

Introduction

This submission for pilot city region governance status is submitted by the ten local authorities within Greater Manchester, operating as the Association of Greater Manchester Authorities (AGMA). It has been endorsed by the ten Leaders, who meet as the AGMA Executive Board, at their meeting on 27 February 2009.

Developing effective forms of city region governance has been strongly advocated within Greater Manchester for several years, and in light of the experience of twenty years of working together in a growing range of policy areas. If we look back over the initiatives taken by the present Government; from the 'City Summits' held in October 2005; Greater Manchester has consistently made the case that city regions - and Greater Manchester in particular - should be acknowledged nationally as a driving force of economic achievement, and the key to the delivery of national competitiveness and inclusion strategies. Greater Manchester has come far through voluntary co-operation. Genuinely devolutionary city regional status will be vital in helping Manchester make the next steps and contribute fully to regional and national growth objectives.

Statutory city regional governance, in Greater Manchester's view, offers the opportunity to achieve our ambition more readily in two ways.

First, it is important to use the advent of city regional governance to devolve to this level the levers of policy appropriate to the scale and ambition the Government and we share. Through LAAs and MAAs, Greater Manchester has been a willing participant in an evolving and positive dialogue. Nonetheless, the balance between discussion and changed outcomes has been skewed to the former. City regional governance is an opportunity to change this decisively. Our approach is to make clear the need for devolution of power across a wide range of functions in order to underpin the effectiveness of City Regional governance.

Second, designated statutory city regions should be a tool of economic policy as well as administration. The Sub-national review identified the role of city regions as economic powerhouses. If the designation of pathfinder city regions is to have a demonstrative effect in this regard, both the areas chosen and the breadth of the agreement between the cities and the Government should reflect this. Our approach, therefore, is to look at the opportunity of city regional governance as the means for laying the foundations of a new policy of consolidating Manchester as the powerhouse, not just of the region, but of the North of England, through a commitment to investment in science, innovation and transport.

We believe that the potential gains from this policy being executed in Greater Manchester will be felt in a much wider geographic area. Greater Manchester accounts for some 40% of the GVA for the whole of the North West of England. If we fail to achieve our full potential, there is no prospect of achieving regional or national jobs and wealth creation targets; and just as crucially, there is no serious and sustainable complement in England to London and the South East.

It is equally clear that many national Public Service Agreements (PSA) targets, including key floor targets, will only be achieved if they are achieved in city regions. It is in city

regions that gaps in outcomes are widest. Many of the outcomes that need to be improved to secure sustainable communities such as skills, crime and health require city-regional analysis and effective action.

Consequently, we view the Government's announcement to set up pilot city regions as a welcome further step in this policy development process. Within Greater Manchester we have already begun a journey which has seen us both agree one of the first Multi Area Agreements with Government and, voluntarily, realign our working arrangements in order to make them fit for purpose as much as is considered possible under current legalisation.

Our belief in the need for effective city region governance and our vision for what we want to achieve in the conurbation has been consistent. Moreover what we are now able to show is increasing evidence from projects such as the Manchester Independent Economic Review (MIER) which strengthens and supports the claims we have made previously to successive Secretaries of State and national reviews about the merits of our case

We also welcome the fact that the Government's proposals for statutory city region pilots are based on the notion that the outcome is based around dialogue and development of ideas through partnership. In our view much of what we wish to see developed under city region status requires discussion with and policy change by National Government. We recognise that this is a two way street and that within Greater Manchester we may also need to review some of the ways in which we operate. But we need to be satisfied that the Government is genuinely committed to the principle of devolution so that the time and effort which will be involved in reshaping our existing agreements is worthwhile.

This is unlikely to be delivered in the absence of a working arrangement involving officials which focuses on Greater Manchester "as a place", and effective engagement between the AGMA Executive and Ministers. We are committed to play our fullest part in ensuring that a detailed governance structure emerges which is underpinned by genuine devolution so that we can deliver with Government the growth objectives which the people of Greater Manchester demand.

Threshold Criteria

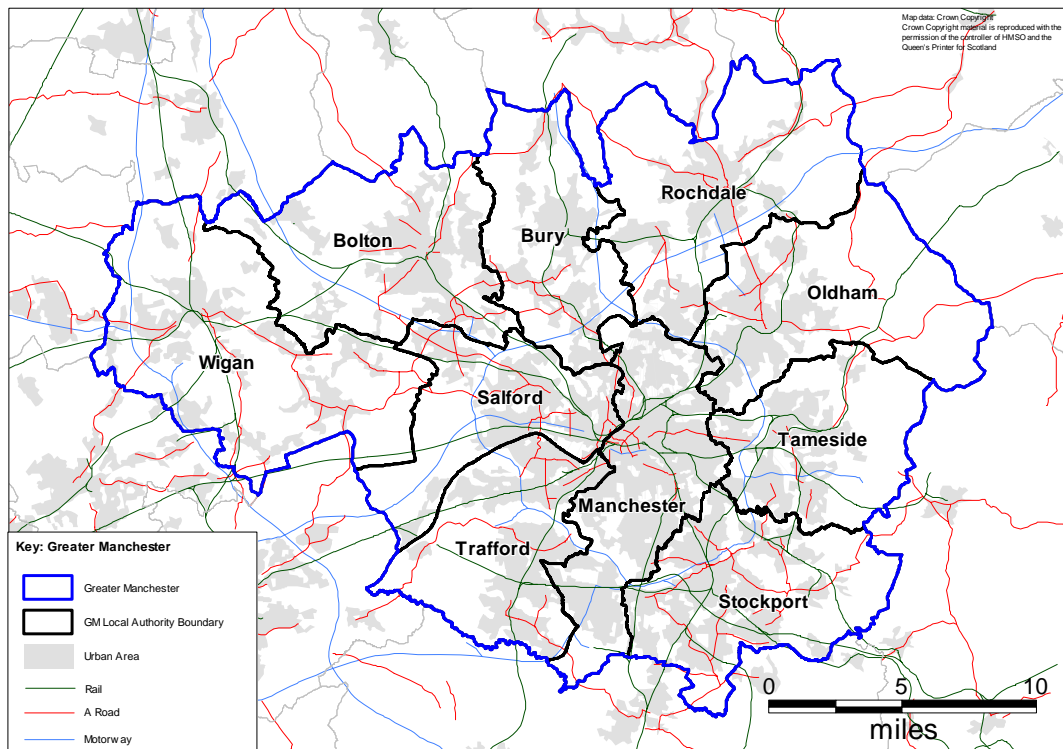
T1. The area must be able to demonstrate that they have a coherent economic geography

Greater Manchester's Economic Geography

Greater Manchester (GM) is a coherent economic geography, with substantial travel across local authority boundaries for work, education, and recreation. The economic geography of the Manchester city region has a number of permutations reflecting housing markets, business linkages, travel to work movements, administrative areas, travel to learn patterns and so forth. What is common to these permutations is that the cities of Manchester and Salford, plus the adjoining metropolitan boroughs of Stockport, Tameside and Trafford (GM South) and Bolton, Bury, Oldham, Rochdale and Wigan (GM North), which together make up Greater Manchester, are central.

