

City Region Governance

A consultation on
future arrangements
in Greater Manchester



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Purpose of this document

This consultation document has been prepared by AGMA on behalf of local authorities in Greater Manchester as part of a review of governance arrangements in the area under Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 and, in particular, Section 108. This enables 2 or more authorities to undertake a review of the effectiveness and efficiency of transport and of the arrangements to promote economic development and regeneration within the review area. This review builds on and is informed by the review of transport governance under the Local Transport Act, 2008 which was started early in 2009 and which was the subject of a consultation last summer.

The outcomes of that consultation were considered by AGMA in November alongside a review of progress on the City Region Pilot discussions with the Government. Substantial progress has been made on the Pilot with an Agreement signed by Phil Woolas, MP, Minister for the North West, and the Chair of AGMA in December. AGMA agreed that the outcomes contained within this Agreement provided a solid basis for genuine reform and devolution to be delivered to Greater Manchester. The Government has always made it clear that devolution would be dependent on AGMA adopting significantly improved governance arrangements particularly in relation to transport. As a result, AGMA identified a series of principles to be taken into account in further work on City Region governance.

The relevant provisions of the Local Democracy, Economic Development and Construction Act, 2009 came into force on 17 December, 2009. Following this, AGMA considered a draft scheme for the future governance of the Manchester City Region to be included in this consultation as part of a review under Part 6 of the Act.

This consultation document is being issued for comment to the 10 Greater Manchester authorities, the GMITA (Greater Manchester Integrated Transport Authority), neighbouring authorities, other Greater Manchester public bodies, Greater Manchester MPs and MEPs, AGMA's Business Leadership Council and other private sector bodies, a range of service providers, transport organisations, regulatory bodies, health sector bodies and third sector bodies as well as relevant Government departments. It is also being made available on the AGMA website.

How to comment

Comments on this document should be submitted in writing or online by visiting the AGMA website. It would be helpful if, in submitting comments, consultees could answer the questions at paragraph 43 of this document.

Written responses should be sent to:

Sir Howard Bernstein,
Chief Executive,
Manchester City Council,
Town Hall,
Manchester,
M60 2LA.

Please mark the envelope "CRG Consultation."

Responses should be received no later than close of business on Monday, 15 February, 2010.

Glossary

AGMA	Association of Greater Manchester Authorities is a joint committee of the 10 district councils in Greater Manchester
BLC	Business Leadership Council
CA	Combined Authority
CLG	Department for Communities and Local Government
DfT	Department for Transport
EPB	Economic Prosperity Board
GMITA	Greater Manchester Integrated Transport Authority
GMPTE	Greater Manchester Passenger Transport Executive
GMTU	Greater Manchester Transportation Unit
GMUTC	Greater Manchester Urban Traffic Control Unit
ITA	Integrated Transport Authority
HCA	Homes and Communities Agency
LDEDCA	Local Democracy, Economic Development and Construction Act, 2009
LGA	Local Government Act
LTA	Local Transport Act, 2008
MAA	Multi Area Agreement
MCR	Manchester City Region
MIDAS	Manchester Inward Investment Development Agency Service
MIER	Manchester Independent Economic Review
NAS	National Apprenticeship Scheme
PTE	Passenger Transport Executive
SFA	Skills Funding Agency
TfL	Transport for London
TfGMC	Transport for Greater Manchester Committee
TfGME	Transport for Greater Manchester Executive

Context

- 1 AGMA is at a crucial stage in its development. It has existed in more or less its current form - an association of authorities with common interests - for over 20 years but, based on its experience of working together on a growing range of policy areas, it has been seeking in the last two years to develop a more effective form of City Region governance within Greater Manchester. The underlying objective has been to ensure that future City Region governance arrangements including transport should enable the 10 local authorities to work effectively together and make the difficult decisions necessary to improve the economic and social well-being of the Manchester City Region, its people and businesses through measures and joint actions which they may determine from time to time. An additional driver has been a desire to improve both the transparency and accountability of decision-making processes.
- 2 A programme of major reforms is already well advanced and this has meant significant changes both in the way AGMA is structured and the way in which it operates. This reform programme is reflected in the new constitution which was approved in August, 2008 which provides for the Executive Board becoming the accountable focus for co-ordinating economic development, transport, planning and housing policies for the Manchester City Region, with a supporting structure of 7 Commissions. It is also reflected in the MAA (Multi Area Agreement)¹ which creates a new framework between local, regional and national government to drive economic performance.
- 3 Taking this a step further, earlier this year AGMA submitted a bid² to and was awarded Statutory City Region Pilot status by the Government. The significance of this development cannot be overestimated: it meant that the Government acknowledged the Manchester City Region as a principal powerhouse outside London for regional and national growth and that it accepted therefore that the devolution of powers was fundamental to the City Region realising its full economic potential and to ensuring that economic development, transport, housing and planning functions can be properly integrated and co-ordinated. In designating Greater Manchester as a Statutory City Region Pilot, the Government also acknowledged the need for reform of governance arrangements both for the City Region generally and for transport in particular.
- 4 Work on the governance of the City Region started earlier this year with a focus on transport following the enactment of the Local Transport Act, 2008. The consultation document³ which was published in the summer set out the framework for the review which included an analysis of problems with the current arrangements and a series of high level objectives for future governance arrangements together with a number of delivery and governance options. The outcome of the consultation was reported to AGMA⁴ in November within a report which also reviewed the likely outcomes from the City Region Pilot negotiations.
- 5 The enactment of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) in November, 2009 provides for the first time a single framework for a formal review of governance in relation to economic development, regeneration and transport. It also means that Greater Manchester's review process will straddle both pieces of legislation. It has already in the review under the Local Transport Act 2008 (LTA) anticipated the later legislation but for the very good reason that AGMA wanted to be in a

¹ For Multi Area Agreement, see www.agma.gov.uk

² http://www.agma.gov.uk/cms_media/files/4_city_regions_draft_submission_to_government_.pdf

³ www.gmita.gov.uk/gmita/downloads/871/transport_governance_consultation

⁴ www.agma.gov.uk/cms_media/files/4_agmagovernance271109finalreport1.doc

position as soon as possible to demonstrate its capacity to improve its governance arrangements to enable it to assume the responsibilities which it was hoped would come through the City Region Pilot process. Summaries of the key provisions of both pieces of legislation insofar as governance reviews are concerned are contained in Appendices 1 and 2 to this document.

- 6 In the last few months, substantial progress has been made in agreeing the basis of and terms for devolution of powers from Government to Greater Manchester through the City Region Pilot arrangements. The detailed terms of an Agreement were discussed at a meeting of Leaders of the 10 districts and Government Ministers in late November subject to formal Ministerial clearance. The approval of the Agreement⁵ was announced in the Pre Budget Report and formally signed by Phil Woolas MP, Minister for the North West and Lord Peter Smith, the chair of AGMA on 18 December, 2009. At the same meeting, AGMA considered the output of work undertaken so far of relevance to the governance review and approved a Draft Scheme as a basis for consultation with the 10 districts, GMITA and other stakeholders, as part of a governance review under Part 6 of the LDEDCA.
- 7 This document describes the outcomes of the City Region Pilot negotiations as reflected in the Ministerial Agreement. It then puts forward both the rationale for and the detail of the Draft Scheme which was agreed at the Executive Board's meeting in December as a basis for progressing the review under the relevant provisions of the LDEDCA. The overriding objective of the AGMA authorities is to satisfy the Government's requirement that a robust framework of governance is provided for the new

City Region powers and functions, particularly in relation to transport. It is envisaged that governance arrangements not covered by the Draft Scheme and any subsequent order would remain unchanged.

- 8 This document provides the basis for detailed consultation with local authorities (the 10 districts individually, the associate member authorities and other appropriate neighbouring authorities) and other stakeholders including the Business Leadership Council over a 6 week period starting in early January. The process thereafter will be as follows:

End February

Taking account of the further work on the review including this consultation, it is proposed that a Final Draft Scheme will be prepared and submitted for approval to the AGMA Executive Board.

