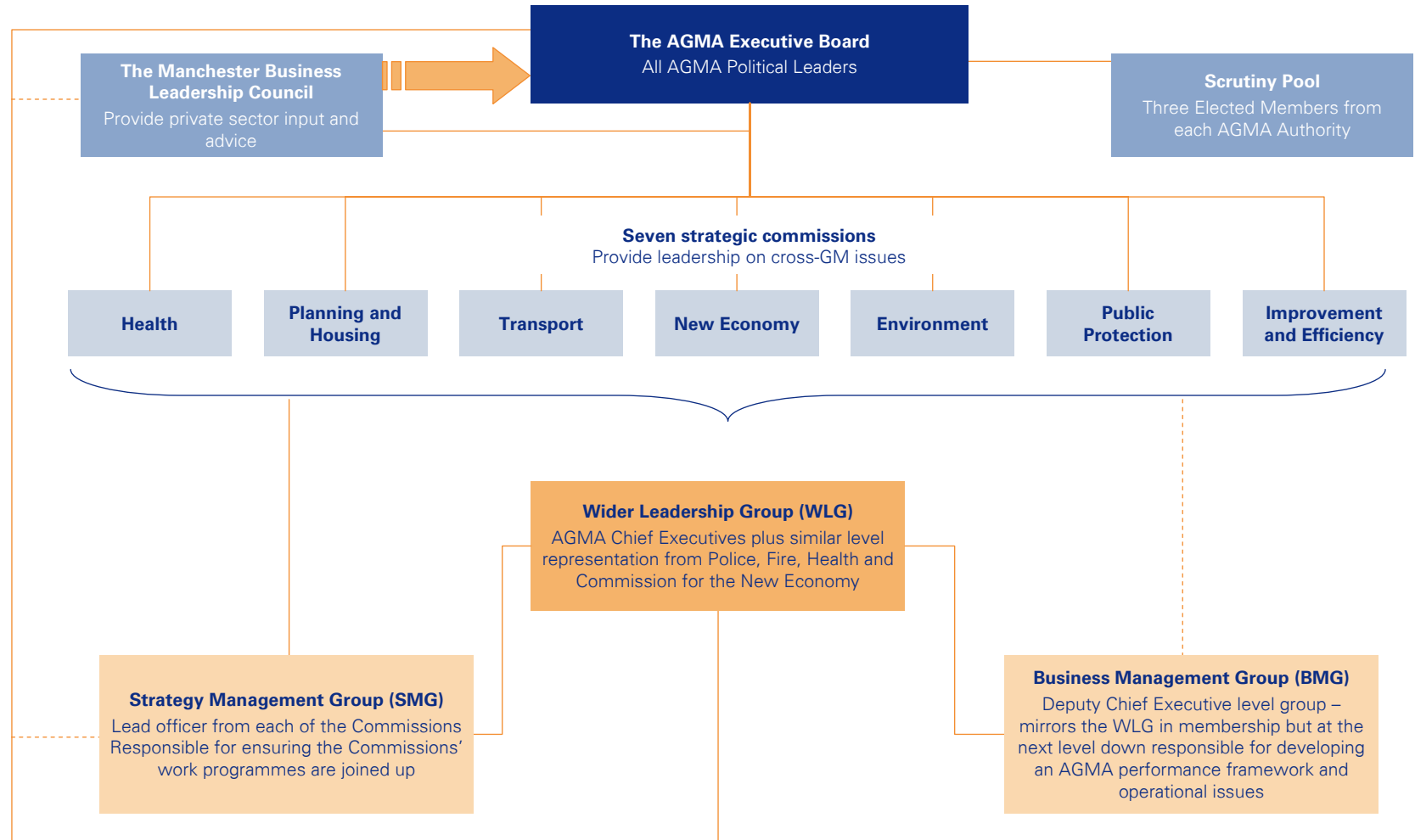
Stakeholders interviewed

- KPMG undertook a range of stakeholder consultation during this engagement. Views, insights and suggestions were provided by the following:
 - Sir Howard Bernstein, Chief Executive of Manchester City Council
 - Barbara Spicer, Chief Executive of Salford City Council
 - Sean Harriss, Chief Executive of Bolton Council
 - Roger Ellis, Chief Executive of Rochdale MBC
 - Mark Sanders, Chief Executive of Bury Council
 - Janet Callender, Chief Executive of Trafford MBC*
 - David Leather, Chief Executive of the GMPTe
 - Mike Emmerich, Chief Executive of the Commission for the New Economy
 - Paul Beardmore, Director of Housing, Manchester City Council
 - Paul McKeivitt, AGMA Treasurer
 - Baron Frankal, Commission for the New Economy
 - Geoff Little, Manchester City Council

Note: * Meeting also attended by Theresa Grant, Corporate Director, Transformation and Resources
Gary Pickering, Deputy Chief Executive

Appendix 2

Current AGMA structure



Source: http://www.agma.gov.uk/about_agma/index.html

Appendix 3

Key findings from the MIER

Manchester's productivity - Outside London, Manchester is the city region which, given its scale and potential for improving productivity, is best placed to take advantage of the benefits of agglomeration and increase its growth.

Productivity rankings in the UK - London and the Southeast has the highest productivity in the UK. In the North, Manchester, Leeds-Bradford and Liverpool have higher productivity than other cities, and firms in Manchester have significantly higher productivity than firms outside these city regions elsewhere in the North.

Manchester punching below its weight - There is evidence that although MCR is characterised by relatively high agglomeration economies, firms in the region do not exploit these as effectively as firms elsewhere in the UK. Their productivity is lower than we should expect given the size of MCR's economy, and the region is therefore punching below its weight in terms of productivity.

Agglomeration economies exist arising from a large, diverse urban region - There is no evidence that the clustering of particular sectors, with one or two exceptions, is important for productivity. On the contrary, the agglomeration economies available relate to the benefits of being in a large and diverse urban environment. Firms' productivity, investment spillovers and innovation all depend on the rest of the supply chain, rather than on competitor firms in the same sector.