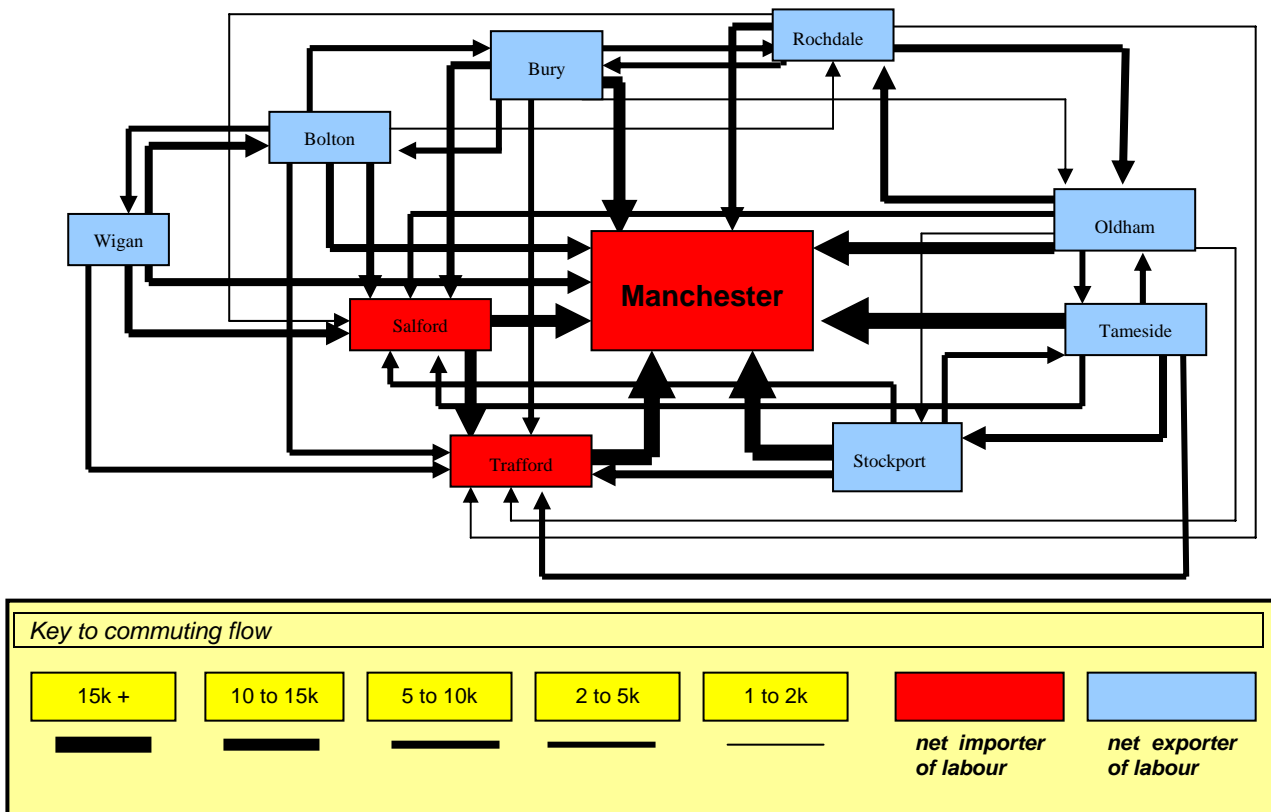
Figure 1 shows the ten local authorities which make up Greater Manchester. The area has extensive public transport, road and motorway networks which provide a high level of connectivity between the local authorities and allow significant cross boundary travel which make the administrative boundaries largely academic.

Figure 1: Greater Manchester districts and transport infrastructure



Manchester is a central driver of the Northern economy and its economic influence extends to parts of the High Peak, Lancashire, Yorkshire, Cheshire and Warrington. However, Greater Manchester, as the heart of the Manchester city region, encompasses most of the natural economy's travel to work area. Figure 2 shows the substantial cross-boundary commuter flows across GM. On average across the ten local authorities just 60% of residents live and work in the same borough but 90% live and work in Greater Manchester. This means that 330,000 people regularly cross GM's administrative boundaries to access work. The area is also a coherent travel to learn geography: only 71% of 16 to 18 year olds live and study in the same borough but 96% live and study in Greater Manchester. The figures are even more stark for young people undertaking work-based learning: 60% do so in their home borough but 95% do so within the city region.

Figure 2: Net commuting flows in to Manchester and within GM districts (excluding out of Manchester), 2001
 Please note: this is a graphical representation of selected travel-to-work flows and not all travel-to-work flows for GM are depicted here.



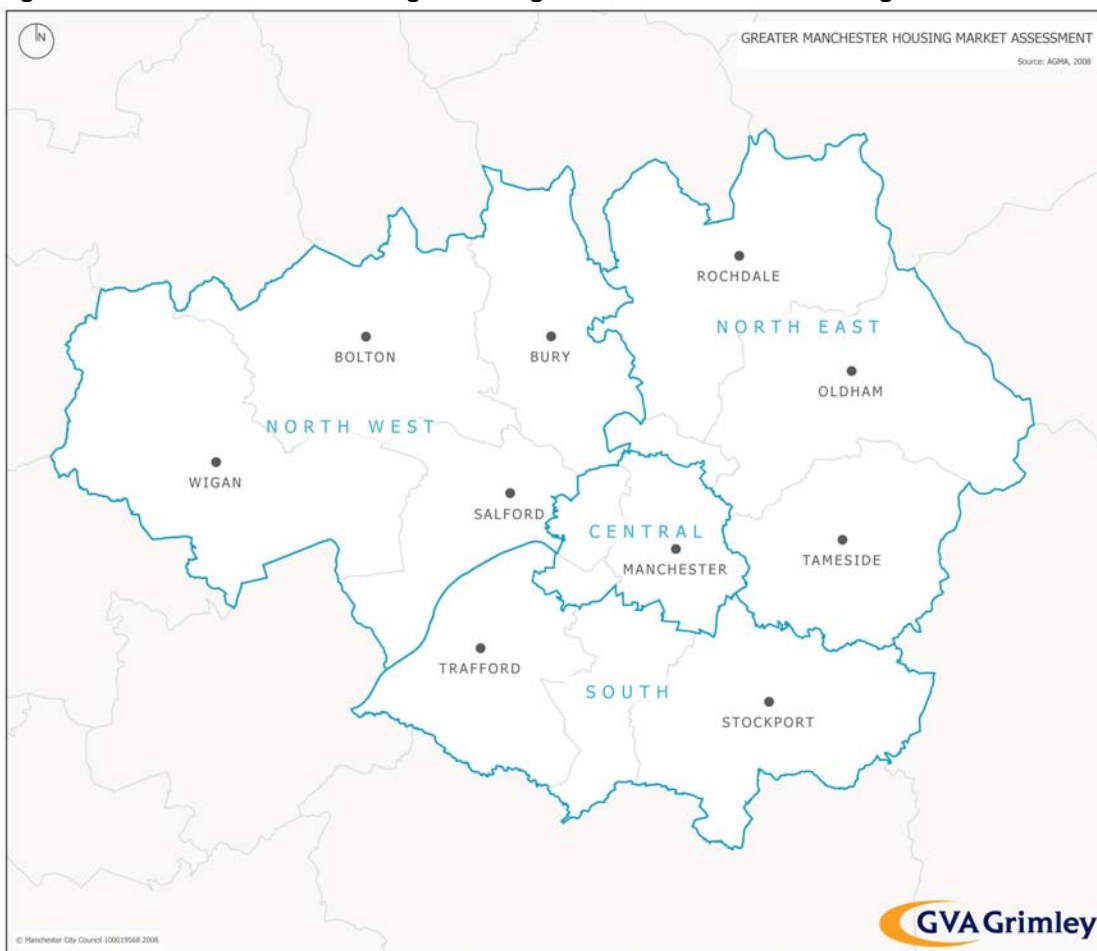
Manchester's businesses compete nationally and internationally and have national and international supply chains. However, the area does have a distinct and coherent business environment with around three-fifths of GM businesses' purchases being made from, and a similar proportion of sales being made, the local economy. The close ties and interdependencies between GM's businesses is reflected in the fact that the area has a single Chamber of Commerce covering the ten local authorities.

Research undertaken for AGMA in 2007 identified four housing market areas (HMA's) which make up the wider Manchester City Region market. These areas span administrative boundaries and were defined by household demand and preferences for housing and reflect linkages between places where people live and work. Four HMAs were identified in Greater Manchester each comprising several districts, in whole or part (see Figure 3):

- Central – Inner parts of Manchester, Salford and Trafford
- South – South Manchester, Stockport and remainder of Trafford
- North West – Bolton, Bury, Wigan and remainder of Salford
- North East – Oldham, Rochdale, Tameside and the northern part of Manchester

These four areas operate independently but share 'catchments'. Crucially, no individual local authority area made up its own housing market area.

Figure 3: Greater Manchester Strategic Housing Market Assessment - Housing Market Areas



Finally, retail spending patterns also confirm that GM is a coherent economic area. Although concentrated in Manchester city centre, GM has a large and diverse retail sector, and there are a large number of local town centres as well as out of town shopping facilities, especially the Trafford Centre. Research done by White Young Green found that the GM retail zone lost proportionately the lowest amount of expenditure in the North West (just 2% of GM retail spend was spent outside GM) substantiating that GM is a single retail market.

T2. A clear statement of which functions will be carried out at the city regional level

The starting point for our proposals for city region status within Greater Manchester are the functions which we have already agreed should be strategically led by the AGMA Executive Board, as set out in our existing constitution. That constitution (attached as Appendix 1 to this submission) lists - at Schedule 1 - specific functions under the following headings:-

- Economic Development – including employment and skills
- Planning & Housing
- Transport
- Environment
- Health
- Public Protection
- Improvement and Efficiency

as well as more 'general' functions relating to strategy development in the conurbation, management of the Multi Area Agreement and financial management of any resources delegated to us.

Much of this is work which we would want to collaborate on effectively within Greater Manchester in any case; irrespective of statutory City Region status. However, it is apparent to us that some of the aspirations we have as set out in that schedule, and other matters not currently included within it, cannot be achieved without a change in status. The table at Appendix 2 to this submission gives an analysis of where we believe the *initial* negotiations need to be pursued about extra powers and functions that should be available to us within the City Region. These are a natural extension to our Multi-Area Agreement.