Early March

Final Draft Scheme submitted to each of the 10 districts for each to determine whether to proceed to prepare and publish a Final Scheme for a Combined Authority. Any decision to prepare and publish a Final Scheme for submission to the Secretary of State will require them to conclude that the establishment of a Combined Authority would be likely to improve the exercise of statutory functions relating to transport and economic development and regeneration in the area as well as improve economic conditions and the effectiveness and efficiency of transport in the area.

Mid March

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

⁵ The full text of the Agreement is contained in the Annex to the report "The Manchester Statutory City Region" to AGMA Executive Board on 18 December 2009. See www.agma.gov.uk/cms_media/files/4_the_Manchester_city_region.pdf

City region pilot update

9 The Pre Budget Report on 9 December 2009 indicated that the groundbreaking Agreement with Government which had been negotiated over the last months had been finalised and would be signed shortly by AGMA and the Government. The Agreement recognised the role which Greater Manchester plays in the national economy and its potential to act as an economic powerhouse and thus significantly increase national growth rates. The specific measures set out in the Agreement are designed to help the City Region realise that potential. The Agreement contains substantive powers and responsibilities with regard to public service reform, skills, transport, creating a low carbon economy and reinforcing Greater Manchester as a place for science and dynamic international firms. In particular, the City Region receives new powers to deliver on local skills requirements, both for adults and post 16, assuming over time responsibilities and influence comparable to Transport for London and sees real gains on heavy rail, bus and highways. The Government and Greater Manchester have made very significant strides in integrating and developing work on better life chances in the City Region's most deprived areas. Greater Manchester also becomes the UK's fourth low carbon economic area, which is significant in the move to a low carbon economy, especially in the built environment. Investment and various powers are also brought to the City Region where housing is concerned.

10 The Agreement represents a significant milestone for Greater Manchester in realising its aspirations to become an economic powerhouse and the machinery is in place for developing, monitoring and evaluating the actions that have been agreed and working with partners to progress towards the vision. The Agreement was signed on 18 December and the outcomes contained within it are in summary:

- Government endorsement of the Greater

Manchester Strategy⁶ 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 relating to deprived neighbourhoods, worklessness, skills, 0-5s etc., to create not only an evidence base to support different interventions but also an effective approach to devolved funding.
- Greater Manchester to become the first place outside London to assume responsibility for determining its skill needs with a statutory Employment and Skills Board which will be able to set skills policy both through its own statutory powers to instruct the Skills Funding Agency and National Apprenticeship Service and through its strategy being embedded within the regional strategy which is likely to be binding on the Skills Funding Agency and its commissioning.
- The creation of a single revenue pot for post-16 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 National Apprenticeship Service (including the flexibility to vire) and to prioritise capital spend when available.
- Ministerial support to ensure Greater Manchester can make the transition to a low carbon economy with a particular emphasis on the retro-fitting of both domestic and commercial stock and linking this to skills together with an increased ability to influence energy policy which impacts on the City Region.
- 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 Greater Manchester's science and

⁶ www.agma.gov.uk/cms_media/files/final_gms_august_2009.pdf

research capacity. The principle of a new protocol regulating the relationships between MIDAS and the North West Regional Development Agency was also agreed.

- Government commitment to examining how new powers and responsibilities on transport can be devolved to Greater Manchester, consistent with Transport for London, subject to agreement on new governance arrangements. These will include a greatly enhanced relationship with Government resulting in a greater ability to influence the prioritisation of transport investment and policies and specifications in relation to operational management issues particularly in relation to heavy rail and highways.

- 11 AGMA has agreed that these outcomes represent a solid agenda for genuine reform and devolution to be delivered to Greater Manchester through the City Region Pilot arrangements. These and other policy innovations which are taking shape now demand a fresh look at governance arrangements. Failure to do this would be likely to mean that AGMA would be unable to assume many if not all of these new responsibilities. AGMA has therefore examined in detail how and on what basis existing governance arrangements should be strengthened in order to demonstrate to Government our capacity to exercise new roles including the management of large budgets and the allocation of resources. For its part, the Government has made it clear that the adoption of more robust governance arrangements with greater accountability is an essential pre-requisite for greater devolution particularly in relation to transport.

Future governance – framework and case for change

- 12 AGMA has been pursuing a programme of major reforms in the arrangements for governance for the City Region with the objective of ensuring that these arrangements will enable the 10 district councils to work together effectively in order to improve the economic and social well-being of the whole City Region. This reform programme is reflected in the new constitution⁷ which was approved by all 10 district councils in August, 2008 and which designates the Executive Board as the primary accountable body for co-ordinating economic development, housing, planning and, together with other relevant statutory bodies, transport policies for the Manchester City Region with a supporting structure of 7 Commissions. This programme was the basis both for the review of transport governance which started last year and which resulted in the consultation last summer and for AGMA's bid for pilot City Region status. It was then the driver of the negotiations with Government on the reforms and devolution of powers to enable the City Region to realise its full economic potential and to ensure that economic development, transport, housing and planning functions can be properly co-ordinated and integrated.
- 13 AGMA has addressed how and on what basis existing governance arrangements should be strengthened in order to demonstrate to Government our capacity to exercise new roles including the management of large budgets and the allocation of resources. It has in particular considered the following issues:
- the structures which are needed to deliver the new functions which will at the same time strengthen the primary accountable role of Leaders and the Executive Board; and
 - the changes which are required to other parts of the AGMA constitution on voting, duration of commitment etc to give effect to the new arrangements.
- 14 At present there are three specific sets of proposals within the Agreement which are likely to demand a clear response to these questions: skills, post-16 provision, and transport. Over the coming months there are likely to be others eg the environment. AGMA Leaders are fully committed to embracing new areas of responsibilities which will enable AGMA and its constituent authorities to deliver more for the people of Greater Manchester and in November, they agreed that the following principles should underpin the proposals for future governance reform which would form the basis for consultation:
- The Leaders should be the primary accountable body for overseeing the discharge of new and enhanced functions.
 - Maximum delegation to be afforded to associated bodies to take active responsibility for delivery.
 - Voting arrangements to be developed to enable new functions to be assimilated and to enable binding decisions to be made on functions going forward.
- 15 AGMA also agreed at the same meeting that, if the Executive Board's role were to become the primary accountable body for transport as well as for economic development, regeneration, planning and housing, this would point to the creation of a Combined Authority (CA) under the terms of the LDEDCA. They considered the outcome of the consultation in the review of transport governance which took place over last summer although it did not take fully into account the City Region Pilot discussions. It also predated the enactment of the LDEDCA which has created for the first time a framework for a Combined Authority and provides a statutory base for it to discharge wider responsibilities in relation to economic development etc and to embrace the opportunities for wider devolution as the

⁷ www.agma.gov.uk/cms_media/files/new_constitution.pdf

engagement process with Government on other functions continue. Finally, they asked for a further report which would contain detailed draft proposals for their meeting in December.

16 Work has proceeded, led by Manchester, Trafford and Rochdale, on the preparation of a detailed Draft Scheme for governance based on the outline proposals contained in the November report. In preparing a Draft Scheme for a Combined Authority, regard must be had to the provisions of the LDEDCA and LTA as well as the guidance published by the Government relating to both pieces of legislation. Although the guidance on governance reviews under the LTA has been available for some time, the guidance relating to reviews under the LDEDCA and the creation of Economic Prosperity Boards and Combined Authorities has not yet been published although it is understood that draft guidance will be published soon. In accordance with the LDEDCA, two or more authorities may prepare and publish a Scheme for a CA if, having undertaken a review, they conclude that the establishment of a CA would be likely to improve the exercise of statutory functions relating to transport, economic development and regeneration in the area, economic conditions in the area and the effectiveness and efficiency of transport in the area. From a reading of the LDEDCA, we believe that a review should show that:

- the existing governance arrangements are not optimal for economic development and regeneration and transport (including effective decision making processes, the clarity of roles of different bodies and structures, opportunities for strategic decisions to be taken for the benefit of the whole area, performance management and delivery of objectives monitoring);
- as a result, the sub-regional economy is not performing to its full potential;

- authorities have considered the pros and cons of various options including leaving arrangements unchanged and strengthening or modifying existing arrangements, as well as establishing a CA (including their relative costs); and
- establishing a CA is the route that would prove most effective and efficient in delivering the authorities' strategic ambitions (including the likelihood that a CA will address weaknesses in the current arrangements, the extent to which it is likely to help achieve improved economic development, regeneration and transport and the likely cost and overall value for money).