Explanation for productivity differences - The productivity differences are largely explained by the extent of agglomeration economies, skills, and to a lesser extent access to transport within the city region.

Importance of skills - Skills are a large part of the explanation for the productivity gap between the Southeast and the rest. Manchester does well in terms of skills compared to other cities in the North, but not compared to the Southeast and Bristol; and the productivity of its skilled workers is lower than that of skilled workers in the latter two comparators.

Transport links - Inadequate transport networks within MCR are an important cost of increasing the size of the city, and improvements would provide the largest economic payoff. There may be net economic benefits to investment in some external links to other cities such as Leeds, which could become more connected to the MCR economy, but a rigorous analysis of such proposals was beyond the scope of this Review.

Housing - This is the other main cost of increasing agglomeration, and the evidence from house prices is that there is an avoidable mismatch between supply and demand. In other words, there are not enough houses in the places people want to live.

No rationale for redistributing economic activity from south to north - This will seem too obvious to be worth stating, but we include it as a counter to the rhetoric which occasionally emerges. There is no rationale for supporting policies which try to redistribute activity in some places at the expense of others which are more productive.

Neighbourhood outcomes are increasingly polarised - All local authority districts in MCR have seen rates of worklessness reduce until the very recent past, but with increasingly polarised neighbourhood outcomes.

Deprivation arises at individual level, not neighbourhoods - It is impossible to disentangle the causes from the consequences of economic and social deprivation at the neighbourhood level, as neighbourhoods are a very imperfect indicator of the characteristics of the individuals living in them. The data do not exist to analyse the causality at individual level. However, from an extremely large and growing body of other research on relative deprivation, we know that individuals' life chances are largely determined at the pre-school and primary stages

Source: <http://www.manchester-review.org.uk/projects/view?id=720>

Appendix 4

Vision, principles and priorities within the GMS

The Vision

By 2020, the Manchester city region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city region where the prosperity secured is enjoyed by the many and not the few.