At this stage our preferred option for the type of city region governance arrangements that we would wish to see put in place within Greater Manchester is an Economic Prosperity Board (EPB). We see AGMA's existing Executive Board, formed as it is of the Leaders of the ten authorities, as being the most appropriate vehicle to be the EPB in Greater Manchester. As section R3 below makes clear, we believe that the existing AGMA Executive Board, together with its supporting structure of a Business Leadership Council, seven Commissions and strong scrutiny and accountability arrangements forms a robust starting point on which to negotiate a statutory Economic Prosperity Board. This structure is explained in more detail in section R3 below.

Ranking Criteria

R1a. Economic significance and potential contribution to regional and national growth

Over the past decade competitiveness in the world economy has undergone massive changes. Looking at the main drivers of performance, it is clear that leading-edge economic activities around the globe demand greater inputs of knowledge and information (as opposed to more traditional economic inputs). Key urban areas, in particular large cities, have therefore benefited from their pivotal roles as centres of communication, interaction and high level innovation.

Advanced economies like the UK have clearly drawn benefit from focusing increasingly on high value knowledge based services and products. Here London and the South East have remained particularly dominant, in terms of productivity and economic output per capita, to an almost unique degree amongst the world's advanced economies. With growth in the South East likely to be particularly constrained in the coming period – with a material risk of a structural weakening of London's global economic position - it is more important than ever for the UK to have complementary assets capable of sustaining economic growth.

This is not advocating that the growth of city regions, such as Manchester, needs to come at the expense of London and the South East, which after all would tend to reduce average UK productivity. This is to state that a focused investment in the places which offer, and can evidence the best returns to concerted stimulus, are an important opportunity to grow the UK's long-term sustainable growth – at the same time redressing the imbalances of the UK economy that is over-dependent on London and the City of London.

In short, faster-growing, more productive city regions outside of the capital, can with the right support and delivery, provide 'UK Plc' with more dynamism and innovation in the good times and more resilience in the bad times.

Economic proposition

The basic proposition to Government therefore, is that there is nowhere better placed to deliver more to the long term productivity of the UK, per pound invested, than Manchester. Whilst every conurbation will say much the same thing, our stance is strongly evidenced by the independent grouping of leading economists and businesspeople, including Harvard University's Ed Glaeser and Goldman Sachs chief economist Jim O'Neill, that have written the Manchester Independent Economic Review (MIER). Their work justifying this claim, based on newly undertaken primary research will be made available to the Government as the review concludes, during the assessment period.

MIER consists of several studies which explore the determinants of economic growth using state of the art econometrics and research to understand some of the major factors which underpin the most successful cities. These factors are: successful urban economies and productivity; a highly skilled workforce; trade and investment; business connectivity and the generation and sharing of innovation across the economic system; and the development of sustainable and prosperous communities.

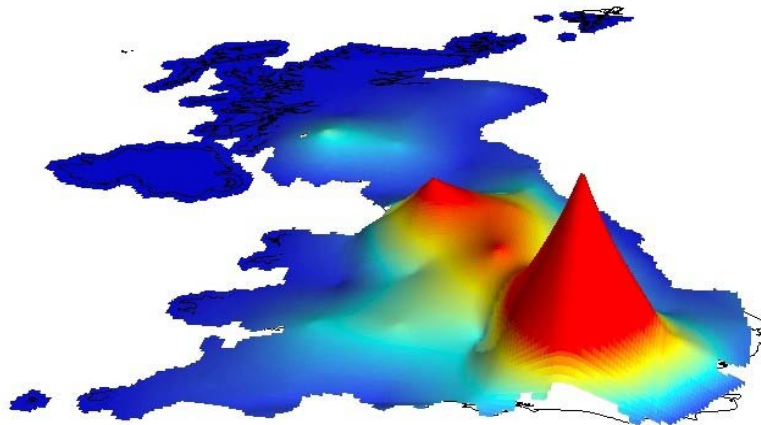
MIER builds on the evidence of the London School of Economics which clearly shows that apart from London, nowhere in the UK is better-placed to produce economic growth - because nowhere else has Manchester's combination of scale, key assets and infrastructure. That is, it's unique potential to raise productivity and long term economic efficiency through realising "agglomeration benefits" – those which accrue from the concentration and clustering of economic activity, where economic efficiencies are driven by firms having access competing multiple suppliers, greater specialisation and division of labour, and larger markets which the market that the firm can sell into.

The MIER's findings are consistent with a variety of arguments that have been advanced within the rich literature on urban and regional competitiveness in recent years. The evolution of the 'knowledge economy' benefits the largest, more diverse and best

connected cities, especially those areas which deliver on the residential preferences of skilled and qualified workers and their households.

These observations have profound implications for the pattern of benefits that areas within and beyond the Manchester city region are likely to experience, if the broad pattern of growth that has characterised the last decade or so resumes in the long-term, following the current downturn. What is also clear is that it will be vital to continue to attract investment by exploiting the city region's key assets in ways in which remain attractive to the demands of the market, to ensure the Manchester and therefore UK economy reaches its full potential.

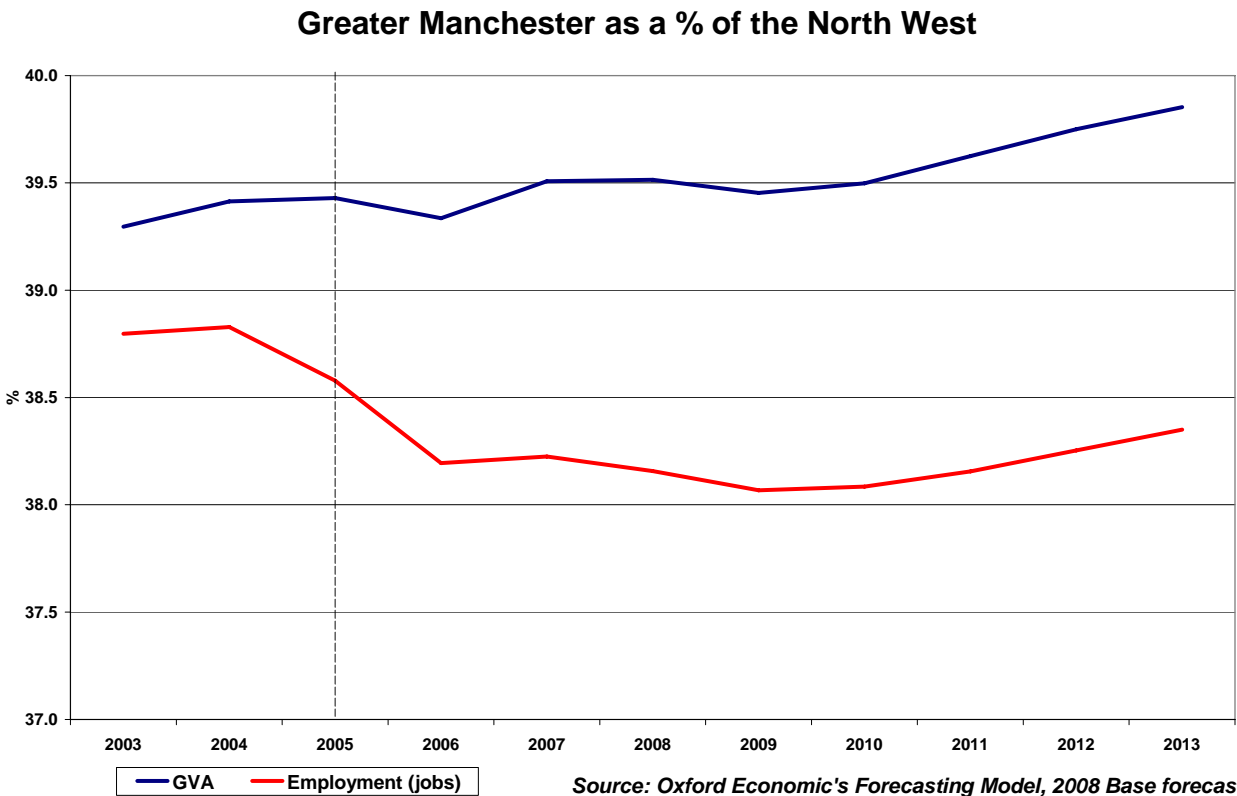
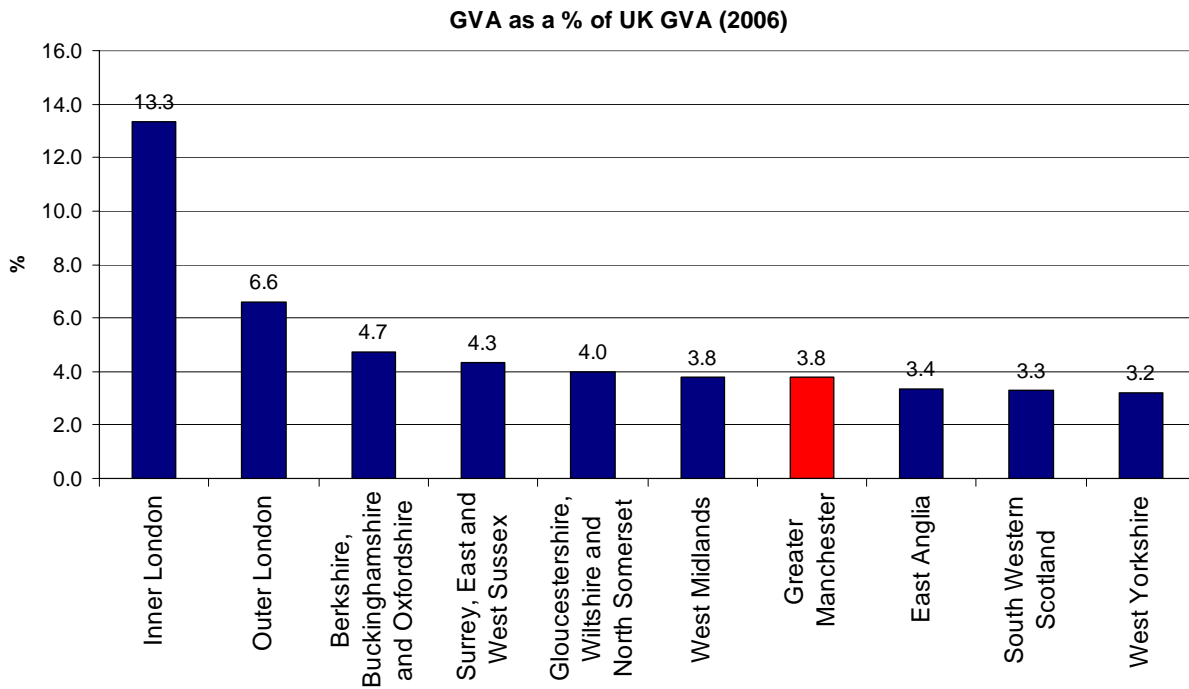
Key investments in the Manchester economy will play a crucial role in maximising those benefits, so helping to raise both local and UK GVA. Building on a generation of economic work, the MIER clearly shows that scale and 'effective density' (the concentration of labour market skills and access to jobs) are the key ingredients that turn a large city into an economic powerhouse. As the figure below (produced by Yale university), which maps the scale of economic output and labour markets, shows, Manchester is by some way the UK's largest and most dense agglomeration outside London.