In addition, reference should be made to:

- particular weaknesses and issues in the current arrangements that can only be addressed by stronger leadership and more effective decision-making at the sub-regional level;
- the economic conditions of the area authorities are expected to demonstrate a thorough understanding of these and that it is a Functioning Economic Market Area (FEMA); and
- stakeholder views.

17 Using the above as the framework, the following are the essentials of the case for governance reform along the lines set out in the November report:

a) Coherence of economic geography and understanding of economic conditions

18 It is taken as a given that AGMA can produce robust evidence of its thorough understanding of Greater Manchester's economic conditions and that Greater Manchester is a Functioning Economic Market Area. Further evidence can be found in Greater Manchester's submission to the Government to become a Pilot Statutory City Region⁸ of 6 February 2009. Moreover, given the Government's positive response to this submission in designating Greater Manchester as

⁸ www.agma.gov.uk/cms_media/files/city_region_submission_march09.pdf

one of 2 Pilot City Regions, it is equally true to say that this analysis is shared by Government.

b) Why the existing governance arrangements are not optimal

19 AGMA's existing governance arrangements are good but have been developed as far as possible within the current range of possibilities to ensure collaboration and joint decision-making. By way of example, the Executive Board:

- 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
- is not, either directly or through its constituent councils, the body legally responsible for major and strategic transport policies or the Local Transport Plan (LTP)

Indeed, the Government has made it clear that AGMA's governance arrangements must change if it is to embrace new powers and responsibilities, particularly in relation to transport.

20 Despite the progress which has been made in the last 2 years, it remains the case that the current arrangements in Greater Manchester and the wider region are not optimal for economic development and regeneration. This is the case because the current system does not optimally identify economic opportunity at the City Region (as opposed to the district or regional) level which is a deficiency where the coherent economic geography of a FEMA is clearly identified. As regards performance management and delivery

of objectives monitoring, this too is most effective at district and regional level and the mechanism for intervening at City Region level when delivery is not progressing as planned is under-developed. As responsibilities lie at district or regional level, effective processes for managing risk at City Region level are also under-developed as are communications with stakeholders and residents. In areas such as employer engagement, duplication of activity takes place. Stakeholder views on the matter are broadly consistent, especially views from within the City Region in particular amongst private sector stakeholders.

21 Some of the strongest deficiencies, however, are due to ambiguity in the role of various local, sub-regional and regional bodies and this leads to less than effective decision-making processes and an inability to ensure that decisions are binding. Moreover, there is currently no one single organisation with clear accountability at a sub-regional level in relation to economic development and regeneration and transport and, conversely, there are simply too many organisations with mandates which overlap. By way of example, there are well over 20 different authorities that deal with employer engagement within Greater Manchester. This inevitably leads to ambiguity and overlap and non-strategic prioritisation. As regards the current decision-making process, the Manchester Independent Economic Review (MIER)⁹ concluded that *"Manchester's governance structures will need to become much more robust still, and the division of decision-making labour between different administrative levels will need greater clarity..."*

We recommend that the City Region looks again at how it takes major decisions... [and] that housing, economic development, regeneration, skills and other policy areas join transport priorities in being evaluated rigorously on a City Region-wide basis."

⁹ www.manchester-review.gov.uk

- 22 Another weakness has historically been the inability of Greater Manchester to exercise more influence over the strategic direction of the area, real constraints in the way in which priorities and programmes are aligned with shared priorities for strengthening the economic competitiveness of the area and its general inability to assume more direct responsibility for driving change generally including public sector reform. AGMA has consistently called upon successive Governments for greater devolution of powers and responsibilities. The City Region Pilot initiative was rightly seen by AGMA as an almost final opportunity to start to correct this position and the outcomes of this process described earlier are widely recognised as a remarkable achievement for AGMA which fully vindicates the very significant efforts expended by Leaders and officers in the past few months. Not only has the case for genuine devolution been fully endorsed but the programme of pilot projects which has been agreed provides an unprecedented platform for further reform over the coming months leading to greater influence being exercised over the outcomes from the Comprehensive Spending Review in the autumn of next year.
- 23 As indicated above, 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 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 and other agreed investment programmes.
- 24 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.
- 25 Transport functions are currently divided between the districts, GMITA 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
- 26 In addition, the 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 Local Transport Plan. 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, but now the districts are only consultees. Moreover, the district councils have a statutory duty to carry out their functions so as to implement the transport policies developed by GMITA.

On the other hand, responsibility for economic development and regeneration and strategic planning and housing rests with the district councils and AGMA Executive Board.

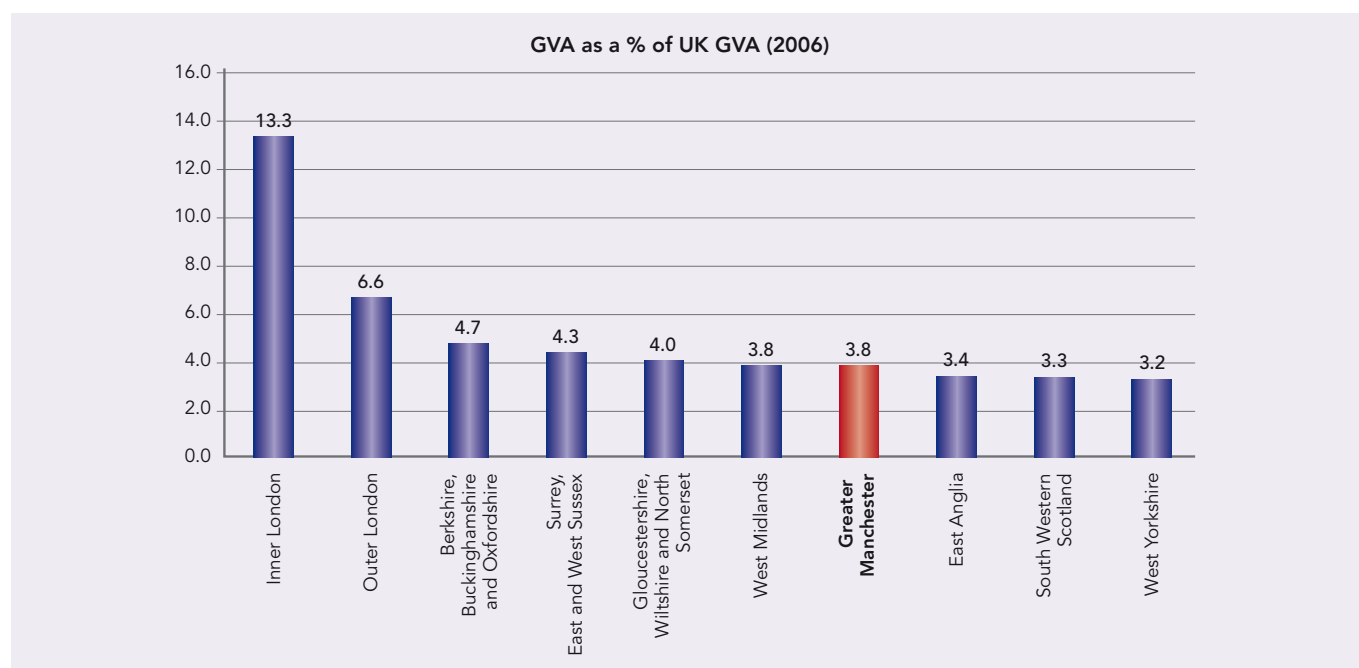
27 The Department for Transport have indicated that they share the above view of the deficiencies of the current arrangements. In a letter¹⁰ dated 12 October 2009, John Dowie, Director, Regional and Local Transport Delivery at DfT referred to *"a general consensus among commentators and the English cities themselves that the current city-region governance arrangements are no longer fit for purpose."* In the light of the commitment to progress greater devolution in return for governance reform, he set out the high-level principles that the DfT believed should underpin governance reform in the Manchester City Region. These included:

- 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.
- 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.

c) Evidence that the sub-regional economy is not performing to its full potential

28 The MIER also brought powerful evidence to bear that the City Region has potential to achieve more economic prosperity than its current position or trajectory, *"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 [it] is therefore punching below its weight in terms of productivity... We believe this is an opportunity: the city has the potential to grow faster... Manchester's size and potential make it the leading candidate amongst provincial City Regions in terms of its potential long-term growth rate¹¹."* The table below highlights the



¹⁰ www.agma.gov.uk/cms_media/files/4_appendix_2.doc

¹¹ www.manchester-review.gov.uk/

GVA comparable economic areas bring to the UK and so highlights how Greater Manchester is not performing to its full potential.

d) The pros and cons of various options have been considered and a CA is optimal

29 AGMA has worked within the boundaries of the current arrangements and considers both that leaving arrangements unchanged is not optimal and that options for strengthening or modifying existing arrangements short of becoming a CA are extremely limited. This is because AGMA already has in place arrangements which are in most respects pushing the boundaries of what can be achieved in the absence of a statutory basis which moving to a CA would provide. Full details of these conclusions can be found in Greater Manchester's submission to Government to become a pilot Statutory City Region of 6 February 2009.