Our principles

We will secure our place as one of Europe's premier city regions, synonymous with creativity, culture, sport and the commercial exploitation of a world class knowledge base

We will compete on the international stage for talent, investment, trade and ideas

We will be seen and experienced as a city region where all people are valued and have the opportunity to contribute and succeed in life

We will be known for our good quality of life, our low carbon economy and our commitment to sustainable development

We will create a city region where every neighbourhood and every borough can contribute to our shared sustainable future

We will continue to grow into a fairer healthier, safer and more inclusive place to live, known for excellent, efficient, value for money services and transport choices

We will deliver focused and collegiate leadership based around collaboration, partnerships and a true understanding that together, we are strong

The priorities include:

- **Increasing the talent and skills levels of our workforce**
- **Bettering life chance in our most deprived areas**
- **Increasing the international connectivity of our firms**

Expanding the economic base of the city-region through investment in digital infrastructure

Source: *Prosperity for all: The Greater Manchester Strategy; August 2009*

Appendix 5

City region spatial pilots

Summary of the city region spatial pilots		Work stream	Details
Work stream	Details	Low carbon	<ul style="list-style-type: none"> ● Retrofit of existing domestic stock. ● Retrofit of existing commercial stock. ● Sector progression productivity pilot - test how the provision of sector co-ordinated training and business support services can boost productivity and wage progression and help to create high value job opportunities. This pilot will specifically mirror and support the retrofitting of domestic properties. ● Low carbon intervention measures covering adaptation and mitigation.
Early years	<p>The pilot programme will have three main elements, each of which is the subject of ongoing work with officials:</p> <ul style="list-style-type: none"> ● an initial whole family assessment/information giving and engagement in service as necessary to take place six weeks after birth; ● a voluntary review of services for a target group six months after birth, to take place in a Children's Sure Start centre; ● a number of multi-agency pilots based on what current theory and practice suggests works best for families in most need. 	Housing	<ul style="list-style-type: none"> ● In respect of a revised allocations policy, five Districts within GM are currently working on an agreed 'local' definition of allocation priorities which would place more emphasis on employment. CLG has agreed to support the pilot to maximise take up within the designated pilots authorities of the freedoms and flexibly afforded by recent case law (Newham) and promoted by the Fair and Flexible Guidance. CLG will work closely with the pilots to assess the extent to which current flexibilities allow GM to achieve its objective of balanced sustainable communities. ● In close collaboration with the HCA, NWDA and Government conduct a pilot for potential new development models, bringing public sector land and resources together as equity investment alongside private funds. ● A flexible pilot programme is proposed to allow better engagement with private landlords to radically improve the quality of the private housing rental sector. The city region has worked with CLG to establish the parameters of a protocol for the fast tracking of decisions to implement landlord licensing in areas where the bottom end of the market is causing polarisation of vulnerable communities.
Deprived areas	<p>The pilot programme is designed to improve life chances for people living in some of our most deprived neighbourhoods:</p> <ul style="list-style-type: none"> ● Working with key partners from across GM, we will work to test the impact of a highly integrated public service delivery approach which will see the creation of integrated delivery teams who can task and co-ordinate delivery on key drivers of deprivation. The aim is to create a scale and pace of change and different ways of working that previous approaches to tackling deprivation have not sufficiently fostered. ● The approach will consist of a local multi - agency delivery team which will have clear local leadership, a single shared identity across the team, clearly shared priorities and strong local planning, tasking and co-ordination arrangements. <p>The neighbourhood pilots will be complemented by GM-wide work with government around:</p> <ul style="list-style-type: none"> ● supporting long-term Incapacity Benefits claimants into employment. ● better joining up publicly-funded employer-facing agencies in order to offer a more coherent service to employers and to maximise the opportunities for sourcing vacancies and promoting the take up of in-work training. 		