In summary, MIER shows that Manchester is, in many ways at or close to the front of the pack amongst the UK's provincial cities – outside the South it is pre-eminent - across a range of economic metrics. However the programme of research also shows that there is even further potential for the city region to realise significant, additional, agglomeration economies. Therefore, whilst Manchester is still punching below its weight in terms of productivity and incomes, we believe, from the review of the detailed studies, that Manchester and its city region can implement policies which would change this for the better.

R1b - Manchester City Region's Contribution to the Regional and National Economy

Generating nearly £45 billion of GVA (Gross Value Added), Greater Manchester contributes 39.6% of the North West's total economic output and 3.8% of the UK total. With its recent economic growth outstripping that of the rest of the UK, Manchester is demonstrating its importance to the regional economy, the North of England and the UK as a whole. It is clearly the UK's second most important growth point outside of London and the South East.



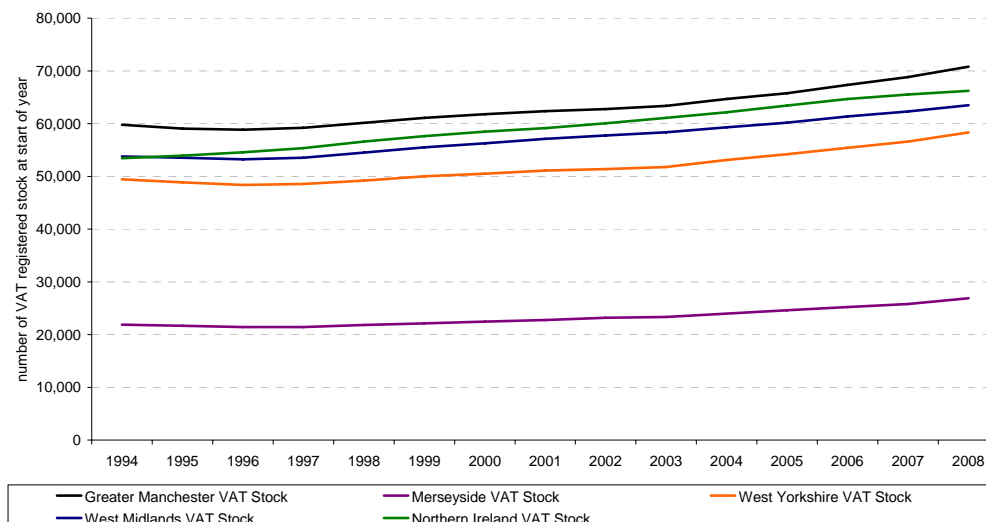
Key Sector Contribution (as a %) to Total GVA

Key Sector	1998 (%)	2005 (%)	% change 98-05
Automotive	3.1	3.0	-0.1
Manufacturing (& engineering)	18.8	15.9	-2.9
Financial & Professional Services	19.7	23.3	3.6
Life Sciences	10.3	10.4	0.1
Logistics	5.2	5.9	0.7
Retail	6.2	6.7	0.5
Construction	8.3	7.4	-1.0
Creative / Digital / New Media	4.9	4.9	-0.1
Education	8.9	6.6	-2.3
ICT Digital and Communications	2.9	4.2	1.2
Public Sector	5.3	5.0	-0.3
Hospitality and Tourism	3.3	3.7	0.3
Aviation	1.5	1.9	0.4
Sport	1.0	1.1	0.1
Environmental Technology	0.6	0.2	-0.3

Source: Oxford Economic 2008 base forecast

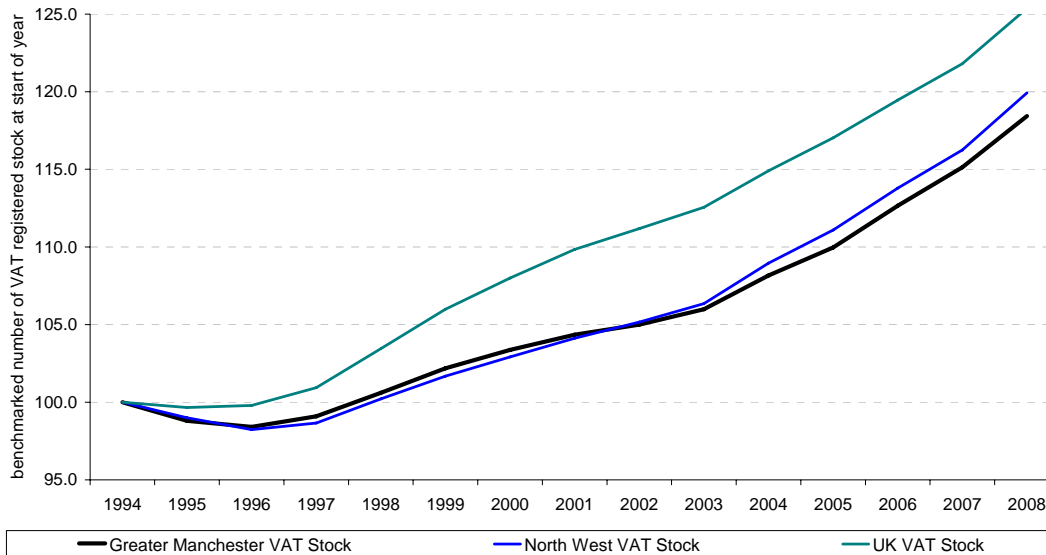
Driving its growth is the strength and diversity of its economic base and the attractiveness of the city region as a business location.

The VAT stock of businesses in the Manchester City Region is a prime determinant of the success of the city and its importance both regionally and nationally. As seen below, the registered VAT stock in the city region was higher than many of the comparator areas, including West Yorkshire, the West Midlands, Merseyside and even Northern Ireland. Including a wider travel to work area in the south of the sub-region, VAT stock figures surpass those of Wales.

Registered VAT stock at start of year, 1994 – 2008

The city region has also followed a similar pattern of growth in VAT stocks to the North West, as shown below. These patterns of growth are vital to the development of the city region, and important in placing the MCR as a driver of employment and economic growth in the region.