30 A CA is a corporate body with a legal personality with powers in its own right. It is therefore well placed to lead collaboration between relevant authorities on a sub-regional basis and form legal relationships. It is a stable mechanism for long-term strategic decision-making across the whole of the FEMA. The powers which can be vested in a CA would allow it, for example, to deliver more effectively its new City Region Pilot priorities including Greater Manchester's new role as a low carbon economic area, its leadership of the skills and post-16 agendas and, where transport is concerned, the exercise of much-needed influence over the management of the overall transport network, the development and implementation of essential rail policies and the improvement in the distribution of bus resources – all critical influences over the long term competitiveness of the City Region and the quality of its labour market.

31 The certainty of a new statutory basis for AGMA's governance structures should translate into better economic performance as the empirical studies show that both generally, and with regard to Greater Manchester, on balance, there is a strong positive correlation between strong governance structures and economic performance. Studies also point to the importance and tangible economic benefits over the long-term 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-incidence of governmental boundaries with those of functionally defined City-Regions and the growth performance of the City-Region."¹²

32 As far as the choice of governance model is concerned, AGMA has indicated its preference for the same body being responsible for transport as well as for economic development, regeneration, planning and housing and this has been reinforced by the Government which has emphasised the importance of there being effective alignment between decision-making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration which can only be achieved through institutional mechanisms. This therefore points to the selection of a CA as the appropriate governance model for Greater Manchester since it would have the effect of creating a new authority with a range of powers relating to those strategic policy issues which may be provided for concurrent exercise with individual districts.

33 An alternative option would be the establishment of an Economic Prosperity Board (EPB) covering the area of the 10 AGMA districts. This would provide a statutory authority with

¹² Cheshire & Magrini (2005): *European Growth: Throwing some light into the black box*, LSE Working paper, presented to Spatial Econometrics Workshop, Kiel, 8-9 2005

legal personality at City Region level and could strengthen existing arrangements in relation to economic development, regeneration and strategic housing and planning. Under this option, the GMITA would remain in place, possibly to be separately reviewed under the LTA. However, this option fails to address the clear benefits of aligning under one strategic body responsibility for transport and transport policy with the responsibility for economic development, regeneration and strategic housing and planning. In AGMA's view, the EPB option is considerably less satisfactory than a CA in addressing the deficiencies in the existing governance arrangements.

- 34 As regards likely costs, the start up costs are likely to be very low as by far the largest parts of the infrastructure are already in place. The general principle is not to create new and significant staffing structures but rather to use "embedded capacity" to bring out the brightest and best from within constituent authorities. The potential for savings to be made by the authorities and associated organisations and bodies multiplies with the number of bodies being better co-ordinated and whose functions are considered in the round. Various workstreams including one evaluating the City Region, total place, and on shared services and joint procurement are looking in great detail at potential savings. By way of example, on economic development, it is not unreasonable to conclude that there is significant potential for achieving economies of scale and efficiencies through improved strategic co-ordination of resources with less fragmentation and a reduction in duplication. As an example, a 5% efficiency saving in the funding identified would produce approximately £15 million savings each year throughout Greater Manchester. Work has been commissioned on the production of a detailed business plan (led by the Chief Executives of Bolton, Salford, the Commission for the New Economy and the Treasurer to

AGMA) which will be available in February when AGMA considers the Final Draft Scheme.

- 35 Based on the preceding analysis, AGMA agreed that there is a strong case for governance reform under the terms of the LDEDCA and this, coupled with the outcome of the process of review of transport governance started earlier this year under the LTA, creates a robust basis for AGMA to pursue the principle of a scheme for the creation of a CA. Prior to making any decision to prepare and publish a Final Scheme, AGMA and the relevant authorities will need to consider in the light of the consultation and further work as part of the review of Part 6 of the LDEDCA, whether the establishment of a CA would be likely to improve the exercise of statutory functions relating to transport, economic development and regeneration in the area, economic conditions in the area and the efficiency and effectiveness of transport in the area.

Future governance – the draft scheme

36 Detailed proposals in relation to the Draft Scheme are summarised below. It is important to note that where the Executive Board continues to discharge its functions outside its remit as a CA, current arrangements would remain unchanged.

37 Based on the provisions of the LDEDCA it is understood that the Draft Scheme for a CA must include the following:

- The area it will cover
- The functions of the proposed CA
- The constitutional arrangements for the new body ie the membership and voting arrangements and how it will operate
- Funding arrangements ie levying powers in relation to transport
- Any property, rights and liabilities which will be transferred to the new body
- The name of the CA

In addition, there will be other issues which will need to be considered, for example, relationships with other bodies, financial management and scrutiny.

38 A proposed Draft Scheme for the establishment of the CA for Greater Manchester is attached at Appendix 3 for consultation as part of the review. This consultation will include discussion with relevant Government departments. The following are the key components of the proposed draft scheme:

a) Area

This will be the whole of the area of the 10 districts. The rationale for this is set out above in paragraph 18 with further evidence in Greater Manchester's submission to the Government in February, 2009 to become a Pilot Statutory City Region.

b) Name

It is proposed that the name would be the Manchester City Region Combined Authority.

c) Membership

It is proposed that there would be 10 members being elected members of the 10 districts with one member being appointed by each district. The rationale for this is to put each of the 10 districts on a similar footing rather than one related to population within each of their areas. There will need to be appropriate arrangements in the scheme for dealing with the absence of members, for example, a system of substitute members. The detail of how these arrangements will work will need to be the subject of discussion with CLG.

d) Voting

In order to ensure that all districts' votes have comparable weighting, it is proposed that all members would have one vote with no casting vote for the Chair as agreed in November. All decisions would be decided by a simple majority of those members present and voting. In the case of a tied vote on any motion or amendment, the motion or amendment would be lost.

e) Functions – Economic Development and Regeneration

It is proposed that the CA would be given the following local authority functions to enable it to act as the co-ordinating body for economic development and regeneration for Greater Manchester:

- The well-being power ie the power to do anything it considers likely to improve the economic, social or environmental well-being of the area including the duty to produce a sustainable community strategy for Greater Manchester
- A duty to prepare an assessment of economic conditions in the area (the relevant power in the LDEDCA comes into force on 1 April, 2010)

- A duty to review housing conditions in the area and the need for the provision of further housing accommodation
- A duty to review the quality and likely future quality of air within the area and to designate air quality management areas
- A power to arrange for the publication within the area of information relating to the CA's functions
- A power to encourage visitors and inward tourism

It is proposed that all of these powers and duties should be exercised concurrently with the districts with the exception of the economic assessment duty. This is a new duty contained within the LDEDCA and draft guidance published in December, 2009¹³ states that the duty should be carried out jointly at a sub-regional level or, where a CA or EPB has been established, by that body on behalf of its constituent authorities. It is, therefore, proposed that the duty should be exercised by the CA although this will not prevent individual districts from undertaking their own assessments at their discretion. It is also proposed that the CA should become the "responsible authority" for the MAA.

