

Report to: THE COUNCIL

Date: 17th March 2010

Report of: The Chief Executive & Director of Chief Executive's Department

Report No:

Contact Officer: Alan R Eastwood

Tele No:

Report Title: City Region Pilot and Governance

Non-Confidential

This report does **not** contain information which warrants its consideration in the absence of the press or members of the public.

Purpose:

Recommendations

The Council is asked to recommend to the Executive.

- 1 Consider the outcome of the review of City Region governance arrangements including the results of the consultation exercise and the business case prepared by KPMG;
2. Agree that the establishment of a CA in Greater Manchester would be likely to improve:
 - a) the exercise of statutory functions relating to economic development, regeneration and transport in the area
 - b) the effectiveness and efficiency of transport in the area
 - c) economic conditions in the areafor the reasons set out in the review document;
3. Endorse the Final Scheme as agreed by the AGMA Executive Board on 26 February and agree to publish the scheme pursuant to Section 109(2) of the Local Democracy, Economic Development and Construction Act 2009;
4. Consent to the inclusion of Bolton in the area of the Combined Authority;
5. Authorise the Chief Executive to submit the scheme to the Secretaries of State for Communities and Local Government and Transport;

Recommendations:

6. Agree that a formal agreement be completed in the terms of a draft side agreement as tabled at the AGMA Executive Board meeting which supplements paragraph 46 of the scheme relating to the support given by other authorities to an individual authority wishing to withdraw from the CA;
7. Approve the proposals contained in paragraph 66 of the review document at Annex 1 for a review of scrutiny arrangements and support as endorsed by the

AGMA Scrutiny Pool;

8. Endorse the commitment given by the AGMA Executive Board regarding the future role of the Joint Committee as set out in the Final Scheme and note that, to this end, a draft scheme of delegation of powers by the Combined Authority to the Joint Committee will be brought forward for approval by the Executive Board and GMITA not later than June 2010;
9. 9. Agree that progress reports should be submitted to future meetings of the Executive;

--

Decision:

--

**Background
Doc(s):**

Previous reports to the Executive in September, December and February, 2009
AGMA Executive Board reports and associated papers
Local Transport Act, 2008
Local Democracy, Economic Development and Construction Act, 2009

*(for use on Exec
Rep)*

Signed:

Leader / Executive Member

Monitoring
Officer

Date:

Summary:

(on its own page

At its meeting in February, the Executive considered the draft scheme of governance which had been approved by the AGMA Executive Board in December for consultation purposes as part of the review and agreed its views as a formal consultee. The outcome of the review and the Final Draft Scheme were considered by the AGMA Executive Board at its February meeting. This report updates the Council and The Executive on the decisions taken by the Executive Board and presents the Final Scheme for consideration and approval

with background docs)

Background Information

CONTEXT AND PROCESS

- 1 At its meeting in February, the Executive considered the draft scheme of governance which had been approved by the AGMA Executive Board in December for consultation purposes as part of the review and delegated a Page 2 of 6

three leaders to agree its views as a formal consultee. The Chief Executive and the Leaders agreed the response to the consultation (Annex 1) and, without prejudice to the consideration of the outcome of the further work to be completed as part of the review under Part 6 of the Local Democracy, Economic Development Act 2009 (LDEDC Act), endorsed AGMA's view that the work which had been undertaken so far as part of the review supports the establishment of a Combined Authority (CA) in Greater Manchester on the basis that it would be likely to improve:

- a) the exercise of statutory functions related to economic development, regeneration and transport in the area
- b) the effectiveness and efficiency of transport in the area
- c) economic conditions in the area

2 The Chief Executive was authorised to consider the responses to the consultation, the business case produced by KPMG and other evidence emerging in the review and, together with Chief Executives of other authorities which are party to the review, to prepare a report setting out the conclusions of the review and a final draft scheme for submission to the February AGMA Executive Board. The Leader was also authorised to consider the conclusions of the review and to approve (with or without modifications) any Final Draft Scheme presented to the February AGMA Executive Board.

