Devolution for Greater Manchester

Devolution of powers to Greater Manchester

The ten Greater Manchester district councils\(^1\) have a long and unrivalled history of collaboration, characterised by consistent leadership and hard work over many years. In 2011, the Greater Manchester Combined Authority (GMCA) was established to provide strong and effective governance, with responsibilities and powers covering the transport-related functions and a remit in relation to economic development and regeneration. GM also has developed a highly effective partnership with business leaders through its Local Enterprise Partnership and Business Leadership Council, ensuring that they are able to play a full part in helping shape the strategic direction of GM. There is no equivalent comprehensive partnership model to be found anywhere in the country. GM's work is guided by the Greater Manchester Strategy: Stronger Together and the Growth and Reform Plan, whose priorities have been jointly agreed by the GMCA and GM LEP.

GM's achievements have been significant and far outstrip those achieved elsewhere, and include a far sighted approach to public sector reform; the establishment of a range of investment models including Evergreen and the Greater Manchester Transport Fund; securing oversight of Transpennine and Northern Rail franchises through Rail North; devolved responsibility for the allocation of Regional Growth Funding and the Growing Places Fund; the designation of Airport City as an Enterprise Zone; and the creation of the Greater Manchester Growth Company, where all key economic development functions are located in one place.

In November 2014, the GMCA agreed its first Devolution Agreement with Government which devolved significant powers and responsibilities to Greater Manchester, including those in relation to transport, housing, business support, employment and skills. These powers will drive economic growth and reform public services to the benefit of people who live and work in Greater Manchester. The Devolution Agreement required GM to strengthen its governance and in particular leadership and executive capacity. The first stage was to appoint an Interim Mayor. The GMCA appointed Tony Lloyd to this role and he formally took office in June 2015. The Interim Mayor is responsible for chairing the GMCA and provides the additional capacity and leadership needed to deliver Greater Manchester's ambitious growth and reform agenda until a directly elected Mayor is in place. Tony is also the Police and Crime Commissioner for Greater Manchester and he will continue in this role until 2017.

Since November's agreement further powers have been devolved to GM including the signing of a Health and Social Care Memorandum of Understanding (MoU) between the ten GM districts, the GM Clinical Commissioning Groups and NHS England in February 2015. This will ensure the greatest and fastest possible improvement to the health and wellbeing of GM, by devolving control of the existing resources of around £6bn to GM by 2016. The scope of MoU is comprehensive, involving the whole health and social care system (including: acute care; primary

\(^1\) Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan.
care; community services; mental health services; social care; public health; health education; and research and development).

Attached below are two reports providing more detail on devolution that have been agreed by the Combined Authority.
PURPOSE OF REPORT

This report sets out proposals for a staged approach to the evolution of Greater Manchester (GM) governance arrangements, in return for the devolution of significant additional functional and fiscal responsibilities by Government.

It seeks GMCA formal endorsement of a Devolution Agreement which has been negotiated between the Government and the GMCA which sets out the additional powers and responsibilities which will be transferred to GM in return for governance changes – involving an Appointed Mayor as the lead member of the GMCA and a directly elected Mayor as part of a Cabinet of Leaders through new legislation.

RECOMMENDATIONS

1. To endorse the following principles which have guided GM’s approach to governance changes and its approach to devolution.
GM should continue to position itself at the forefront of the debate about fiscal and functional devolution given the ambitions it has to continue to grow the GM economy and to reform public services. GM should be at the heart of the economic revival of the North of England to remain key to re-balancing the national economy.

GM's ultimate ambition should be to exercise significant influence, if not control, over all public spending in Greater Manchester which currently is estimated at £22bn per annum. The focus of this policy approach should be on responsibilities being assumed from National Government to enable local government and local members to be better able to discharge their existing functions. It is accepted however that this overall ambition will take some years to achieve.

In this context, a Road Map is required to enable new functions and fiscal responsibilities to be transferred from National Government for discharge at GM level building upon the existing Combined Authority model which has a track record of achievement in GM.

New arrangements are proposed to strengthen the relationships between local authorities and the GMCA, and between the GMCA and Chief Executives. An agreed set of governance protocols set out the core relationship between the GMCA, local authorities and partners: what the GMCA does for localities and what local authorities bring to the GMCA and AGMA.

Governance change is also necessary if GM is to achieve its devolution ambitions. It is right that if we are to become responsible for more national functions and resources there must be direct accountability for the way these new responsibilities are discharged. It is also the case that if we are to commence the delivery of a Road Map we need additional political and executive capacity to embrace new opportunities now which are possible without new legislation.

In return for significant additional responsibilities GM should move as soon as possible to a full-time appointed Mayor becoming the 11th member of the GMCA and the development of the Cabinet model involving all Leaders with clear portfolio responsibilities. This will require delegation of appropriate powers to the full-time appointed Mayor and to Portfolio Leaders to underpin accountability and efficiency. It will also require the appointment of a full-time Head of Paid Service, in addition to full-time Section 151 and Monitoring Officers.
• In return for legislation in the next Parliament on new functional responsibilities and access to resources, GM should commit itself to a directly elected Mayor who will Chair the CA and a Cabinet including 10 Leaders with portfolio responsibilities. This will require new powers to the directly elected Mayor and other powers to the GMCA.

• This evolutionary approach will enable GM to strengthen leadership and executive capacity in the quickest possible time, absorb the potential for enhanced responsibilities in the short term and create the platform for maximum devolution over time.

2. To endorse the Greater Manchester Agreement: Devolution to the GMCA and the transition to a directly elected Mayor (see Annex B – to be tabled) which sets out the additional powers and responsibilities (and budgets) which will be delivered by Government in return for the governance changes GM will be obliged to deliver.