Benchmarked VAT stock growth (1994 = 100), 1994 – 2008



Manchester's competitive business costs have been highlighted in Cushman and Wakefield's 'UK Cities Monitor'. The report placed Manchester first out of 15 UK cities for locating a new headquarters and for locating a back office function, as well as placing the city 4th in terms of availability of office space. The city region also has a highly skilled labour pool with 64.8% of Year 11 students in Greater Manchester gaining 5 or more A* - C grades at GCSE in the 2007-8 academic year. Further to this, 25.3% of the working age population is qualified to at least NVQ Level 4 – compare this with Greater Merseyside (21.6%), the West Midlands sub-region (22.0%) and West Yorkshire (23.8%). Greater Manchester also compares favourably with these regions in terms of lower level skills, with around two-thirds of all working age people qualified to at least Level 2. The sub-region also has ample property offerings, meaning that Manchester has the ideal business conditions in situ to attract and retain leading industry players. As a result, 65 of the FTSE100 companies now have a presence in the Manchester city region and around 40% of the Northwest's Top 500 companies are based here.

The attractiveness of Manchester City Region as an investment location was clearly demonstrated in the first report released from the Manchester Independent Economic Review (MIER). Among its key findings were the following:

- the City Region is one of the best placed cities in the UK to match the economic strength of London and South East
- it has the second largest concentration of people and businesses in the country with a highly skilled, lower cost workforce
- Investment to region has been attracted by these assets and not subsidies unlike other regions within the UK.

- Large businesses within the region are Manchester's main source of investment and productivity
- Strong governance and targeted international relationships are vital to Manchester's position in attracting global investment
- Manchester City Region has the opportunity to emerge from the recession in a strong position thanks to its highly developed and competitive regional infrastructure.

Manchester city region's contribution to the national and regional economy must also be measured in terms of its stock of key capital, infrastructure and institutional assets, which include:

- *Higher Education Institutions* – with over 100,000 students across five universities; Manchester University, Manchester Metropolitan University, the University of Salford, the University of Bolton and University Centre Oldham, the city region has the largest student population in Europe. In addition to the five universities in the city region, there are a further 18 universities and higher education institutes in the North West, making for an additional population of around 400,000 students in the surrounding areas. The significance of these institutions is not just a matter of size, but also one of excellence in performance.

Infrastructure – Critical to the success of any city region economy is having large-scale infrastructure assets in areas like transportation and communications. In this regard, Manchester city region has an extensive and multimodal, integrated transport infrastructure, which provides connectivity across the conurbation and the wider North West region, along with direct access to the rest of the UK and world.

- As the North's only major international gateway, Manchester is internationally connected, providing vital transport links to the rest of the globe via Manchester Airport. The Airport has been awarded best UK regional airport in both 2006 and 2008 by Travel Weekly Globe Awards.
- Orbital and linear motorways provide access to all other UK cities by road.
- Two primary railway stations provide options to commute in and around the city region and coupled with the Metrolink tram service, ensure passengers remain mobile.
- Buses to all parts of the region operate around the central hub at Piccadilly Gardens while a free city centre shuttle bus service promotes public transport use.
- Being a central node in the UK's rail network, Manchester city region is perfectly located to allow easy access from all parts of England, Scotland & Wales.
- The motorway and railway linkages underpin the North European trade-axis running from the Mersey to the Humber ports making freight transport very easily accessible.
- Uniquely connected for digital communications, Manchester is home to thriving digital and knowledge industries, relying on the second largest digital infrastructure in the UK and the fact that it is the only global internet exchange hub outside of London.

- Many of these new media and creative industry companies will be located at Salford Quays and state of the art Mediacity:uk which will also house the BBC.

Taken together, these, human, institutional and business oriented assets clearly establish the region as the UK's most important growth point outside London and the southeast. Its diverse economic base in sectors such as ICT, creative/new media and hi-tech manufacturing can make it a key part of the national government's commitment to reduce the country's reliance on the financial sector in the future.

Evidence of Understanding of the Local Economy

The Manchester Independent Economic Review (MIER) consists of a Commission of prominent economists and business leaders, supported by a Policy Advisory Group and Secretariat, with responsibility for commissioning high quality evidence-based research to inform decision-makers in Manchester. This Review has been funded by a wide-range of local, regional and national bodies, and highlights Manchester's desire to provide a greater understanding of its local area.

As part of this review, an economic baseline has been compiled, which analyses the economic position of the MCR and the wider functional geography. This review can be found at www.manchester-review.org.uk, and the baseline for evidence of the local economy can be found at www.manchester-review.org.uk/economicbaseline. The Review Team and their remit is attached at Appendix 3.

Evidence of a Thorough Understanding of the Economic Issues Facing the City Region and How Flexibilities in PBR Package Would Help in Tackling these Issues

Unlike any city-region in the UK and for that matter Europe, MCR has due to the work of the MIER, a thorough understanding of the key economic challenges facing it and an idea of policy options available to tackle them.

Among the key issues facing it are:

- *Attracting and retaining talent* - MIER confirms what we already knew, but have never fully acted on: the city region should have skills as a top priority. At the higher end, it means attracting and retaining the brightest and best: firsts, future-skilled graduates, entrepreneurs - that make all the difference to driving a city forward and keeping it ahead of the curve.
- *Raising the skills ceiling* - Despite having one of the largest concentrations of university students in the country, Greater Manchester still has a much lower proportion of its resident population qualified to degree level or equivalent than England as a whole: just 25.3% compared to 28.3%.
- *Fixing the Skills Floor* - MIER also tells us that polarisation needs controlling to ensure the foundation of a sustainable community on which long-term growth can be based. The number one problem for the sub-region's most deprived area is skills. There is no viable alternative therefore to tackling the large-scale problem of GM's 420,000 residents who lack basic literacy and numeracy skills.

- *Attracting Domestic Firms* – MIER tells us that FDI has, and will continue to play a central and crucial role in driving Manchester's growth, but pro-active policy is also needed to attract more of the city region's single main engine of investment: large domestic firms. Knowing what we do about the multiplier benefits of headquarters activity, not least in attracting and retaining talent, the single biggest win for the city - hugely challenging though it is - would probably be securing an FTSE 100 HQ (of the present or the future).
- *Transport Connectivity* – As detailed in the MIER a crucial plank on which agglomeration benefits (i.e., dense areas/clusters of people and businesses) rest is an ability to get the city region's population rapidly and reliably from where they are to where they need to be on a daily basis. New transportation plans need to be quickly realised if the city's economic growth is not going to be further restricted by its transport system.

The policy or financial flexibilities identified in the PBR would allow us to develop bespoke solutions to deal with a range of issues across the areas covered by our seven Commissions, including low skills levels, worklessness and enhanced transportation infrastructure. The PBR framework would for example, provide the city region with more effective levers to establish its strategic priorities based on local needs and also maximise the efficiency of all its public spending. This provides the basis for a more mature and priority-based dialogue on funding between the national government and the sub-region.

Having statutory city region status will also give confidence to authorities and partners that there is commitment to effective joint working across the area, and with central government. It very much builds on the new governance arrangements we have recently put in place, as detailed in our Expression of Interest, and will demonstrate our capacity to deliver improvements in the economic performance of the local, regional and national economy.

Obtaining Pilot Status as a statutory city region would enable the functional geography of Manchester to work together to tackle both long-term and short-term issues of worklessness. Of particular concern is the effect the current economic downturn has on the levels of unemployment and inactivity in the city region. Manchester has experienced significant decreases in the levels of JSA claimants in recent years, falling from highs of over 141,000 in January 1993 to around 35,000 in November 2004. Yet the recent recession has pushed claimant levels back up to over 64,000 in January 2008, the seventh month in a row where increases have been experienced.

Total claimant figures in MCR, January 1984 – January 2009



Source: DWP Claimant Count, 2009

Enhancing the city's ability to target the most vulnerable members of society, and those most at-risk of becoming workless would allow a greater impact of city-wide strategies on unemployment levels.

How Pilot Status would enable Manchester City Region to make a greater contribution to the priorities agreed in the Regional Economic Strategy and Spatial Strategies

Pilot status would enable us to build on the commitment in our new constitution to produce an integrated strategy for Greater Manchester that sets out the key economic, social and environmental objectives for the area and which will form Greater Manchester's key input into the new Regional Strategy for the North West.

The new Regional Strategy will establish clear and more streamlined responsibilities for economic and spatial planning. By bringing together under the rubric of one core strategy the economic and spatial considerations of local authorities, and those affecting the sub-region, there is a much better opportunity to ensure issues around the identification of key strategic employment sites, support for agglomeration economies, protection of greenfield areas, skills training, enterprise support, the low carbon agenda and better reflect regional priorities.

Secondly, from a city region perspective having one voice speaking on all spatial and economic issues, as opposed to ten, better ensures the functional economic geography of MCR and its important contribution to the North West is reflected in these regional strategies.