Source: Manchester Statutory City Region Pilot (signed agreement); 18 December 2009; first City Region agreement, July 2009

Correspondence from DfT (1)

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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.


JOHN DOWIE

Appendix 6

Correspondence from DfT (2)



From the Secretary of State

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Our Ref: AA/00130/10

20 January 2010

A Keith,

Thank you for the letter of 23 December from yourself and Ian Macdonald about the proposals to establish a Statutory City Region for Greater Manchester.

I am indeed aware of the discussions which have been taking place between central Government, with the Treasury leading, and the Manchester City Region, leading to the agreement which Phil Woolas signed on behalf of the central Government at the meeting of the AGMA Executive on 18 December.

I am happy to confirm that, as is stated in that agreement, the Government is committed to the Manchester City Region assuming responsibilities and influence comparable to that which TfL enjoys, provided that the City Region for its part puts in place the robust governance arrangements necessary to support this.

The 18 December agreement summarises the mechanisms, in relation to both heavy rail and highways, through which the role, responsibilities and influence of the City Region will be enhanced. Officials here are working with Greater Manchester officers to develop as a matter of high priority, the detailed protocols to which we are committed, and this work is going well.

I am clear that the arrangements which the Government and the AGMA Leadership are together putting in place will result in the Manchester City Region having, in relation to both road and rail, a degree of involvement, knowledge, capability and influence, and thereby power, which is a step change greater than that which is currently enjoyed by the City Region, or

indeed by any other city outside London. In this case Manchester has the potential to be the pathfinder.

In parallel, I know that the City Region is pressing ahead on the governance reforms which are needed to strengthen integration between transport, land-use and economic regeneration strategies and decisions, and to enable the City Region to take full advantage of the stronger role which is on offer – with the opportunity for the new Joint Committee to play a substantial part in this strengthened role.

I am committed to securing such a package of reforms because I am confident that taken as a whole, it will deliver for Greater Manchester and that this is crucial for achieving the full economic and social potential of Greater Manchester, to the benefit of both the people of the area and the nation as a whole.

Finally, I should say that I see this package as a starting point for even further reform, involving greater devolution of funding decisions – again, depending on the City Region having in place sufficiently robust governance arrangements.

*Your ever,
Andrew*

ANDREW ADONIS

Appendix 7

Economic development and regeneration functions per the draft scheme

The functions of the CA's constituent councils set out below shall be exercisable by the CA in relation to the combined authority's area:

Part 1 of the Local Government Act 2000

- the power to do anything which it considers likely to promote or improve the economic, social or environmental well-being of its area, including the duty in Section 4 to produce a sustainable community strategy for Greater Manchester to which the CA would need to have regard in exercising the well-being power

Section 69, LDEDC Act 2009

- the duty of a local authority to prepare an assessment of economic conditions in the area.

Section 8(1), Housing Act 1985

- the duty of local housing authorities to review housing conditions in their district and the need of the district for the provision of further housing accommodation.

Sections 82-84, Environment Act 1995

- the duty of a local authority to review the quality and likely future quality of air within the authority's area and designate air quality management areas.

Section 142(2), Local Government Act 1972

- the power of a local authority to arrange for the publication within their area of information relating to the functions of the authority etc.

Section 144, Local Government Act 1972

- the power of a local authority to encourage persons to visit their area, etc.

The CA would be a local authority for the purpose of the Sustainable Communities Act 2007.

All the above functions would be exercised concurrently with the constituent council, with the exception of the new duty under Section 69, LDEDC Act which would be exercised by the CA instead of the constituent councils.

The CA would become the 'responsible authority' for the purposes of the multi-area agreement (MAA) pursuant of Part 7, LDEDC Act.

Source: *'Draft Scheme for Establishment of a Combined Authority' appended to the City Region Governance consultation*