3. To invite all GM authorities, the GM LEP and the BLC to submit comments on the above principles and the Devolution Agreement by the 15th January 2015.

4. To authorise the Head of Paid Service, in conjunction with Wider Leadership Team, to bring back a further report at the end of January 2015 on the comments received and to enable the GMCA to finalise more detailed proposals, which will be the subject of a public consultation and submission to the Secretary of State seeking his support for the laying of the necessary Orders to give effect to the transitional arrangements as soon as possible.

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1. BACKGROUND AND INTRODUCTION

1.1 The ten Greater Manchester district councils have a long and unrivalled history of collaboration, characterised by consistent leadership and hard work over many years. Following the abolition of the Greater Manchester Council in the 1980s, the district councils established the Association of Greater Manchester Authorities, a non-statutory body, with the aim of securing collaboration and joint working on pan-GM issues. In April 2011, the Greater Manchester Combined Authority was established to provide strong and effective governance, with responsibilities and powers covering the transport-related functions previously administered by the Greater Manchester Integrated Transport Authority and a remit in relation to economic development and regeneration.

1.2 There has been a seamless transition from a "voluntary" federation of 10 local authorities to a formal integrated governance arrangement through the Combined Authority: current GMCA arrangements have developed from the "bottom up", continually evolving over time to meet the needs of the GM agenda as they have developed. As well as ensuring that our governance arrangements remain robust and fit for purpose, this bottom up evolution has also ensured ownership and commitment from all constituent members.

1.3 Through this approach we have worked out what functions are best delivered at GM level and what functions are best delivered at individual local authority level. We have also been able to develop a highly effective partnership with business leaders, ensuring that they are able to play a full part in helping shape the strategic direction of GM, and to assume direct responsibility within an accountable framework for overseeing the delivery of key growth functions. There is no equivalent comprehensive partnership model to be found anywhere in the country.

1.4 Our achievements have been significant and far outstrip those achieved elsewhere, including London, and include a far sighted approach to public sector reform; the establishment of a range of investment models including Evergreen and the Greater Manchester Transport Fund; securing oversight of Transpennine and Northern Rail franchises through Rail North; devolved responsibility for the allocation of Regional Growth Funding and the Growing Places Fund; the designation of Airport City as an Enterprise Zone; and the
creation of the Greater Manchester Growth Company, where all key economic development functions are located in one place.

1.5 However, as Leaders have recognised, our comparative success is outstripping our capacity to deliver more, a constraint that applies as much to executive capacity as it does to the capacity of Leaders. This is brought into sharp focus by the debate about devolution.

2. THE CASE FOR CHANGE

2.1 Greater Manchester is at the forefront of the national debate on devolution. Our priorities around growth and reform are widely recognised to be distinctive, evidenced and wholly appropriate for the long term success of the area. We are one of a few economic geographies capable of becoming a national engine of growth for the UK (Greater Manchester is fundamental to the success of the North of England) and in doing so, become a net contributor to the UK economy. Our overall ambition is to develop a new “place-based” partnership with Government over the lifetime of the next parliament and beyond to secure significant influence, if not control, over all public spending in GM.

2.2 We know that the current system is not functioning as effectively as it could due to an over-centralised system of governance and an over-emphasis on national delivery models that don’t deliver the outcomes required at a local level. Examples of the failures created by the current system include:

- a mismatch between the supply of skills and the needs of employers, which continues to hamper growth in GM;
- fragmented, inefficient and poorly sequenced public services, which will leave too many of our people trapped in a cycle of dependency, unable to access and progress through work to meet their potential and lead more productive and fulfilling lives, unless we are able to drastically scale up our work to address complex dependency;
- the challenges faced in joining up national, local, public and private business support, despite the strength of GM’s business support infrastructure, meaning that our businesses still struggle to access the right support, at the right time to help them grow and innovate;
- the inability of the public sector to unlock the potential of sites for development meaning that the supply of new housing is running well below the roughly 10,000 new homes per annum that various forecasts suggest we need to meet demand;
• hugely fragmented structures and an inability to access the resources required to pump prime the investment in primary and community facilities required to enable the reconfiguration of health and social care services, seriously hampering our efforts to stabilise the health and social care system for the long-term;
• falling bus patronage despite a reduction in the proportion of trips made by car, due to a de-regulated system with on-road competition for routes that constrains our ability to market bus services as a consistent alternative to travelling by car and limits our ability to utilise revenues to meet the objectives of our sustainable transport strategy; and
• the determination of priorities for our strategic road network at a national level or through Highways Agency channels that fail to fully take account of local economic priorities or wider local consequences.

2.3 Maximising growth and reducing the total cost of delivering public services cannot be led at a national level: full service redesign and integration at locality level is required to drive productivity and improve outcomes for our people, encouraging greater self-sufficiency and stemming the demand for reactive public services.

2.4 However, under present governance arrangements it would be difficult to sustain a significant increase in powers and functions, and any significant increase in accounting responsibilities for public funding which are fundamental to realising our ambitions. In shaping our response to this challenge we need to address a range of issues: not only about how we present ourselves to Governments now and in the future, but also how we engage our own local authorities and other stakeholders whose confidence in what we want to do will be crucial to a successful outcome.