Practically, this approach would allow Greater Manchester to better:

- identify and prioritise areas where public sector intervention is required;
- identify areas that will require significant public sector intervention through policy frameworks and resources to realise their potential;
- define areas, which have the potential to make a substantial contribution (at least 5,000 new jobs) towards employment growth (usually through increasing employment density);
- determine which areas can exploit existing infrastructure and services and can be readily linked into multi modal transport; and
- identify areas where particular sectors can be located to maximise the economic value and carbon efficiency to the city region and region as a whole.

Evidence of Improvements in Performance, which could be realised by PBR package

As previously noted, the PBR framework would facilitate the development of specially tailored strategies and interventions geared to local needs and realities. What research from the MIER on sustainable communities shows is that the types of barriers holding back the growth of certain communities in the conurbation are quite different and distinct. In some it is a question of a skills deficit in its working age population, whilst in others it is an issue of poor connectivity to employment zones. As such, a one-size fits all approach cannot work but the connectivity needed between these agendas, and across this spatial footplate, is crucial.

Some examples of a bespoke approach include the City Strategy programme, which is designed to target out-of-work claimants in some of the most deprived areas in Greater Manchester. This programme has made significant improvements in the city region since its inception in 2007, reducing claimant levels in deprived areas beyond what was initially envisaged by DWP. On a wider scale than this, Greater Manchester was one of the first city-regions to approve and put forward a Multi-Area Agreement.

Other Improvements which could be achieved through pilot status

Preliminary research undertaken as part of this bid has examined the potential for efficiency savings through integrated and streamlined functioning of local and sub-regional governance structure in areas including the following.

- Skills development
- Talent attraction and retention
- Sub-regional and local governance
- Transport (movement of people and goods)
- Culture and creativity
- International connectivity to markets
- Low-carbon/green economy
- Inward investment, enterprise and innovation promotion
- Public/Private Sector/University relationships ('Triple Helix')
- Quality of place and spatial planning

AGMA, Local Authorities and the various sub-regional organisations that already exist have at their disposal significant funds and staff resources directly impacting program delivery and funding in these key areas.

The combined budgets of the ten local authorities for the fiscal year 2008-09 year is several billions, without including parish precepts. Moving down to a program level it is useful to look at organisational capacity and examples of spending in the area of economic and enterprise development as illustrated below:-

- In 08/09 alone there was an economic development resource of approximately £333 million, with 657 staff allocated to city development across Greater Manchester.
- Of the funding identified, most of it is spent by the NWDA, and to a lesser extent by nationally created and rolled out housing and regeneration programmes such as the Working Neighbourhoods Fund, Housing Market Renewal Pathfinders and New Deal

for Communities areas. The ten local authority economic development teams account for approximately 6.7% of the total funding identified.

- Of the staff resources found, the majority work at the local level, primarily through the ten local authority economic development teams (35.62%), with NWDA employing around 1 in 5 of all staff identified (21.61%).

Given this, it is reasonable to conclude that there is potential for achieving economies of scale and efficiencies through improved strategic coordination of resources, with less fragmentation and a reduction in duplication.

For example, a 5% efficiency saving in the funding identified would produce approximately £15 million savings each year. These are funds, which could be effectively leveraged to drive forward the single strategy being developed by the sub-region to lock in a trajectory of long-term sustainable economic growth for GM, based on the evidence emerging from the Manchester Independent Economic Review, which suggests that a properly-implemented economic strategy, leveraging key aspects of policy on areas such as worklessness, skills, transport and housing could realise the potential the Independent Review identifies Manchester has to drive forward the UK's economy in the future.

Key agencies in the current economic development community

SPATIAL LEVEL	ORGANISATION	ROLE(S)
National	Various government departments: BERR DCLG DfT DWP DIUS DCSF	Setting national economic development related policy and targets Commissioning and decommissioning national programmes
	Jobcentre Plus	Implementing and delivering national programmes
	Learning and Skills Council	Implementing national programmes
	Homes and Communities Agency	Implementing national programmes
	UK Trade and Investment	Implementing and delivering national programmes
	Business Link	Delivering national business support services
	Pan regional	Northern Way
Region	NWDA	Implementing national programmes Managing European programmes
	GONW	National government operating at the regional level
	4NW	Providing democratic accountability for the region

	NWUA	Representation of North West Higher Education Institutions
Sub region	Marketing Manchester	Developing the 'Manchester' brand and marketing the sub region to attract tourists
	MIDAS	Marketing the sub region to attract and retain inward investment
	Business representative organisations (e.g. GM Chamber of Commerce, Pro Manchester)	Business interests representation and lobbying
	Manchester Knowledge Capital	Developing a knowledge economy
	AGMA	Coordinating sub regional policy and providing sub regional leadership
	The Economic Commission	Leading on economic strategy (economic development, employment and skills) for the sub region
	GMPTA GMPTE	Leading on transport strategy Implementing transport strategy Democratic accountability
No spatial remit	Manchester Solutions	Delivering economic development and related services
	Colleges	Delivering skills training
	Universities	Economic development research and analysis Delivering business support and skills training
	Private sector providers	Delivering economic development and related services
	Voluntary and community sector	Community representation and lobbying Delivering economic development and related services
	Sector support agencies (e.g. CIDS, Manufacturing Institute, Manchester Digital Development Agency)	Delivering sector specific business support services
Local	10 x Local authorities	Local democratic accountability Developing local economic development strategies, implementing and delivering economic development and related services
	Urban Regeneration Companies	Regenerating a defined geographical area

	Housing Market Renewal Pathfinder Areas	Regenerating a defined geographical area
	New Deal for Communities Areas	Regenerating a defined geographical area
	Housing Associations	Delivering social housing and related services
	Colleges	Delivering skills training

R2. A clear vision and the capacity to deliver it

In order to ensure that the benefits of city region statutory status are fully captured for the sub region and the wider area, a Greater Manchester Strategy and strategic plan is being developed in tandem with this process. This is consistent with the objective set out in our Multi Area Agreement (Building Block 1) to have in place a Greater Manchester Strategy (GMS) by July 2009 and will build on our previous strategy developed in 2003. This timescale is also consistent with and complementary to the production of the new Regional Strategy being overseen by the NWDA. This will help to ensure that the GMS influences regional and national policy both to increase the resources available to Greater Manchester and the flexibility with which these resources are applied.

AGMA's Wider Leadership Team (details of which will follow) has begun to consider the framework of the GMS and has agreed the following key components. The Strategy will contain a vision of Greater Manchester in 2020, an agreed set of values, together with high level objectives based on a firm evidence base and rigorous analysis, a policy framework and criteria for clear decision making supported by a number of robust, specific and measurable core outcomes which should determine the work programmes of AGMA and its Commissions.

The Strategy will be the primary vehicle for achieving common purpose and joint working within and between AGMA and its key partners. Once endorsed by the Executive Board it will make explicit the core objectives of the city region. The GMS will therefore provide an integrated framework against which policy priorities will be determined and performance can be managed. In order to ensure the strategy doesn't just sit on a shelf, it is essential that it is also integrated into the key business planning and budgetary processes of each of the AGMA authorities and those of our key partners in the Wider Leadership Team. This will ensure the strategy is part of a fully integrated process able to drive the delivery of the outcomes needed to achieve our ambitions.

The GMS will be owned and developed by the AGMA Executive Board and it will also provide an integrating framework for the work of the AGMA Commissions to ensure that we are all working towards the achievement of a shared vision for Greater Manchester.

The enduring strength of AGMA is testified by the range of institutions created by the city region by or with the support of AGMA, to enable the city region's common problems to be addressed on a city region wide basis. We work well together to find solutions. Greater Manchester fully understands the need to continue to mature its capacity arrangements. By building on the strong foundations we have reviewed our current resources, skills and capacity to see where these are best placed to serve us well for the future.

Recognising that the new governance arrangements need to have an adequate infrastructure beneath them AGMA has put in place working practices to ensure effective operation. The premise of this work is that capacity will be embedded either in the ten local authorities, or in the 'Family' of organisations which support them, and that the widest talent pool possible will work to deliver the future growth of the area.

On that basis a new Wider Leadership group has been established. This builds on the existing group of AGMA Chief Executives who are now joined by the Chief Constable, Chief Fire Officer, and Lead Chief Executive for Greater Manchester's Primary Care Trusts, Chief Executive of the Transport Executive and Chief Executive of the Economic Commission. This group meets monthly to support and guide the strategic direction of AGMA, providing the necessary input to enable the Executive Board to take informed decisions. One of this group's early responsibilities will be to oversee development of the new Strategy for Greater Manchester referred to earlier. Senior RDA officers will also be invited to attend as and when it is appropriate.

Acknowledging the need for extra capacity; the AGMA Executive agreed, in December 2008, a significant extra investment of over £1.3m per annum to enable the new arrangements to operate effectively. The principle will be not to create significant numbers of new posts at a sub regional level; but to use 'embedded capacity' bringing our 'brightest and best' to the table from within existing partners.