It is not considered appropriate that other statutory functions particularly as they relate to planning should be exercised by the CA.

f) Functions - Transport

It is proposed that all of the functions of the GMITA should be transferred to the CA including any functions of the ITA relating to the functions of GMPTE (see below) together with any functions delegated by the Secretary of State in the Order to be laid before Parliament and the following transport-related functions of the districts:

- The duty to prepare reports containing assessments of levels of road traffic in the area and forecasts of growth in those levels.

- The functions of the districts in relation to traffic signals (ie the direction and management of GMUTC which is currently done under a joint agreement of the districts).

The above highway-related powers are the minimum necessary to underpin the operation of the CA: they are also wholly consistent with existing joint working arrangements within Greater Manchester and the principle of consolidation of the various transport units including the ITA Unit, the GM Joint Transport Team, the GMUTC and GMTU within the delivery body (see below) agreed in November.

g) Joint Committee – Transport for Greater Manchester

It is envisaged that the CA and the districts would enter into an operating agreement providing for a Joint Committee to be called Transport for Greater Manchester Committee. The Joint Committee would have the same membership and composition as the current GMITA as well as the ability to appoint its Chair and Vice Chair, establish sub-committees and vote on the same basis as the current GMITA. The CA would refer to the Joint Committee the functions which it inherits from GMITA and in most cases, the Joint Committee would have delegated authority to act on behalf of the CA. In the case of more strategic functions or where legally the CA is unable to delegate, the Joint Committee would make recommendations to the CA. The same principles would apply to those transport functions delegated to the CA by the Secretary of State and by the districts. The functions which would be referred for recommendation (but not delegated) to the Joint Committee would include:

- The budget and transport levy
- Borrowing limits
- Major and strategic transport policies
- The Local Transport Plan
- The operation of the Greater Manchester Transport Fund

¹³ www.communities.gov.uk "Local Economic Assessments: Consultation draft statutory guidance"

- Appointment of the Chief Executive (Director General) of the delivery body (see below)

These arrangements for the most part are consistent with the practices which have been operated for some time between AGMA and GMITA.

It is proposed that the following district functions should be delegated directly to the Joint Committee rather than through the CA:

- The (local traffic authority) duty to manage the road network to ensure effective movement of traffic within, across and into Greater Manchester
- The duty to prepare and carry out a programme of measures to promote road safety including road safety studies, accident prevention schemes and provision of information and advice.

A summary of the proposed functions of TfGMC is set out in Appendix 4. Detailed terms of reference together with the proposed terms of the Operating Agreement will be developed for report back to AGMA at the next stage following consultation with the Chair and Vice Chairs of AGMA and the Chair and Vice Chair of GMITA.

h) Delivery body

It is proposed that GMPTE should remain an independent legal entity and should be renamed Transport for Greater Manchester Executive as the executive body of the CA in relation to its transport functions including any delegated to the CA by the Secretary of State. The ITA Unit, the GM Joint Transport Unit, the GMUTC and GMTU would be relocated into TfGME. The TfGME will be formally accountable through TfGMC to the CA. The Joint Committee will be responsible for monitoring and overseeing the activities and performance of TfGME.

i) Funding

The CA will issue a levy to the districts in relation to its transport functions on the same basis as the

existing ITA (ie apportioned by reference to the population of each district). In relation to its economic development and regeneration functions, the costs of the CA would be apportioned as now between the districts in the same proportions as the transport levy.

j) Scrutiny Arrangements

It should be noted that the Government Consultation Paper "Strengthening Local Democracy" refers to the need to look at how the accountability and transparency of city regional level working could be strengthened, so that greater powers for the sub-regional tier of governance go hand in hand with strengthened accountability. It states that there is a strong case for strengthening existing and planned structures through:

- requiring the activities of sub-regional partnerships to be subject to scrutiny arrangements
- enabling joint overview and scrutiny committees to require sub-regional bodies and their partners to provide them with a broader range of information and to consider their recommendations on sub-regional matters, and
- extending the new duty of district councils to respond to petitions to apply to ITAs, EPBs and CAs

AGMA has already established a joint scrutiny pool to exercise scrutiny arrangements over the Executive Board. It is proposed that the remit of the existing AGMA Scrutiny Pool should be extended to enable it to exercise an overview and scrutiny role in relation to the CA and TfGMC. In relation to transport AGMA has agreed that these scrutiny arrangements should operate at a high level in relation to Greater Manchester wide and major strategic issues including in particular, the LTP, major and strategic policies, the budget and levy, and the operation of the Greater Manchester Transport fund. Further consideration will be given to whether the new

statutory duty relating to petitions should be extended to the CA.

Practical impact of the scheme

39 The proposals described above would have the following outcomes:

- The creation of a new statutory authority (the CA) which would have the essential powers to co-ordinate economic development, regeneration and transport functions in particular and drive the economic performance of the City Region. The CA's functions would include:
 - Overseeing a new framework for pilot projects for public sector reform around agreed priorities for skills, 0-5s, deprived neighbourhoods and worklessness and to develop the essential evidential base to support new ways of working.
 - Exercising overall responsibility for determining the skills needs of the City Region.
 - Exercising overall responsibility for revenue funding for post-16 provision together with the responsibility for planning, commissioning and performance managing the 16-18 apprenticeship budget in partnership with NAS etc.
 - Exercising overall responsibility to ensure the City Region can make the transition to a low carbon economy.
 - Responsibility for overseeing the internationalisation of local businesses, the implementation of a Broadband programme, the development of the City Region's science and research capacity, and inward investment activities.
 - Responsibility for the exercise of new powers and functions for transport; in particular the prioritisation of transport investment

including the funding and operation of the Greater Manchester Transport Fund; and strategic issues in relation to heavy rail and the strategic highways network which are crucial to future economic success.

- Exercising responsibilities for determining investment priorities for housing and the outcome of engagement with the Homes and Communities Agency.
 - TfGMC would play a part in the direction of transport policy and would oversee the operational delivery of the CA's transport functions and monitor and oversee the activities and performance of the delivery body – currently the GMPTE.
 - The proposals for the current GMPTE would reduce the proliferation of Transport Units; and it will be reformed to provide an integrated delivery capacity. This will reduce duplication and promote operational efficiencies. The PTE would be accountable to the CA through the TfGMC.
- 40 Additionally, accountability would be strengthened through the development of robust scrutiny arrangements of the CA's functions which for the first time in many years would provide a single sub-regional focus for integrating in particular economic development, regeneration and transport functions.

Conclusions

- 41 This document is a contribution to the review of governance arrangements in the City Region. It takes account of the outcomes which have now been secured by AGMA through the pilot City Region process, which has provided further momentum for reform. It should be noted that these outcomes will only be fully realised with a significant governance change which will convince Government that we can deliver effectively.
- 42 Whilst a specific proposition for reform has been developed in the light of these outcomes for the purposes of consultation as part of the governance review, it is of course open for consultees to bring forward their own views, including alternative structures. No decisions will be taken by AGMA or the relevant district councils on the definition of a final scheme for presentation to the Government until they have considered the outcome of the consultation and have concluded the review.
- 43 The issues in particular which should be addressed by the consultation and the continuation of the review are as follows:
- whether or not it is important to drive the economic competitiveness of the City Region to have a new Statutory Authority with a single focus on economic development, regeneration and transport functions in particular.
 - whether or not a new Joint Committee should be established to assume responsibility for the operational delivery of transport functions.
 - whether or not the current GMPTE should become an integrated delivery body reducing the proliferation of transport units.
 - Incidental to these questions, comments are also requested in relation to:
 - ◆ The proposed area of the CA
 - ◆ The proposed names of the CA and TfGMC
 - ◆ The membership of the proposed CA and TfGMC
 - ◆ The proposed voting arrangements
 - ◆ The proposed functions of both the proposed CA and TfGMC
 - ◆ The proposed scrutiny arrangements
 - ◆ Any other issues raised in the document

Appendix 1

Local Democracy, Economic Development and Construction Act 2009

Economic Prosperity Boards and Combined Authorities

1. INTRODUCTION

- 1.1 An Economic Prosperity Board (EPB) is a body corporate established by the Secretary of State under Section 88 of the Local Democracy, Economic Development and Construction Act 2009 ("the LDEDCA") with functions relating to economic development and regeneration. A combined authority (CA) is a body corporate established under Section 103 of the LDEDCA and is in effect a combined EPB and Integrated Transport Authority (ITA).
- 1.2 An EPB can only be established for an area which meets the following conditions:
- the area must consist of the whole of two or more local government areas
 - the area must have contiguous boundaries – it will not be possible to have an area of an EPB which has no common boundaries with any part of the rest of the area, nor an area which completely surrounds an area which does not form part of it
 - no part of the area of an EPB must form part of the area of another EPB or CA
 - each local authority area that forms part of an EPB must be included in a scheme prepared and published following a local review.
- 1.3 A CA can only be established for an area which meets the following conditions:
- the area must consist of the whole of two or more local government areas

- the area must have contiguous boundaries – it will not be possible to have an area of a CA which has no common boundaries with any part of the rest of the area, nor an area which completely surrounds an area which does not form part of it
- no part of the area of a CA must form part of the area of another CA, the area of an EPB or an integrated transport area – in effect, to establish a CA there must be an order dissolving the integrated transport area and the ITA
- each local authority area that forms part of a CA must be included in a scheme prepared and published following a local review.