2.5 Equally, the more power that we assume, and the more responsibilities that we are able to discharge will bring into sharper focus how we make decisions to support all parts of GM as part of a successful place - and in particular how towns and neighbourhoods throughout GM can access the necessary investment so that people want to live and work there. The most influential manifestation of this requirement will be the GM Spatial Framework which Leaders have agreed should become a Statutory Plan to guide investment and planning decisions over the next decade. It will be important that this Spatial Framework not only identifies the investment opportunities which the market demands but also the comprehensive interventions which are required to ensure that all places have the opportunity to prosper. Such a Framework will be a pre-requisite to the effective execution of a new constitutional settlement between GM and the Government on the one hand, and between the GMCA and the individual local authorities on the other.
2.6 It is also the case that GM could use the development of GM Spatial Framework as the platform for serious engagement with neighbouring local authorities and LEPs. This could foster collaboration between the GMCA and the neighbouring authorities who wish to strengthen working relationships with GM. This would not of course involve any extension of the geographical spread of the GM governance model.

3. A ROADMAP TO DEVOLUTION

3.1 We recognise that full devolution of the £22 billion of GM public spending will take time to happen, possibly many years, and that a staged approach to devolution is required. A “Road Map” is proposed that sees both functions and resources for public services devolved in a staged manner commensurate with both our capacity to assume democratic accountability over such functions and the pace of the legislative changes required to enable GM to be sustainable financially and economically successful. We must work with Government now and in the future to deliver the best possible deal for GM and all those who live and work in the area.

3.2 The approach we are seeking to take will require new models of financing public services and infrastructure where in return for control and access to resources, we will be able and willing to share risks and rewards within an accountable framework.

3.3 It will also require new powers across the board: the power to borrow for all GMCA functions (not just transport), to raise revenue and the capability to reclaim VAT; new powers on work and skills; new strategic planning and transport powers including those over regional rail services, buses and motorways; powers in relation to health and social care, housing, business support, trade and investment, and the integration of other GM statutory services, such as Police, Fire and Rescue, waste disposal etc.

3.4 Whilst new legislation will be required to realise our ambitions, there are opportunities to move towards them by significantly enhancing our responsibilities in the short term. We need access to additional resources to support our transport and housing ambitions in particular, and early access to a greater range of interventions to address some of the failures of the current
system in relation to skills provision, addressing complex dependency, the provision of business support services, the reform of health and social care services. Progress in these terms is possible with changes to national policy and without legislative change and will enable GM to drive its competitiveness and productivity, delivering the maximum impact within the shortest possible time and providing early wins for both Greater Manchester and Government.

4. GOVERNANCE: A STAGED APPROACH TO CHANGE

4.1 In line with the implementation of a “Roadmap to Reform” we need a staged approach to the evolution of GM governance arrangements.

4.2 If we are to secure greater levels of influence and control over new responsibilities and resources, Parliament will demand some form of directly elected leadership at GM level. This requirement will never change: without it we will not pass the test of direct accountability for what are now central government functions.

4.3 The London Mayoral model has been promoted by successive Governments. However, such a model will not work in GM because it will not promote an integrated approach to growth and reform. Whilst the London model is highly visible to the electorate, particularly in relation to the growth and transport agenda, it does not address issues of reform: in fact the London Mayoral model would make securing efficiencies and improving outcomes at the scale and pace sought by Greater Manchester much more difficult. A two tier approach is fragmented and prone to inefficiencies and tensions which are rarely if ever resolved. Reform must be delivered at a district level, but collaboration at GM level is critical to give the scale and capacity to commission and account for such reforms. Changes to GM governance arrangements must be designed to ensure that growth and reform can be delivered hand in hand, and that the ownership and commitment from all constituent members that has characterised GM governance arrangements from the outset is retained. Indeed, if London is to take on the reform agenda effectively, its own governance arrangements will need to change to ensure that the needs and aspirations of the 33 London boroughs can be met. The GM model of governance is likely to become a benchmark for the whole of England and beyond.
4.4 The recent development of a set of governance protocols for the GMCA continues this process of collaboration and innovation within GM. The protocols set out the core relationship between the GMCA, local authorities and partners: what the GMCA does for localities and what local authorities bring to the GMCA and AGMA. A key objective of these protocols is to widen and strengthen the level of participation amongst local members by ensuring that they understand what the GMCA and AGMA is delivering for their locality as well as how they can contribute to the delivery of GM priorities. These protocols are attached at Annex A to this report.

4.5 A new governance model must build on this process of collaboration and innovation so it is therefore essential that we develop our own proposal for a model that works for Greater Manchester. This should be evolutionary and build on the strengths of the existing Combined Authority and should include the following steps:

- **Step 1**: a full-time appointed Mayor of the GMCA, linked to the devolution of significant additional responsibilities by Government. The appointed Mayor would become the 11th member of the GMCA, supported by a Cabinet involving all Leaders with clear portfolio responsibilities. This will require the delegation of appropriate powers to the full-time appointed Mayor and to Portfolio Leaders to underpin accountability and efficiency. Such delegations will respect the protocols between GM and the local authorities. It will also require the appointment of a full-time Head of Paid Service, in addition to full time S 151 and Monitoring Officers;

- **Step 2**: the appointment of a directly elected Mayor, linked to legislation in the next Parliament devolving significant new functional and resourcing responsibilities to Greater Manchester. This will require the devolution of new powers to the directly elected Mayor and other powers to the GMCA;

- **Step 3**: increasing levels of control over all public spending in GM, currently estimated to be £22 billion, with responsibilities being assumed from national Government to enable local government and local members to better discharge their existing functions.