R3a Evidence of ability to take decisions collectively

The Association of Greater Manchester Authorities (AGMA) was formed after the abolition of Greater Manchester County Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions. The Association is a partnership between the ten local authorities within the Greater Manchester area. These ten authorities co-operate on a number of issues, both statutory and non-statutory, where it has been identified that working together adds value.

AGMA has persisted because of a shared mutual understanding between the 10 authorities that there are a number of issues where cooperation adds value. Primarily this relates to the recognition that the socio-economic geography within which the AGMA authorities operate, Greater Manchester, is no respecter of local authority boundaries. Much of the "business" of AGMA is therefore concerned with matters relating to the Manchester City Region as a whole.

However in recent years the leadership of AGMA has recognised change was needed in order for governance arrangements at a sub regional level within Greater Manchester to reflect:-

- the ambitions which the ten authorities in Greater Manchester have expressed in terms of collaborating more effectively at a sub regional level on issues where they agree this is necessary.
- a legal framework which shows both a readiness to manage strategic development and financial resources delegated from either a national or regional level and which

underpins our common goal of Greater Manchester becoming a world-class city region at the heart of a thriving and competitive North.

- a need to link the functions and work which are done at a strategic sub regional level into a system of democratic accountability, both at a sub regional and individual local authority level.

This shared commitment has manifested itself in a number of ways. Firstly, and possibly most significantly for the purposes of this submission, Greater Manchester has one of the initial round of MAA's signed with Government. That MAA is included as an accompanying document to this submission (shown at appendix 4); but in summary it is worth noting that the core principles behind the MAA are to address the need for:

- Appropriate resource allocation between policy priorities to leverage the maximum possible policy impact.
- Bespoke solutions at the right spatial level designed to meet the needs of individuals, communities and businesses.
- Collective action, aligning and co-commissioning resources where appropriate, to enable multi faceted problems to be more effectively addressed by central and local Government and local agencies.

across the following key policy areas or building blocks:-

- Developing a Greater Manchester Strategic Plan
- Reducing Worklessness
- Strengthening Our Skills Offer
- Achieving more for 14-19 year olds
- Accelerating Business Expansion to Generate Growth
- Enhancing Investment and Innovation
- Ensuring the City Region's Critical Infrastructure will sustain our Economic Growth
- Meeting the Housing Needs of a Competitive City Region

Secondly, AGMA authorities have pooled their sovereignty through the creation of three key agencies: -

- **The Commission for Economic Development, Employment and Skills (formerly Manchester Enterprises)**, the economic development agency for Greater Manchester, with a strategic remit to deliver economic growth and to improve the prosperity of local people; and responsible for economic analysis, economic development strategy formulation and implementation, and programme management.
- **MIDAS** Manchester's Investment Agency, offering extensive - and free -packages of advice and assistance for companies that want to do business in Greater Manchester.
- **Marketing Manchester** the Tourist Board for Greater Manchester

and to invite the private sector to play a key role in leading these GM-wide organisations.

Thirdly, joint delivery arrangements have already been put in place in a number of key policy areas. In many cases these involve all ten authorities; but where appropriate there are subsets of the ten operating in collaboration for the conurbation, including: -

- **Manchester Solutions**; an integrated delivery vehicle across Greater Manchester to support the growth of the local economy through the delivery of high quality services to young people, adults and businesses
- **Manchester Knowledge Capital**: a partnership of the public sector, universities and leading businesses aimed at building a highly competitive combination of knowledge assets in order to stimulate and increase business innovation from research, science and knowledge and the growth of a city-region environment which facilitates business success
- **New Growth Points** In July 2008, the Department for Communities and Local Government (CLG) announced that Greater Manchester was one of twenty New Growth Points for the delivery of additional housing in England. CLG has approved an overall final allocation for Greater Manchester of £12.5m for the period 2008/09 - 2010/11; the largest nationally. The programme will be overseen by the new AGMA Housing & Planning Commission, with delegated responsibility for delivery from the AGMA Executive Board
- **HMR Pathfinders** There are two Pathfinders within the conurbation; Manchester/Salford and Oldham/Rochdale. These play a significant role in the regeneration in two of the significant areas in the conurbation where rebuilding communities is necessary because unsuitable housing has become disconnected from the mainstream housing market

Fourthly, Greater Manchester already has a number of statutory bodies which operate co-terminus to the city regional level and who are all actively engaged in the development of the city region agenda :

- Greater Manchester Police Authority
- Greater Manchester Fire and Rescue Service
- Greater Manchester Passenger Transport Authority; and
- Greater Manchester Waste Disposal Authority

All these four bodies have associate status within AGMA's constitution and AGMA's Executive Board is involved in scrutinising and agreeing their annual financial budget plans.

Fifthly; and finally, we can point to a track record of effective decision making across the Policy areas where we collaborate at a Greater Manchester area.; and where hard choices have been necessary.

- *Manchester Airport Restructuring*: Owned by the 10 AGMA Authorities, AGMA has taken significant decisions over the past few years to move from a position where all authorities had a seat on the Airport Board to one where a private sector led board can provide the necessary leadership to attract investment and growth in one of the North's most significant infrastructure assets

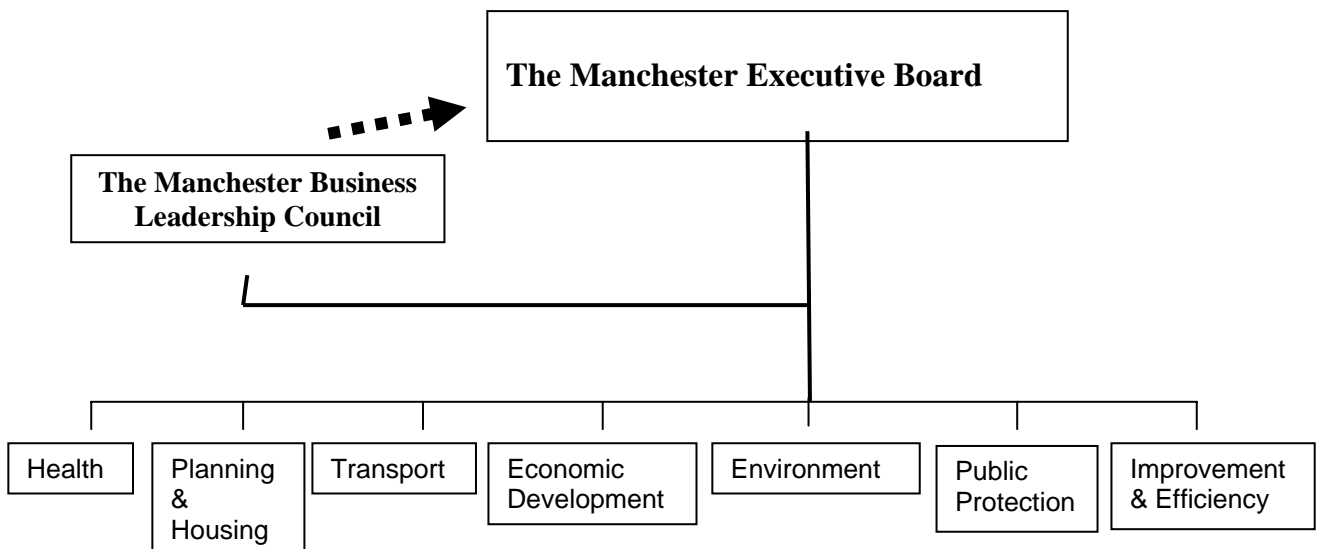
- *Waste Disposal Levy & Contract*: The 9 authorities in the Greater Manchester Waste Disposal Authority¹ have made significant changes in being able to pursue a PFI contract for £4.6b for waste disposal, not least in apportioning levy charges based on waste arising; which was to the detriment of several AGMA authorities.
- *Metrolink*: The ten authorities in Greater Manchester were united in pursuing the original development of the tram system in the conurbation; despite the fact that direct benefit was not shared equally across all ten.

In our view the recent process as regards the consideration of the TiF proposals was a sign of our strength as a conurbation..

R3b An effective mechanism for taking decisions at the city-regional level

We have already referred in section T2 to AGMA's new constitution and the governance arrangements we are putting in place. We believe them to show that we have already created the right context in which decisions can be taken collectively; but within the context of democratic accountability. This section sets out in more detail how we those arrangements are already starting to operate, which we see as a starting point for discussion with Government about the extent to which they are appropriate for statutory city region status.

To start with we show a diagram which illustrates, in fairly simple terms; how the AGMA system operates. We then deal with each of the key elements in turn.