2. ESTABLISHING AN EPB OR A CA

- 2.1 The Secretary of State may only make an order establishing an EPB or a CA following a local review and the publication of a scheme.
- 2.2 Any two or more of the district councils in Greater Manchester may undertake a review of the effectiveness and efficiency of arrangements to promote economic development and regeneration within the area covered by the review. Where they conclude that the establishment of an EPB for an area would be likely to improve the exercise of statutory functions relating to economic development and regeneration and economic conditions in the area, they may prepare and publish a scheme for the establishment of an EPB.
- 2.3 Any two or more of the district councils and the GMITA (i.e. two or more of the 11 authorities) may undertake a review of the exercise of statutory functions relating to economic development, regeneration and transport in the area, the effectiveness and efficiency of transport in the area and of arrangements to promote economic development and regeneration in the area and of economic

conditions in the area. Where the authorities conducting the review conclude that the establishment of a CA would improve the above matters, they may prepare and publish a scheme for the establishment of a CA.

2.4 In both cases, the scheme area must include the whole or part of the area reviewed and may include other local authority areas. However, the scheme cannot include a local authority area unless the appropriate authority for the area (i.e. the district council) has participated in the preparation of the scheme, or consents to its inclusion in the scheme area.

2.5 In exercising their functions in relation to a local review and the preparation and publication of a scheme, local authorities must have regard to any guidance given by the Secretary of State.

2.6 The Secretary of State may make an order establishing an EPB only if s/he considers that this is likely to improve the exercise of the relevant statutory functions and economic conditions in the area. Before making the order, the Secretary of State must consult each appropriate authority and other persons (if any) considered appropriate. "Appropriate authorities" are the district councils, whose areas will be covered by the EPB. The order must be approved by resolution of both Houses of Parliament.

2.7 The Secretary of State may make an order establishing a CA only if s/he considers that this is likely to improve the exercise of the relevant statutory functions, the effectiveness and efficiency of transport in the area and economic conditions in the area. Before making the order, the Secretary of State must consult each appropriate authority and other persons considered appropriate. "Appropriate authorities" are the district councils, whose areas will be covered by the CA, and the ITA. The

order must be approved by resolution of both Houses of Parliament.

3. CONSTITUTION AND FUNCTIONS – AN EPB

3.1 Any order by the Secretary of State may include provision in relation to an EPB about -

- Constitutional arrangements
- Functions to be exercisable by the EPB

Constitutional Arrangements

3.2 In respect of constitutional arrangements the order may include:-

Membership of the EPB

This includes the number and appointment of EPB members. Any scheme and subsequent order must provide for the majority of EPB members to be appointed by the EPB's constituent councils from amongst the elected members of those councils. Each constituent council must appoint at least one of its elected members to the EPB. If the scheme/order provides for non-elected members to be appointed to the EPB, such members must be non-voting members, unless the voting members of the EPB resolve to the contrary.

Voting Powers of Members

This includes provision for different weight being given to the votes of different descriptions of member.

Executive Arrangements

The order may provide for executive arrangements to apply to the EPB, similar to those applying to most principal councils. It could provide for the appointment of an executive, determine which functions would be executive functions and set up scrutiny arrangements. However, the budget of the EPB can only be agreed by the full EPB.

Functions

- 3.3 An order may provide for the functions of a district council to be exercisable by the EPB in relation to the EPB's area, provided that the Secretary of State considered that the function can be appropriately exercised by the EPB.
- 3.4 The order may provide that any such function be exercisable by the EPB either instead of by the district council or concurrently with the district council. The EPB must perform such functions with a view to promoting the economic development and regeneration of its area.

4. CONSTITUTION AND FUNCTIONS – A CA

- 4.1 Any order by the Secretary of State may include any provision that may be made in relation to an ITA under the Local Transport Act ("the LTA") as regards –
- Constitutional arrangements
 - delegation of functions of the Secretary of State
 - delegation of local authority functions
 - conferral of a power to direct highway and traffic authorities

Constitutional Arrangements

- 4.2 In respect of constitutional arrangements the order may include:-

Membership of the CA

This includes the number and appointment of CA members. Any scheme and subsequent order must provide for the majority of CA members to be appointed by the CA's constituent councils from amongst the elected members of those councils. Each constituent council must appoint at least one of its elected members to the CA. If

the scheme/order provides for non-elected members to be appointed to the CA, such members must be non-voting members, unless the voting members of the CA resolve to the contrary.

Voting Powers of Members

This includes provision for different weight being given to the votes of different descriptions of member.

Executive Arrangements

The order may provide for executive arrangements to apply to the CA, similar to those applying to most principal councils. It could provide for the appointment of an executive, determine which functions would be executive functions and set up scrutiny arrangements. However, the budget of the CA can only be agreed by the full CA.

- 4.3 Because a CA cannot legally co-exist with the ITA, the order would dissolve the ITA. The order could then transfer the functions of the ITA to the CA.
- 4.4 The order could abolish the GMPTE and merge it with the CA. Alternatively, it could transfer some GMPTE functions to the CA [or vice versa].

Functions – Transport

- 4.5 Any order may provide for the delegation of certain transport functions of the Secretary of State to the CA. It may also provide for the delegation of functions of a district council to the CA. However, an order providing for the delegation of functions relating to road user charging can only be made with the consent of the majority of authorities covered by the order.
- 4.6 The order may provide powers for a CA to give a direction to a local highway or traffic authority about the exercise of their powers. Such a

direction may require or prohibit the exercise of a particular power or impose requirements or conditions relating to the exercise of the power.

Functions – Economic Development and Regeneration

- 4.7 An order may provide for the functions of a district council to be exercisable by the CA in relation to the CA's area, provided that the Secretary of State considers that the function can be appropriately exercised by the CA.
- 4.8 The order may provide that any such function be exercisable by the CA either instead of by the district council or concurrently with the district council. The CA must perform such functions with a view to promoting the economic development and regeneration of its area.

5. FUNDING

- 5.1 The order may provide for the costs of the EPB to be met by its constituent councils, and the basis on which the amount payable by each authority is to be determined. It should be noted that an EPB has no borrowing powers.
- 5.2 The CA would be able to fund the exercise of its transport functions through a levy. However, the levy would not apply to the funding of its economic development and regeneration functions. In relation to these, the order would make provision for the costs to be met by its constituent councils, and about the basis for determining the amount payable by each constituent council.
- 5.3 The CA would only have borrowing powers in relation to its transport functions (and not its economic development and regeneration functions).