4.6 **Step 1** would depend upon formal consultations and a change to the Statutory Order which set up the GMCA, with implementation proposed next year. **Steps 2 and beyond** would require new legislation in the next Parliament and beyond.
4.7 This evolutionary approach would enable Greater Manchester to strengthen leadership and executive capacity in the quickest possible time, absorb the potential for enhanced responsibilities in the short term and create the necessary platform for full devolution over time. Crucially it will maintain an integrated approach to governance at all levels.

5. SUMMARY OF DEVOLUTION AGREEMENT

5.1 Over the past few months GMCA Officers and HMT have jointly discussed the willingness of both parties to explore support for early reform and devolution in return for governance changes. The framework for governance change would of course be based on the principles described earlier in this report. Local Authorities in GM would retain all of their existing powers; GM will be required to build on and extend the role of the Combined Authority to which existing functions will be devolved; and GM will be required to introduce a new Elected Mayor who will work as part of the Combined Authority with responsibility for new devolved powers and resources. Because new legislation will be required to introduce a new GM directly Elected Mayor with new powers to this position and other new powers to the GMCA, there will be a transitional phase where GM will create an Appointed Mayor as soon as possible (after consultation and a new Statutory Order) as the 11th member of the GMCA.

5.2 On the 3rd November a Devolution Agreement, New Powers to GMCA and Transition to an Elected Mayor for GM was signed by Leaders and the Chancellor of the Exchequer on behalf of the Government. A full copy of this Agreement appears in Annex B (to be tabled).

5.3 This Agreement records commitments that Government will bring forward legislation to create the role of a directly elected Mayor (which will also take on the role of the directly elected Police and Crime Commissioner) which it is anticipated will be in place by 2017. The Mayor will Chair the GMCA and the Cabinet with the 10 Leaders having portfolios of responsibilities allocated by the Mayor. Devolution of some new responsibilities which is possible without new legislation will be passed to the GMCA now and the rest of the powers, funding for large strategic projects post 2016/17 and future funding from the revised Earnback deal etc, will be conditional on GM implementing the City Region model.
5.4. There is also the opportunity to agree further devolution in the months and years ahead which is important for GM's long term ambition to exercise more influence if not control over all public spending in GM and to see significant levels of fiscal devolution to GM. Although the present Agreement does not cover the more complex issue of fiscal devolution, this is an area where GM working with others will develop proposals for discussion with Government which could begin to be implemented in the life of the next Parliament. The new powers of the directly-elected Mayor and the GMCA are shown in Annex B (to be tabled) and summarised in paragraphs 5.6 and 5.7.

5.5. The Devolution Agreement will bring decisions closer to the places where they matter and will make a difference to people's lives by driving economic growth and improving the way that services are delivered for all those who live and work in GM. It includes the following components:-

**Earnback**

A revised "Earnback" deal which enables GM to retain a greater proportion of the additional tax revenue that will be generated as a result of local investment in infrastructure. The complex formula will be removed in order to give GM more control and certainty over the future funding stream. This deal is worth £900m over 30 years and will allow GM to deliver the Trafford Park Metrolink Extension.

**Transport**

Responsibility for a devolved and joined-up transport budget with a multi-year settlement to be agreed at the next Spending Review. Other powers will include responsibility for re-regulated bus services (through franchising including powers over fares, routes, frequency and ticketing), the ability to shape local rail station policy and development across GM and the introduction of integrated ticketing across all modes of local transport. The Agreement will also bring better joint working with the Highways Agency to determine shared priorities for GM's strategic and key road networks that take account of both local and national priorities.

**Skills**
Powers to address the mismatch between the supply of skills and the needs of business to ensure that people have the skills required to fulfil business needs today and (through access to the Apprenticeship Grants) provide the talent for the future forecasted growth industries in GM. This will include working with Government and its agencies through a re-commissioning process to reshape and restructure further education provision within GM by incentivising (including the ability to influence appropriate pricing mechanisms) skills providers to match their educational offer to the skills needs of GM.

Business Support

Current business support arrangements make it difficult to join-up national, local, public and private business support services- meaning that businesses struggle to access the right support at the right time to help them grow and innovate. The Agreement will give GM the responsibility for business support budgets across GM, including Growth Accelerator, Manufacturing Advice Services and UKTI Export Advice, providing a fully integrated service.

Housing

The Agreement includes the creation of a £300m Housing Investment Fund to accelerate the delivery of housing in GM to provide up to 15,000 additional homes over 10 years. The Fund will be recyclable. It will generate a return on investment that can then be re-invested, maximising the impact of the Fund.

Planning

GM will be given the power to create a Statutory Spatial Framework for the City Region. This reinforces the approach already taken by GM. We are already consulting on a Spatial Framework to enable us manage demand in the most effective way to maximise our growth and development potential.

Public Service Reform: Complex Dependency
Fragmented, inefficient and poorly sequenced public services leave too many people trapped in a cycle of dependency, unable to access and progress through work and improve their lives. The Agreement will enable the scaling up of the work already being done to address complex dependency and help 50,000 people who have struggled to find work get into jobs. GM will become a co-commissioner for the next phase of the Work Programme. Proposals for a new pilot will also be developed what will focus on helping over 55 year olds with long term health conditions back into work.

Public Sector Reform: Early Years

A further Early Years Pilot will see Government working with GM to improve the school readiness and attainment of children ensuring they are given the best possible start in life.

Public Service Reform: Health and Social Care

The Agreement promotes the development of an integrated health and social care strategy through pooling health and social care budgets across GM to reduce the pressure on A&E and avoid hospital stays. A Business Plan will be produced working with NHS Stakeholders and in agreement with GM Commissioning Groups to facilitate an acceleration in joining-up services and the provision of new primary and community facilities.