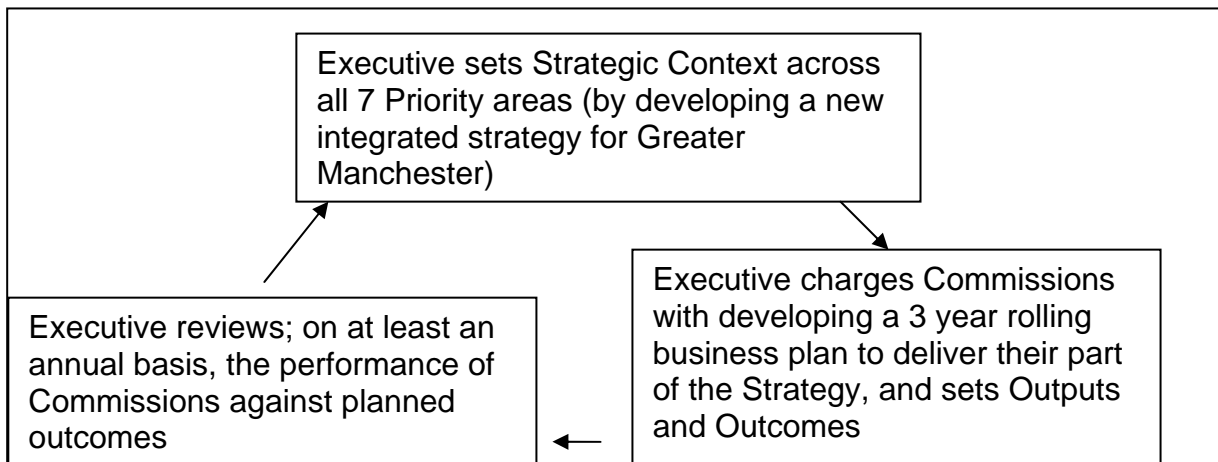


The Executive Board

The focal point and the 'figurehead' decision making body for sub regional governance in Greater Manchester will be an Executive Board formed of the ten Leaders of the ten local authorities within Greater Manchester. Power for the functions listed in Schedule 1 of the proposed new constitution ultimately rests with them. However, as is the case with all strategic boards they will need to delegate responsibility in specific areas where sub regional collaboration has been identified as necessary. Consequently a series of Commissions are being set up which will discharge the functions of the Executive Board,

¹ Wigan Council is a separate Waste Disposal Authority in its own right.

based on remits set by the Board. In diagrammatic terms the relationship between the Boards and the Commissions can be explained thus:-



The Executive Board:-

- has overall responsibility for developing and agreeing the integrated strategy, for Greater Manchester
- oversees the creation of the Commissions; who will have a level of delegated responsibility from the Executive Board for overseeing delivery and the development of more specific strategic work against the aims and objectives set out in the strategy, where this has been identified as an appropriate function for the sub regional level
- monitors the performance of these Commissions and other partners in delivery of the integrated strategy
- is the body with which Central Government 'sign off' any further MAA within Greater Manchester and which would be ultimately accountable for its delivery
- has overall budgetary and policy responsibility where devolution/delegation of functions within the Sub National Review will take place at a sub regional level. It may choose to delegate this role in some areas to individual Commissions (in particular Economic Development) but the overall constitutional responsibility should rest with the Executive Board
- has the power of appointment to Commissions and the Business Leadership Council (see below).

We see the AGMA Executive board as becoming the Economic Prosperity Board under any new statutory city region arrangements within Greater Manchester; but within the overall structure outlined in this section.

The Commissions

As far as the Commissions are concerned, AGMA's constitution does not specify how many there will be. This has been done deliberately in order to enable some flexibility in both the number of Commissions and the timing of establishing them. This is likely to be determined by a number of factors including priority of importance, capacity and the need to develop arrangements in the light of existing or planned legislation. The diagram at the start of this section anticipates the number of Commissions that will initially be set up; and their planned initial priorities are attached (see Appendix 5.)

In terms of membership each of the Commissions (except Improvement and Efficiency) will be formed of a mixture of elected members and representatives from other partners. Appointment will be by the Executive Board but in making these appointments the following principles will apply:-

- representation on the Commissions is in order to deliver the remit set by the Executive Board. Commission representatives are not there to represent specific geographical areas, political groups or sectoral interests, but to perform a role for the city region as a whole; and will be appointed based on skills and experience;
- Consequently, not every local authority will have a representative on each Commission (except Improvement and Efficiency);
- Seats will be shared out amongst all the local authorities as equally as possible. No local authority will have more than one seat on each Commission and seats will be allocated also taking into account political balance within Greater Manchester;
- The principle is that, with the exception of any Commission set up for Economic Development, that elected members should form a majority on any Commission.

Because under sections 101 & 102 of the 1972 Act a Joint Committee has no powers to delegate decision making to the type of 'hybrid' of elected members and others which the Commissions will be, decisions within the Commissions must be by agreement without the need for a vote. If agreement cannot be reached, the issue must be referred up to the Executive Board. We note that clause 85 (6) of the Local Democracy , Economic Development and Construction Bill attempts to address this problem; but are concerned that as currently drafted it may not facilitate the way in which we envisage our Commissions working.

It is envisaged that the private sector led Economic Commission will become the Employment and Skills Board for the City Region.

Business Leadership Council (BLC)

The reasoning behind the setting up of this element of the new arrangements very much follows that behind the setting up of the National Business Council by the Prime Minister in July 2007 (<http://www.number-10.gov.uk/output/Page12224.asp>). The intention is that this enables the Private Sector to have a clearly identified role within the new arrangements that would enable them to:-

- advise the Executive Board on its ongoing policies and priorities;
- conduct its own reviews on the areas it believes will determine the future economic well-being of the Manchester City Region; and
- where issues are particularly important, have the power to make recommendations directly to the Executive Board.

BLC members are drawn from

- CEO, Director or Board Chair level; with an ability to contribute at an appropriately strategic level,

- a representative cross section of business/industry sectors and sizes throughout the conurbation (including Higher Education)
- companies located across the conurbation, rather than being focused on one geographical area

(Current membership is show at Appendix 6)

Finally, it is important to distinguish between the Business Leadership Council and the private sector led Economic Development Commission. The Commission will have a specific remit for developing and managing sub regional work on aspects of Economic Development covered by the new arrangements and is answerable to the Executive Board. The BLC would not be restricted to Economic Development matters and is independent of the Executive Board. It acts in an advisory aspect to the Board, albeit the intention is that this should be significant.

Democratic Accountability and Scrutiny

Our arrangements have three specific elements in them that are aimed at ensuring that that there is a thread of democratic legitimacy running throughout

- that those elected members taking the decisions must be accountable for them within their own authority's scrutiny arrangements.
- that any of the ten 'sovereign' authorities have the opportunity to raise issues at the sub regional level or question decisions taken at that level; and
- that there should be separate independent scrutiny arrangements for the sub regional governance function, carried out by elected members drawn from across the ten authorities.

These arrangements are covered in more detail at appendix 7 to this submission.

Engaging with areas outside Greater Manchester

Since developing its ideas for enhanced city regional Government AGMA has been conscious of the need to engage with areas outside the conurbation. In 2007, at the start of the development of our new arrangements; a short statement was developed which was sent to all local authorities in the North West region, plus those which border Greater Manchester in Yorkshire and the East Midlands. The statement circulated and an analysis of the responses received is included at annex 8 to this report.

AGMA's new constitution already enables areas outside Greater Manchester to become associate members. So far; three authorities, Blackburn with Darwen, Blackpool and Warrington, have this status. The intention is to re-engage with these areas once there is more clarity on Greater Manchester's status within the Government's new proposals.

The Regional Perspective

AGMA has strong working relationships with both the NWDA and the new Regional Leaders' Forum. As far as the RDA is concerned the inclusion of RDA officials in the Wider Leadership group when appropriate has already been referred to. On a more detailed level RDA officers will be involved in supporting the development of the new Greater Manchester Strategy; particularly as one aim behind the strategy's production is to be a significant element in and influencer of the shape of the new statutory Regional Strategy for North West England.

It is also worth noting that, in the past, RDA officials have been closely involved in delving the ideas around AGMA's new governance arrangements and on occasions have accompanied elected members and officers from Greater Manchester when meeting Ministers on this issue.

The North West was the forerunner region in terms of setting up a Board which has now become the Regional Leaders' Forum. Greater Manchester has three members of its Executive Board on the Regional Leaders' Forum in the North West (known as 4NW) enabling there to be a direct democratic link between the regional and sub regional processes.

Appendices

1. AGMA constitution
2. Issues identified for initial negotiation on pilot city region status
3. Overview of MIER
4. The Manchester Multi Area Agreement – Our City Region Proposal to Government June 2008
5. Commissions: Initial planned priorities
6. Membership of Business Leadership Council
7. Accountability/scrutiny within AGMA
8. Statement issued on City Region proposals in March 2007 and responses received.