

EXPLANATORY MEMORANDUM TO
THE GREATER MANCHESTER (COMBINED AUTHORITY) ORDER 2011

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. **Purpose of the instrument**

To establish a combined authority in Greater Manchester to exercise economic development and regeneration and transport functions. The authority will consist of 10 'constituent councils' – the metropolitan district councils for 10 local government areas.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

None

4. **Legislative Context**

4.1 Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) provides for the establishment of combined authorities. These are new sub-regional structures controlled by their members, the majority of whom must be elected members of the constituent local authorities. They are corporate bodies with their own legal identity and able to take on economic development, regeneration and transport functions. Under the Local Government Act 1972 and the Local Government Act 2000, local authorities have the power to delegate to joint committees. This means that in joint arrangements managed by a joint committee, the co-operating local authorities are expected to function jointly over the whole of their areas or such parts as they agree. A combined authority goes further than a joint committee in that it would be a separate legal entity with its own legal personality and it would be able to carry out statutory functions (such as the functions of an integrated transport authority) in its own right.

4.2 In July 2009 the Association of Greater Manchester Authorities (AGMA) carried out a review of transport governance for Greater Manchester under section 82 of the Local Transport Act 2008. This was followed by a review under section 108 of the 2009 Act on the effectiveness and efficiency of transport and arrangements to promote economic development and regeneration within Greater Manchester. This review concluded that the governance arrangements across Greater Manchester are sub-optimal for improving its economic performance and a combined authority should be established. Following recommendations by AGMA, the 10 local authorities for Greater Manchester published a scheme for the establishment of a Greater Manchester combined authority under section 109(2) of the 2009 Act and section 82(5) of the Local Transport Act 2008 (the LTA 2008).

4.3 Under AGMA's scheme the new combined authority would take over responsibility for coordinating economic development and regeneration and transport provision across Greater Manchester. All the functions of the Greater Manchester Integrated Transport Authority (the ITA) would be transferred to the combined authority and the transport authority would be dissolved. The Government consulted on the establishment of such a body in accordance with the requirements of section 110(2) of the 2009 Act and section 92(4) of the LTA 2008 from 31 March to 14 July 2010.

4.4 Before establishing a combined authority, the Secretary of State is required under section 110(1) of the 2009 Act to consider whether doing so would be likely to improve:

- 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
- economic conditions in the area.

Under section 110(4) of the 2009 Act, the Secretary of State is also required to have regard to the need:

- to reflect the identities and interests of local communities, and
- to secure effective and convenient local government

4.5 The Department for Communities and Local Government and the Department for Transport decided in November 2010 to make an order to establish a combined authority for Greater Manchester. This will be the first combined authority created under the new legislation.

4.6 Further background information can be found in the consultation document 'Proposal to establish a combined authority for Greater Manchester' - <http://www.communities.gov.uk/documents/localgovernment/pdf/1526224.pdf> .

5. Territorial Extent and Application

This instrument applies to England (although it will only affect Greater Manchester).

6. European Convention on Human Rights

The Parliamentary Under Secretary of State Bob Neill has made the following statement regarding Human Rights:

In my view the provisions of the Greater Manchester (Combined Authority) Order 2011 are compatible with the Convention rights.

7. Policy background

- 7.1 Part 6 of the 2009 Act provides for the establishment of combined authorities. These are new sub-regional structures controlled by their members, the majority of whom must be elected members of the constituent local authorities. By establishing a combined authority a group of local authorities will be able to create a sub-regional body with legal personality that can act across their combined area. This body will be able to take on functions and responsibilities for economic development, regeneration and transport.
- 7.2 Combined authorities are designed for groups of local authorities that wish to work closely together to deliver improvements in economic development, regeneration and transport across a wider area. They are intended to support improved strategic decision making on economic issues, and better co-ordination and delivery of economic development interventions by local authorities and public transport provision.
- 7.3 AGMA have undertaken a governance review under section 108 of the 2009 Act. Through this review they have concluded that the existing non-statutory governance arrangements for Greater Manchester are not optimal for economic development, regeneration and transport. They have also concluded that establishing a combined authority for Greater Manchester would improve the delivery of economic and regeneration interventions and transport provision, which would translate into improved economic performance.

8. Consultation outcome

- 8.1 The Government consulted on the establishment of the proposed Greater Manchester combined authority in accordance with the requirements of section 110(2) of the 2009 Act and section 92(4) of the LTA 2008 from 31 March to 14 July 2010. The Government received 106 responses – 94 of these were in favour of the establishment of the combined authority and 12 objected. Amongst those that objected, their key concerns were the concentration of power within the leaders of the ten local authorities and the distancing of power away from the public. The establishment of a combined authority will provide a single body responsible for leading collaboration between the Greater Manchester local authorities on economic development, regeneration and transport. The Government is therefore of the view that it will provide more visible and transparent leadership at this level and strengthen accountability.
- 8.2 The councils for the metropolitan districts who are to be the constituent councils of the combined authority have all consented to the making of this order.

9. Guidance

The Department for Communities and Local Government has published draft statutory guidance on economic prosperity boards and combined authorities.

10. Impact

10.1 The impact on business, charities or voluntary bodies is expected to be negligible.

10.2 The establishment of the combined authority is likely to lead to very modest start up costs for the public sector. Longer term the combined authority should lead to operational efficiencies that could lead to reduced costs.

10.3 An Impact Assessment has not been prepared for this instrument because no impact on the private or voluntary sector is foreseen.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring & review

12.1 The combined authority and its constituent local authorities will undertake a joint review of the combined arrangements pursuant to section 111 of the Local Democracy, Economic Development and Construction Act 2009. This will be commenced either on the fifth anniversary of the establishment of the combined authority or immediately after notice is given by a constituent local authority requesting a joint review, provided that such notice is not given before the third anniversary of the commencement date.

12.2 If one or more of the authorities undertaking this review conclude that an amending order should be made to improve:

- 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
- economic conditions in the area

They may prepare and publish a scheme under section 112 of the 2009 Act, and the order may be amended accordingly.

13. Contact

Colin Lovegrove at the Department for Communities and Local Government Tel: 030344-43147 or email: colin.lovegrove@communities.gsi.gov.uk can answer any queries regarding the instrument.