3 The outcomes of the consultation and of further work undertaken in relation to the proposals (including the business case prepared by KPMG) are set out in the review documents attached at **Annex 1** which includes the Final Draft Scheme (at Appendix 4). These were considered by the GMITA on 22 February, the AGMA Scrutiny Panel on 25 February and the AGMA Executive Board on 26 February. Their decisions were as follows:

4 The **GMITA** resolved:

"That while the ITA recognises the importance of more effective co-ordination of economic development, regeneration and housing policies with transport policies, the AGMA Executive Board is requested to provide the clearest commitment about the future role of a Joint Committee; should AGMA agree to proceed to create a Statutory City Region for Greater Manchester, that the Chair and Vice Chair of the ITA should work with the Chair and Vice Chairs of the Executive Board to bring forward a draft scheme of delegation for approval by the AGMA Executive and the ITA and that this draft scheme be brought forward for consideration by both bodies no later than June, 2010."

5 The decisions of the **AGMA Scrutiny Pool** were as follows:

- a) The Pool is grateful for the clarification of the ITA's position as detailed in the resolution passed at their meeting on the 22 February, and supports their request for the AGMA Executive Board to provide the clearest commitment about the future role of a joint committee and plans to develop a scheme of delegation for approval by the AGMA Executive Board and the ITA by June 2010.
- b) The Pool supports the suggestion that a side letter between the 10 local authorities should be drawn up which would ensure that any local authority wishing to withdraw from the CA at some future time would be supported by the other constituent authorities.
- c) The Scrutiny Pool supports the proposals for a formal review programme for the CA arrangements separate from the ability for any constituent LA to request a joint review as set out in paragraph 46 of the final draft scheme.
- d) The Pool further supports proposals for a demarcation in voting arrangements which would enable key policy decisions to be subject to a higher majority voting threshold than "implementation" decisions which would be based on a simple majority. The Pool recognises that such systems can be seen to be effective in other organisations.

- e) In order to ensure the full involvement of each local authority in the CA, the Scrutiny Pool considers that Commission reports should be shared across all local authorities and should not be limited to those local authorities that are represented on a particular Commission.
- f) The Pool strongly supports the proposals in the report for a review of the scrutiny function involving both the Scrutiny Pool and Scrutiny Committees within local authorities to ensure that the relevant resource and structure is available to take on the additional scrutiny functions that a CA would bring.

6 The **AGMA Executive Board** were advised of the decisions of both the GMITA and AGMA Scrutiny Pool and agreed by 8 votes with 2 authorities abstaining:

- a) that, for the reasons set out in the review document, the proposal to establish a CA would be likely to improve the exercise of statutory functions related to economic development, regeneration and transport in the area, the effectiveness and efficiency of transport in the area and economic conditions in the area;
- b) that the name of the proposed Combined Authority should be the Greater Manchester Combined Authority;
- c) that the words "and paragraph 15A below" be added after the words "Subject to the provisions of any enactment" in paragraph 15 of the Final Draft Scheme and the following words be added as paragraph 15A:

"The following matters will require the support of at least 7 members of the CA for approval:

- The adoption of the Sustainable Community Strategy (ie the Greater Manchester Strategy, the Greater Manchester Housing Strategy and other related strategies)
 - The adoption of the Multi-Area Agreement
 - The approval of the local economic assessment
 - The adoption of the Local Transport Plan and policies contained therein
 - The Combined Authority's annual budget
 - The setting of the transport levy
 - Approval of new schemes to be financed by the Greater Manchester Transport Fund
 - Borrowing limits, Treasury Management Strategy, the investment strategy and the capital budget
 - The acceptance of any proposed delegation of functions and budgets to the CA by the Secretary of State
 - Such other plans and strategies as are determined by the CA"
- d) that the Final Draft Scheme as amended above should be approved and recommended to the 10 district councils as a Final Scheme to be published and submitted to the Secretaries of State under Section 109 of the LDEDC Act and Section 82 of the Local Transport Act 2008;
 - e) that the 10 authorities should be requested to arrange for consideration of the review and the Final Scheme as a matter of urgency
 - f) that, subject to all 10 districts consenting to their area being included in the Final Scheme, that officers should be authorised to prepare all necessary documentation for submission to the Secretaries of State;
 - g) that approval be given to a formal agreement being completed in the terms of a draft side letter as tabled at the AGMA Executive Board meeting which supplements paragraph 46 of the scheme relating to the support given by other authorities to an individual authority wishing to withdraw from the CA;
 - h) that approval be given to the proposals contained in paragraph 66 of the report for a review of scrutiny arrangements and support as endorsed by the AGMA Scrutiny Pool;
 - i) that the Executive Board gives the clearest possible commitment regarding the future role of the Joint Committee as set out in the Final Draft Scheme and, to this end, agrees that Chairs and Vice-Chairs should work with the Chair and Vice-Chair of GMITA on a draft scheme of delegation of powers by the Combined Authority to the Joint Committee for approval by the

Executive Board and GMITA not later than June 2010.

The Final Scheme as approved by the AGMA Executive Board on 26 February is attached at **Annex 2**.

- 7 The Council is invited to consider the review document and the Final Scheme and the recommendations at the beginning of this report.
- 8 The AGMA Executive Board also agreed that, whilst authorities give consideration to the Final Scheme, officers should be prepared to report to the Executive Board's next meeting on other options regarding the future of AGMA should the CA proposals not be approved by all constituent councils.

NEXT STEPS AND TIMETABLE

- 9 Subject to all 10 districts agreeing to consent to the inclusion of their area in the Final Scheme for a Combined Authority, officers will then prepare all necessary documentation for submission to the Secretaries of State at CLG and DfT as soon as possible. Thereafter, the process as discussed with CLG and DfT officials will involve a draft order being prepared by the Secretaries of State which is then the subject of a consultation starting around the end of March. The Secretaries of State will be obliged to consult all 10 district councils, GMITA and such other persons as they consider appropriate on the proposed order before the draft order is laid before both Houses of Parliament. The timescale after this will be dependent on the Parliamentary timetable. The Final Scheme proposes an implementation date of 1 April, 2011.

RECOMMENDATIONS TO THE EXECUTIVE FROM COUNCIL

- 10 The Council is invited to consider the review document and the Final Scheme and the recommendations at the beginning of this report.

The Council is asked to recommend to the Executive:

- 2 consider the outcome of the review of City Region governance arrangements including the results of the consultation exercise and the business case prepared by KPMG;
- 2 agree that the establishment of a CA in Greater Manchester would be likely to improve:
 - d) the exercise of statutory functions relating to economic development, regeneration and transport in the area
 - e) the effectiveness and efficiency of transport in the area
 - f) economic conditions in the areafor the reasons set out in the review document;
- 3 endorse the Final Scheme as agreed by the AGMA Executive Board on 26 February and agree to publish the scheme pursuant to Section 109(2) of the Local Democracy, Economic Development and Construction Act 2009;
- 4 consent to the inclusion of Bolton in the area of the Combined Authority;
- 5 authorise the Chief Executive to submit the scheme to the Secretaries of State for Communities and Local Government and Transport;
- 6 agree that a formal agreement be completed in the terms of a draft side agreement as tabled at the AGMA Executive Board meeting which supplements paragraph 46 of the scheme

relating to the support given by other authorities to an individual authority wishing to withdraw from the CA;

- 7 approve the proposals contained in paragraph 66 of the review document at Annex 1 for a review of scrutiny arrangements and support as endorsed by the AGMA Scrutiny Pool;
- 8 endorse the commitment given by the AGMA Executive Board regarding the future role of the Joint Committee as set out in the Final Scheme and note that, to this end, a draft scheme of delegation of powers by the Combined Authority to the Joint Committee will be brought forward for approval by the Executive Board and GMITA not later than June 2010;
- 9 agree that progress reports should be submitted to future meetings of the Executive;