6. OTHER ASPECTS OF AN EPB AND A CA

6.1 Schedule 6 to the LDA applies various elements (but not all) of the local authority framework to EPBs and CAs. In particular -

- EPBs and CAs are "local authorities" for the purpose of Section 101, the Local Government Act 1972("the LGA 1972") – this means that they can delegate the discharge of their functions to a committee, an officer, another local authority and may make arrangements with other local authorities to discharge their functions, including through a joint committee; it also means that another local authority (eg. a district council) can voluntarily delegate the discharge of its functions to an EPB or a CA – this would presumably include functions not statutorily delegated by order of the Secretary of State
- the access to information provisions in Part VA of the LGA 1972
- Section 111, LGA 1972 (incidental powers)
- Section 112, LGA 1972 (appointment of staff)
- most of sections 120 – 123 , LGA 1972 (acquisition and disposal of land)
- Part 1 and 1A of Schedule 12, LGA 1972 (but see below)
- ethical framework and code of conduct for members
- the Freedom of Information Act 2000

6.2 EPBs and CAs are not "local authorities" for the purposes of Part VI of Schedule 12, LGA 1972. Part VI contains the provisions, inter alia, that all questions arising before a local authority shall be decided by a majority of members present and voting, and that in the event of a tie, the person presiding should have a second or casting vote. Therefore, such issues would need to be dealt with in the order.

6.3 The power to promote the economic, social and environmental well-being of the area in Section 2, Local Government Act 2000 ("the LGA 2000"), is not applied directly to an EPB or a CA, and therefore would need to be applied by order to the EPB or CA. It should be noted that a similar power now exists in relation to an ITA under Section 99 of the LTA and this also could be applied by order to a CA.

Appendix 2

Local Transport Act 2008 – Transport Governance Reviews

1. Introduction

1.1 Part 5 of the Local Transport Act 2008 (“the LTA”) enables the Secretary of State to make an order relating to various transport governance matters including:

- the constitutional arrangements of the ITA
- the functions of the ITA
- the boundaries of an integrated transport area
- the dissolution of the ITA

1.2 Such an order would follow a local review of these matters carried out by one or more of the district councils or the ITA. In Greater Manchester the review could be undertaken by one or more of eleven authorities (i.e. the 10 districts and GMITA).

1.3 Where the authority/authorities which have undertaken the review conclude that a change in governance arrangements would improve the exercise of statutory functions in relation to transport in the area or the effectiveness and efficiency of transport in the area, they must prepare and publish a scheme.

1.4 Before making an order, the Secretary of State must have regard to the scheme, and conclude that any order would improve the exercise of transport functions in the area and the efficiency and effectiveness of transport in the area. The Secretary of State must consult such representatives of the district councils, the ITA, and such other persons, as s/he considers appropriate.

1.5 An order cannot be made unless it is approved by a resolution of both Houses of Parliament.

2. Constitutional Arrangements

2.1 In relation to constitutional arrangements an order may include:-

Membership of the ITA

This includes the number and appointment of ITA members. Any scheme and subsequent order must provide for the majority of ITA members to be appointed by the ITA’s constituent councils from amongst the elected members of those councils. Each constituent council must appoint at least one of its elected members to the ITA. If the order provides for non-elected members to be appointed to the ITA, such members must be non-voting members, unless the voting members of the ITA resolve to the contrary.

Voting Powers of Members

This includes provision for different weight being given to the votes of different descriptions of member.

Executive Arrangements

The order may provide for executive arrangements to apply to the ITA, similar to those applying to most principal councils. It could provide for the appointment of an executive, determine which functions would be executive functions and set up scrutiny arrangements. However, the budget of the ITA can only be agreed by the full ITA.

GMPTE

The order could abolish the GMPTE and merge it with the GMITA. Alternatively, it could transfer some GMPTE functions to the GMITA and vice versa.

3. Functions

3.1 Any order may provide for the delegation of certain transport functions of the Secretary of State to the ITA. It may also provide for the

delegation of functions of a district council to the ITA. However, an order providing for the delegation of functions relating to road user charging can only be made with the consent of the majority of authorities covered by the order.

- 3.2 The order may provide powers for an ITA to give a direction to a local highway or traffic authority about the exercise of their powers. Such a direction may require or prohibit the exercise of a particular power or impose requirements or conditions relating to the exercise of the power.

4. Boundaries

- 4.1 An order may change the boundaries of an integrated transport area by including or removing a county or district in or from that area, but this would require the consent of the authority concerned. However, any change in the boundaries of the integrated transport area cannot leave any part of the area without a common boundary with the rest of the area.

5. Dissolution of the ITA

- 5.1 An order may provide for the dissolution of an ITA. However, such an order could only be made with the consent of a majority of the councils in the area. The order would have to designate another authority as local transport authority. The establishment of a Combined Authority pursuant to the provisions of the LDEDCA would require the dissolution of the ITA.

6. Guidance

- 6.1 In exercising any function in relation to a local review of transport governance, local authorities must have regard to the statutory guidance issued by the Secretary of State.

Appendix 3

Draft Scheme for Establishment of Combined Authority

Establishment of Authority

- 1 A Combined Authority (CA) shall be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009 ("LDEDCA")

Area of Authority

- 2 The CA's area shall be the whole of the following ten local government areas:-

Bolton	Salford
Bury	Stockport
Manchester	Tameside
Oldham	Trafford
Rochdale	Wigan

- 3 The metropolitan district councils for the above local government area shall be the CA's constituent councils.

Dissolution of Greater Manchester Integrated Transport Area

- 4 The Greater Manchester integrated transport area and the Greater Manchester Integrated Transport Authority (GMITA) shall be dissolved, pursuant to Section 91 of the Local Transport Act 2009 (LTA)

Name of Authority

- 5 The name of the CA shall be[working title – Manchester City Region Authority(MCRA)]

Membership of Authority

- 6 The CA shall consist of ten members who are

elected members of the constituent councils to be appointed in accordance with paragraph 7 below.

- 7 Each constituent council shall appoint one of its elected members to be a member of the CA.
- 8 Each constituent council shall appoint another of its elected members to act as a member of the CA in the absence of the member appointed under paragraph 7.
- 9 A constituent council may at any time terminate the appointment of a member appointed by it to the CA (and the substitute member).
- 10 Where a member (or substitute) of the CA ceases (for whatever reason) to be a member of the constituent council which appointed them, the member shall cease to be a member (or substitute) of the CA, and the constituent council shall appoint a replacement as soon as possible.
- 11 The CA shall in each year appoint a Chair [and Vice-Chair(s)] from among its members. The appointments shall be the first business transacted at the annual meeting of the CA.
- 12 No remuneration shall be payable by the CA to its members (other than allowances for travel and subsistence), provided always that a constituent council may, on the recommendation of its independent remuneration panel, pay a special responsibility allowance to any member appointed by it to the CA in respect of duties and responsibilities undertaken as a member of the CA.

Voting

- 13 All members of the CA shall have one vote [There shall be no provision for weighted voting.] The Chair of the CA shall not have a second or casting vote.

14. Subject to the provisions of any enactment, all questions coming or arising before the CA shall be decided by a simple majority of the members of the CA present and voting. In the case of a tied vote on any motion or amendment, the motion or amendment shall be deemed to have been lost.

Executive Arrangements

- 15 Executive arrangements shall not apply to the CA. However, the discharge of the functions of the CA will be subject to the scrutiny arrangements set out in paragraph 36.

Transport for Greater Manchester Executive (TfGME)

- 16 Greater Manchester Passenger Transport Executive (GMPTE) shall be re-named Transport for Greater Manchester Executive (TfGME) which shall be the executive body of the CA in relation to its transport functions. It shall 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.

Functions – Economic Development and Regeneration

17. 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:

- 17.1 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.

- 17.2 Section 69, Local Democracy, Economic Development and Construction Act 2009**
the duty of a local authority to prepare an assessment of economic conditions in the area.

- 17.3 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.

- 17.4 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.

- 17.5 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.

- 17.6 Section 144, Local Government Act 1972**
the power of a local authority to encourage persons to visit their area, etc.

- 18 The CA would be a local authority for the purpose of the Sustainable Communities Act 2007.
- 19 All the above functions would be exercised concurrently with the constituent council, with the exception of the new duty under Section 69, LDEDCA Act which would be exercised by the CA instead of the constituent councils.
- 20 The CA would become the "responsible authority" for the purposes of the Multi-Area

Agreement (MAA) pursuant of Part 7, Local Democracy, Economic Development and Construction Act 2009.