Governance

5.6. The GMCA will remain responsible, and receive additional powers, for Business Support, Skills, Complex Dependency, and Health and Social Care. On public service issues the GMCA members and the Mayor will each have one vote, and policy will be agreed by a majority vote.

5.7. The directly-elected Mayor will be responsible for the new powers in relation to transport, planning, housing and policing although will be required to
consult the GMCA Cabinet on his/her strategies, which the Cabinet may reject if two thirds of members agree to do so. The GMCA Cabinet will also examine the Mayor's spending plans and will be able to amend those plans again if two-thirds of members agree to do so. The Statutory Spatial Framework will require the approval by a unanimous vote of the Cabinet (ie all 10 Leaders).

5.8. The Agreement also provides for the Mayor and the GMCA Cabinet to be scrutinised and held to account by the GM Scrutiny Pool.

Next Steps

5.9. The changes to governance described in this report and the Devolution Agreement requires the endorsement of individual local authorities. This is provided for within the Agreement. It is proposed that local authorities consider these proposals over the next few weeks and respond with their comments by the 15th January, 2015. A report will be submitted to the GMCA at the end of January, 2015. This will trigger a local governance review as required by legislation, the submission of a scheme to the Secretary of State and then approval of a revised Order by both Houses of Parliament. This formal process is required to give effect to the transitional arrangements and the creation of the appointed Mayor as the 11th member of the GMCA.

5.10. Over the coming weeks Officers will work with HM Treasury Officials in particular to prepare an Implementation Plan. Work will also be undertaken on constitutional arrangements enabling the Appointed Mayor and Portfolio Leaders to discharge their responsibilities efficiently and in ways which promote accountability. Both these matters will be the subject of reports to the GMCA at the end of January for consultation.

6. CONCLUSIONS

6.1. GM has developed a credible positioning within local and central government on how things can be best done in meeting the challenges for City Regions and re-balancing the UK economy. An Agreement has been reached with Government which in return for governance changes perhaps the most
significant switch in power and responsibilities from the Centre to a local area in modern times will be achieved. All of this is possible with all existing powers of local authorities remaining unchanged, and a Mayoral Model which is part of the GMCA and a Cabinet of Leaders, thus preserving the integrated approach to governance which GM has worked hard to develop. Safeguards have been built into the arrangements to protect the interests of all local authorities on planning, with associated accountability of the Mayor to the Cabinet on Mayoral spending and policies, and with new powers to the GMCA. The present arrangements on Scrutiny will also be safeguarded holding both the GMCA and the Mayor to account for all decisions which are taken. The overall arrangements are fundamentally different than the London Mayoral model; indeed endorsement of the proposals in this report will see significantly more powers devolved to GM than is currently the case in London.

6.2. Detailed recommendations appear at the front of this report.

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HEAD OF PAID SERVICE
GMCA
ANNEX A: GOVERNANCE PROTOCOLS

1. INTRODUCTION

1.1 The development of an agreed set of governance protocols for the CA continues the long track record of collaboration and innovation within GM. The key aim is for the protocols to set out the core relationship between the GMCA, AGMA, local authorities and partners, ensuring that this is fit for purpose going forward. As such they cover the benefits that local authorities can expect as we move towards greater devolution and ensure that we are well placed to implement any new measures likely to be announced in the autumn statement or in a new Comprehensive Spending Review following a General Election. A further aim is to generate savings to local authorities by ensuring that resources (both financial and the time of Leaders and officers) are used efficiently and in a way that delivers maximum impact against GM’s agreed priorities.

1.2 The protocols also set out the support that local authorities can expect to receive from the Public Service Reform (PSR) Centre of Excellence. They are an opportunity for GM local authorities and partners to clarify the relationship with the GMCA and AGMA, ensuring that the GMCA and AGMA remain accountable and effective.

2. RATIONALE

2.1 Protocols bring a number of shared benefits to individual local authorities, partners and the GMCA:

- Democratic accountability: the protocols should ensure that the roles and responsibilities of the GMCA, AGMA and local authorities and partners are clearly understood and transparent, with arrangements in place to ensure there are appropriate mechanisms for local authorities to hold the GMCA and AGMA to account, as well as to hold each other to account, for delivery of GM priorities;
• **Capacity to deliver the GM Strategy and its Growth and Reform agenda:** the protocols should clarify the leadership role required at the GM scale in order to deliver the aspirations of the GM Strategy, as well as how this leadership role can be best applied;

• **Place Based Governance/Culture:** protocols should help to clarify and define the leadership role required at the local level to deliver the aspirations of the GM Strategy, as well as strengthen and support this within individual districts;

• **Practicability and efficiency:** protocols should minimise administration costs by streamlining arrangements and making the most efficient use of financial resources as well as use Leaders' and officers' time most efficiently. This means the minimum number of meetings and enabling Leaders and Chief Executives to focus their activity around mutually agreed roles for delivering GM priorities; and

• **Engagement:** protocols should widen and strengthen the level of participation amongst individual local authorities and partners by ensuring members understand what GM is delivering for their locality as well how they can contribute to GM priorities.

2.3 Whilst opportunities for growth and jobs will be generated at a GM level, the PSR agenda will (in the main) be delivered at district level. However, local authorities will only be able to generate the resources and influence they need to effect reform by working together, and it is essential that the protocols empower them to do this and fulfil their place-shaping role. The protocols are therefore intended to guide the working relationships, understanding and commitment between the GMCA and AGMA and the local authorities and their partners.

3. **ROLE AND OPERATION**

3.1 For the GMCA and AGMA and the ten local authorities, a key driver for developing a set of protocols is the need to ensure that the objectives of the GM Strategy, Stronger Together, are delivered. As such, the protocols have been designed to cover both the growth and reform policy agenda as well as the leadership and investment that are required to move these issues forward at the GM and district scale.
3.2 The protocols define:

- the core of the relationship between the GMCA and AGMA and individual local authorities and partners – what the CA and AGMA does for localities and what local authorities bring to the CA and AGMA;
- agreements on investment and development funds for growth and reform;
- how local authorities will provide leadership for GM – the roles of Leaders, Mayors and Chief Executives;
- how Leaders and Chief Execs will provide leadership and capacity for place-based partnerships;
- agreements to share knowledge and intelligence within districts and within GM as well as a commitment to workforce development; and
- commitment to a GM framework of outcomes.

4. PROTOCOLS

4.1 The following sections set out a series of protocols around the headings:

- **Governance and Leadership:** defining the critical roles of individual Leaders and Chief Executives in leading and managing the GMCA and AGMA as well as leading on GM priorities within their own localities;
- **Reform and Growth:** defining how the GMCA, AGMA and individual local authorities and partners work together to deliver the priorities of the GM Strategy; and
- **Investment and Finance:** clarifying how the GMCA, AGMA and individual local authorities will focus investment to pursue our growth and reform agenda.

4.2 **Governance and Leadership protocol**

**Roles of GMCA and AGMA:** the following commitments to local authorities will be made by the GMCA and AGMA. The GMCA and AGMA will:

a) represent and act on behalf all local authorities in negotiations with central Government Departments on the growth and reform priorities set out in the GM Strategy and Growth and Reform Plan;

b) develop GM wide programmes for growth and reform, with the GMCA and
AGMA brokering risk and reward with Whitehall so that benefits can be passed through to all ten local authority areas;
c) develop internally agreed programmes within GM, with a combination of common core elements and discretion around how individual local authorities commit to other elements in terms of pace and scale;
d) work in the most efficient way, minimising the time required in traditional meetings and introducing more efficient methods for communication and collaboration wherever possible;
e) set a clear outcomes framework for the GM priorities of growth and reform, with annual reviews and an annual agreed list of GM programmes so that we can jointly understand and measure our progress towards achieving the aspirations of the GM Strategy.

Roles of local authorities: as part of their commitment to support the delivery of the GM Strategy, Leaders and Chief Executives will take responsibility for:

f) Leaders will take responsibility for the political leadership of a GM Strategy portfolio area, including roles on the Growth Company Group Board, the PSR Board, GM commissions and other similar bodies;
g) Leaders have responsibility for agreeing GM Strategy priorities on growth and reform, with Heads of Paid Service ensuring that relevant officers within their own organisation are engaged in this process at the appropriate time, including those with statutory responsibilities and corporate functions (e.g. Treasurers, Legal, HR and ICT) so that there is sufficient focus and resource deployed on priorities;
h) Heads of Paid Service will take a full and active role within the Wider Leadership Team, including responsibility for one or more GM priorities on growth and reform;
i) Heads of Paid Service will take personal responsibility for delivering GM priorities within their district, with their partners as well as within their own organisation, establishing implementation groups as they are required;
j) Heads of Paid Service will take responsibility for communication of GMCA and AGMA business within their own organisations and with their local partners, ensuring that the full range of activities being undertaken in relation to GM priorities is understood at all levels. This will include:
   o fulfilling the constitutional requirement to include GMCA/AGMA minutes on the Council agendas;
   o building the principles of public service reform and growth into the job descriptions of the wider workforce and organisational development;
   o putting in place a local GM leadership and development programme to bring through the next set of Chief Executives and Strategic Directors;
   o putting in place workforce development on the role of GMCA/AGMA for frontline and customer facing staff.
The job descriptions and role profiles for Chief Executive, Head of Paid Service or other senior officers will be amended to include these points where relevant.

4.3 Growth and Reform Protocol

**Roles of GMCA and AGMA:** at the GM scale, the GMCA and AGMA will provide districts with:

a) support from the GM PSR Centre of Excellence, including technical support for developing and appraising reform propositions within each district and turning these into a business case that is ready for investment;
b) support from the GM Growth Company and GM Core Investment Team, including technical support for appraising investment propositions across growth and reform, identifying appropriate funding opportunities through the GM Investment Framework and other investment streams as they become available;
c) a shared evidence base, agreeing common assumptions where appropriate and robust evaluation methodologies to gather the evidence from innovative approaches and provide proof of the financial benefits at the district level;
d) access to the intellectual property generated from the work on new delivery models for public service reform within the GM family (e.g. work on Cost-Benefit Analysis);
e) representation in negotiations with Whitehall regarding place-based settlements, including negotiations on a multi-year deal for GM on growth and reform over a full Spending Review period, devolution of accountability and sharing of risk and reward with Government Departments, so local authorities are able to retain a proportion of any additional savings for reinvestment;
f) a commissioner or co-commissioner role for some interventions and programmes, for example Work Programme Leavers, where GM is sharing risk and reward with Whitehall.

**Roles of local authorities:** in pursuing the growth and reform agendas of the GM Strategy, individual local authorities will make a commitment to:

g) establish a strategic place-based partnership which would govern the systems of integrated commissioning and integrated delivery in neighbourhoods. Each local partnership should be chaired at Leader/Chief Executive level and include key partners (e.g., NHS, JCP, Colleges, Schools), with detailed arrangements agreed locally and
assurance that these are fit for purpose in delivering GM Strategy priorities;
h) test locally and generate stronger evidence from working examples of PSR at scale, aligning reform with budget setting processes in future years;
i) welcome and champion best practice from across GM for improving local service delivery, including delivery models designed according to common GM principles with local flexibility, e.g. building on examples of where this has worked like the Working Well Programme and applying a similar approach to the next phase of troubled families and complex dependency;
j) contribute staff and expertise to GM programmes, particularly those where GM is bidding to share risk and reward with Whitehall, so that these are adequately resourced and benefit from pro-active engagement of officers with specialist skills/knowledge;
k) pool knowledge and evidence to strengthen the GM wide evidence base and improve the GMCA/AGMA ability to make decisions informed by that evidence.