[There is a need to examine the extent to which additional powers either devolved from Government or constituent council powers to be exercised concurrently are needed by the CA to deliver the proposals and objectives contained in the Ministerial Agreement]

Functions – Transport

- 21 All the functions of the GMITA shall be transferred to the CA. All functions conferred or imposed on the GMITA by any enactment relating to the functions of Greater Manchester Passenger Transport Executive (GMPTE) shall be exercisable by the CA in relation to its executive body (TfGME).
- 22 The CA shall exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to Section 86, LTA and Section 104(1)(b), LDEDCA. Such functions shall be exercised subject to any condition imposed by the order.
- 23 The following transport related functions of the constituent councils shall be delegated to and be exercisable by the CA, pursuant to Section 87, LTA and Section 104(1)(c), LDEDCA:

23.1 Section 2, Road Traffic Reduction Act 1997
duty of local authority to prepare, at such time(s) as Secretary of State may direct, reports containing an assessment of levels of road traffic in their area and a forecast of growth in those levels.

23.2 Part V, Road Traffic Regulation Act 1984
functions of local traffic authorities in relation to traffic signals (but not other traffic signs)

Funding

- 24 The CA as a levying body under Section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its constituent councils in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise of its functions relating to transport. The amount to be raised by the levy shall be apportioned between the constituent councils in the same proportions as the GMITA levy was apportioned *[i.e. by reference to the total resident population at the relevant date of the area of each council as estimated by the Registrar General; the relevant date in relation to a levy for a financial year is 30th June in the financial year which commenced two years previously]*
- 25 The levy shall be in ten equal instalments payable monthly by the end of the first ten months in the financial year.
- 26 The costs of the CA that are reasonably attributable to the exercise of its functions relating to economic development and regeneration (and any start up costs) shall be met by its constituent councils. Such costs shall be apportioned between the constituent councils in the same proportions determined in relation to the levy for transport expenses and liabilities as set out above.

Transfer of Property, Rights and Liabilities

- 27 All property, rights and liabilities of GMITA existing at the transfer date shall transfer to the CA, including rights and liabilities (if any) in relation to contracts of employment. *[order will need to deal also with transfers from Secretary of State and district councils, if any]*

Joint Committee – Transport for Greater Manchester

28 The CA and the constituent councils will enter into joint arrangements under Section 101(5) of the Local Government Act 1972, Section 20 of the Local Government Act 2000 and Regulations 4, 11 and 12 of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000 for the discharge of specified transport functions which will include the establishment of a joint committee to be called the Transport for Greater Manchester Committee (TfGMC)

29. TfGMC will be supported by an Operating Agreement entered into by all eleven authorities and will be a joint committee of the CA and the 10 district councils, this is made up of the following councils: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan. As such, all elected members appointed by the constituent councils will be voting members of TfGMC, even though they are not members of the CA.

30 TfGMC will have 33 members appointed by the constituent councils on the following basis:

Bolton	-	3	Salford	-	3
Bury	-	2	Stockport	-	4
Manchester	-	5	Tameside	-	3
Oldham	-	3	Trafford	-	3
Rochdale	-	3	Wigan	-	4

31 The principles of political balance as set out in the Local Government and Housing Act 1989 will apply to such appointments.

32 The CA will arrange for the discharge by TfGMC of those transport functions inherited from GMITA. In the case of most of those functions, TfGMC will have delegated authority to act on behalf of the CA; in respect of the more strategic functions or where legally the CA is unable to delegate, TfGMC would make

recommendations to the CA. The same principles will apply to those transport functions delegated to the CA by the Secretary of State (provided that the conditions of the delegation so allowed), and to those transport functions delegated to the CA by the constituent councils.

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

- the budget and transport levy
- borrowing limits
- major and strategic transport policies
- the local transport plan
- operation of Greater Manchester Transport Fund and approval of new schemes
- appointment of Director General/Chief Executive of TfGME

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

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

34.1 Sections 16-17, Traffic Management Act 2004

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.

34.2 Section 39, Road Traffic Act 1988

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.

35 TfGMC will elect its own Chair and Vice Chair and will be able to establish such sub-

committees as it thinks necessary for the discharging of its functions. Votes on TfGMC and its sub-committees will be decided on the same basis as with the current GMITA.

Scrutiny Arrangements

36. The constituent councils and the CA will establish a joint overview and scrutiny committee to exercise scrutiny functions over the CA and TfGMC. Each constituent council will appoint three of its elected members to the joint overview and scrutiny committee.

Appendix 4

Summary of Terms of Reference of the Transport for Greater Manchester Committee (TfGMC)

A.

It is suggested that the following functions of the GMITA might be referred by the CA to the TfGMC in order for them to make recommendations to the CA in respect of:

1. Preparing the CA's transport budget, including the provision for capital and revenue programmes and transport schemes, to enable the CA to set its transport budget, fix the transport levy and determine appropriate borrowing limits;
2. Developing policies for the promotion and encouragement of safe, efficient and economic transport facilities and services;
3. Formulating general policies with respect to the specification of public passenger services;
4. Producing a Local Transport Plan;
5. Operation of the Greater Manchester Transport Fund and approval of new transport schemes;
6. Appointment of Director General/Chief Executive of TFGME.

B.

It is suggested that the following functions of the GMITA might be delegated to the TfGMC, subject to the TfGMC exercising these functions in accordance with any transport policies of the CA, the Local Transport Plan and the CA's agreed transport budget and borrowing limits:

1. Monitoring and overseeing the activities and performance of TfGME;
2. Ensuring that the TfGME secures the provision of appropriate public passenger transport services;
3. Considering the creation and development of Quality Partnership Schemes, Quality Contracts Schemes, Ticketing Schemes and Concessionary Travel Schemes;
4. Determining what local bus information should be made available, and the way it should be made available;
5. Ensuring that the TfGME implements proposals for promoting the economic, social and environmental well-being of Greater Manchester and its residents;
6. Making appointments to the Board of the TfGME (except the Chief Executive, whose appointment will need to be ratified by the CA);
7. Monitoring the CA's transport budget;
8. Approving releases for capital schemes within the agreed capital programme;
9. Monitoring performance against the Local Transport Plan and other CA transport policies;
10. Formulating, developing and monitoring procedures for public consultation of, and lobbying for, the CA's transport policies including taking responsibility for the active promotion of Greater Manchester's transport interests;
11. Determining issues arising from Metrolink contracts;
12. Determining variations in concessionary bus and Metrolink fare levels;

13. Considering issues arising from the rail franchising process;
14. Considering issues arising from the implementation of the CA's schemes for the introduction of Smartcards;
15. Authorising the disposal of any land by the TfGME;
16. Determining the operation, performance, contract management and development of tendered bus services, bus stations/stops, and passenger transport services;
17. Approving the level of support of local rail services over and above that in the baseline franchise specification;
18. Determining the operation, performance and development of the Authority's accessible transport provision;
19. Monitoring the performance of Metrolink services and initiating appropriate action;
20. Monitoring the operation and performance of bus and local rail services and influencing accordingly.

C.

It is proposed in the Draft Scheme that the following transport related functions of the constituent councils should be delegated to the CA. It is further suggested that they might then be sub-delegated to TfGMC, subject to the TfGMC exercising these functions in accordance with any policies of the CA, the Local Transport Plan and the CA's agreed transport budget and borrowing limits:

1. Preparing reports containing an assessment of the levels of road traffic in the CA's area and a forecast of growth in those levels;

2. Functions of the constituent councils as local traffic authorities in relation to traffic signals (but not other traffic signs).

D.

It is proposed in the Draft Scheme that the following transport related functions of the constituent councils should be delegated directly to the TfGMC, subject to the TfGMC exercising these functions in accordance with any policies of the CA (as local transport authority), the Local Transport Plan and the terms of the delegation from the constituent councils:

1. Carrying out actions to facilitate the performance by local traffic authorities of their duty to manage their road network with a view to securing the expeditious movement of traffic on their own roads and facilitating the same on other local authorities' roads;
2. Preparing and carrying out a programme of measures to promote road safety, including road safety studies, accident prevention schemes and provision of information and advice.

E.

Dealing with the transport functions of the Secretary of State which are delegated to the CA subject to the conditions of the Secretary of State's delegation.

[These will need to be agreed with the Secretary of State in due course].