4.4 Financial and Investment Protocol

Roles of GMCA and AGMA: the GMCA and AGMA will ensure that local authorities have the opportunity to benefit financially by providing:

a) GM wide development funds to support programmes where GM authorities are sharing risk and reward with Whitehall, such as Working Well or Empty Homes;
b) access to GM investment to support the implementation of reform within districts (e.g. ESF), with clear and agreed investment criteria for districts to work to;
c) collaboration on investment to deliver GVA and support job creation though external funds;
d) use of a single assessment framework for appraising both growth and reform investment propositions, providing a transparent and consistent approach to decision making;
e) access to direct funding from GM bids for national resources and competitive funding, where GM can lever more funding by making a joint bid for Government monies (e.g. through DfT, BIS, HCA, etc.);
f) evidence of the direct financial benefits from GM programmes at a district level; and

g) working on behalf of local authorities to encourage further devolution of functions from Government departments to GM (e.g. skills and business
Roles of Individual Local Authorities: in pursuing the growth and reform agendas of the GM Strategy, individual authorities will commit to:

h) establishing district level development funds for reform, held to resource reform priorities and fund the testing of propositions in order to generate the evidence required for a full business case;

i) over time, establishing their own local investment funds for reform that involve reinvesting a proportion of the savings achieved through reform;

j) developing a pipeline of investment schemes that can unlock GVA and create jobs, identifying and working alongside local private sector organisations to support funding applications and ensure they reflect GM’s priorities.
DATE: 31 July 2015

SUBJECT: Further Devolution to Greater Manchester

REPORT OF: Sir Howard Bernstein

PURPOSE OF REPORT

This report provides an overview of the additional freedoms and flexibilities awarded to Greater Manchester as part of the supplementary Devolution Agreement, announced in the Summer 2015 Budget on 8 July 2015, and seeks formal endorsement of that supplementary agreement by the GMCA.

RECOMMENDATION:

The GMCA is asked to endorse the Greater Manchester Agreement: Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor (attached at Annex A) and to ask officers to bring forward further reports as described in the Report.

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BACKGROUND PAPERS:

Greater Manchester Agreement: Devolution to the GMCA and transition to a directly elected Mayor of Greater Manchester (3 November 2014)

GM Health and Social Care: Memorandum of Understanding (27 February 2015)
1. BACKGROUND AND INTRODUCTION

1.1 The Cities and Local Government Devolution Bill provides the legislative framework for the devolution of the powers and responsibilities set out in the first Devolution Agreement, announced in November 2014.

1.2 The legislation has been drafted to incorporate the maximum degree of flexibility regarding the powers and functions that can be devolved. The Bill not only provides for the implementation of November’s Agreement in full (apart from bus franchising, which requires separate primary legislation), but also provides a framework for the devolution of further additional powers and responsibilities in future, subject to the agreement of Government.

1.3 As the Cities and Local Government Devolution Bill passes through Parliament a number of discussions have been held with Government Officials to ensure that GM has the necessary tools and levers in place to effectively and efficiently implement the devolved powers set out in the November Agreement. As a result of those discussions the requirement for a number of associated changes and additional flexibilities has been identified.

1.4 The second wave of devolution announced in the 2015 Summer Budget provides for those associated changes to be implemented and for the transfer of those additional flexibilities.

1.5 It will be important to monitor and report on the progress of the bill as it passes through parliament to ensure the final legislation remains in line with the agreements between GM and Government. Officers will report orally at the meeting on any changes to the Bill which may have been made at Report Stage in the House of Lords.

2. FURTHER DEVOLUTION TO GREATER MANCHESTER

2.1 The latest agreement makes provision for the transfer of the following enabling powers:

- the power to borrow in respect of any combined authority function, subject to compliance with the Prudential Borrowing Code. Following the introduction of the Cities and Local Government Devolution Bill, Government will work with Greater Manchester to determine how this power could apply within a framework of fiscal responsibility. Identification of an income stream against which to offset that borrowing will be key: whilst not explicit in the agreement itself Government have confirmed in writing that they will work with Greater Manchester to determine how the power for mayoral combined authorities to issue precepts to fund both police
and crime commissioner functions and a wider range of other functions can best be applied in GM. This written confirmation is attached at Annex B;

- the transfer of **GM Fire and Rescue Authority** responsibilities to the directly elected Mayor, promoting greater integration of emergency services and providing the framework for the further transfer of responsibility for all blue lights services should GM wish to pursue this in future. Appropriate arrangements will be introduced to oversee the operational discharge of Fire functions;
- the introduction of **additional Mayoral planning powers**, including Compulsory Purchase Powers and the power to establish Mayoral Development Corporations to help drive growth and regeneration, subject to the agreement of the Leaders of the local authorities in which the powers will be used;
- the introduction of administrative efficiencies to support delivery of the existing devolution agreement and a commitment from Government to explore the introduction of greater flexibility in **employment and skills** programmes to reflect GM priorities, including greater co-commissioning responsibilities; and
- a commitment to align the production of GM's Strategic **Health and Social Care Sustainability Plan** with the Spending Review process which applies to NHS, Public Health and Local Authority social care funding. The Strategic Sustainability Plan will set out how GM will deliver clinically and financially sustainable integrated health and social care services for the people of Greater Manchester.

2.2 The supplementary Devolution Agreement also confirms that **bus franchising** will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session.

2.3 It confirms that the new directly elected GM Mayor will take on the role of the **Police and Crime Commissioner** with the period of office of the current Police and Crime Commissioner being extended until 2017.

2.4 It also makes provision for the transfer of the following **additional powers and flexibilities**:

- the power to establish a **GM Land Commission**. The Commission will have an overview of all publicly-owned land in the region, including that owned by government and other public sector bodies such as the NHS and Network Rail. It will oversee the efficient utilisation of the public sector estate; create a comprehensive database of all public sector land; examine how that land can best be used to support Greater Manchester's strategic ambitions, including the need to develop 10,000 new homes a year to support its growing economy and communities; identify any barriers to such land being developed and develop solutions to address these barriers. The Commission will be jointly chaired by the elected Mayor and the Housing Minister, and will include Ministers from key land-owning Departments;
- a review undertaken jointly by Greater Manchester and Government to examine how all **services to children** are delivered - including services provided by local authorities and by other public service providers - to explore how they could be delivered in a more integrated and efficient way by and for GM local authorities, making best use of existing resources and linking service transformation to the scaling up of Early Years new delivery models and to the education and criminal justice systems. Locally accountable leadership, commissioning and delivery arrangements will be subject to the approval of the Department of Education, HM Treasury and individual local authorities;
subject to a public consultation over summer 2015, the transfer of powers over Sunday trading regulations to the elected Mayor. Further freedom to take strategic decisions at a Greater Manchester rather than national level is welcome. However robust analysis of the economic impacts and benefits of amendments to Sunday trading regulations is required before there can be any consideration of whether and how this power should be applied within Greater Manchester.

3. CONCLUSION

3.1 The additional devolution package which was published as part of the 2015 Summer Budget represents further progress along Greater Manchester's "road map" towards full control or influence over all public spending which takes place within Greater Manchester. As the document appended to this report makes clear further progress is required to realise this objective and that Government will continue to work with GM to ensure maximum devolution over time is delivered.

3.2 Officers consider that the following priorities should now condition work and activity over the coming months;

- The earliest enactment of the Devolution Bill which will provide the essential platform to formalise the transfer of powers and responsibilities; this will require continuing work with the CLG Bill Team. We also need to engage the DfT on the detail on the Buses Bill.
- The need to finalise detailed arrangements for the transfer of those powers and responsibilities which have been agreed to date - work on the GM Health & Social Care Financial Sustainability Plan is the single biggest requirement given the importance to the funding on NHS, public health and social care over the period of the next Spending Review. It will be also necessary to finalise proposals on how we see other functions embraced into the CA model particularly Fire Services, and the detail over funding for borrowings and Mayoral functions through a precept. We will bring forward for discussion with Leaders over the next few months.
- As part of the Spending Review we need to develop further proposals not only to progress the work which the latest package of devolution proposals requires - services to children and early years, employment and skills, the Land Commission etc - but also to embrace new investment options for transport, housing, business support, as well as fiscal devolution opportunities. Work is well underway on these proposals and will be informed by consultation with Leaders.
- The overall objective will be to secure a Place - based settlement for GM which provides the flexibility required to enable better alignment and management of resources to enable GM to deliver its priorities to support growth and to increase productivity.

3.3 Detailed recommendations appear at the front of this report.
Annex A

Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor

1. The government is fully committed to building a Northern Powerhouse, including through creating strong city regions, led by powerful, democratically elected Mayors. On 3 November 2014, the Chancellor of the Exchequer and Greater Manchester civic leaders signed a ground-breaking agreement for Greater Manchester to create the first directly elected metro-wide Mayor outside of London, with powers over transport, housing, planning and policing.

2. Following the initial deal, Greater Manchester and NHS England signed up to arrangements to bring together £6 billion of NHS and social care budgets so that joint planning of these services can deliver better care for patients. In addition, the March 2015 Budget announced a pilot scheme in Greater Manchester and Cheshire East to enable the retention of 100% of any additional business rate growth.

3. This document strengthens Greater Manchester’s devolution arrangements further and demonstrates the government’s commitment to giving more powers to Mayor-led metro areas.

Governance

4. The Cities and Local Government Devolution Bill will enable the new directly-elected Mayor of Greater Manchester to take on the role of the Police and Crime Commissioner, and extends the period of office of the current Police and Crime Commissioner until 2017.

5. It will also allow the Greater Manchester Combined Authority to take on a broader set of functions than the current economic development, regeneration and transport. The Cities and Local Government Devolution Bill currently in Parliament will establish the principles which will govern further prudential borrowing for Combined Authorities. Following Royal Assent, central government will work with Greater Manchester to determine how these powers could apply within a framework of fiscal responsibility and accountability to the Greater Manchester Combined Authority and local authorities.

Bus Franchising

6. The Bus Franchising element of the Devolution Agreement signed in November 2014 will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session.
**Fire**

7. The Greater Manchester Fire and Rescue Authority will be abolished and legislation will enable the transfer of its functions to the Elected Mayor. Appropriate arrangements will be introduced to oversee the operational discharge of functions.

**Land**

8. The Government will work with the Greater Manchester Combined Authority to create a Greater Manchester Land Commission. The Greater Manchester Land Commission will oversee the efficient utilisation of the public sector estate, creating a comprehensive database of all public sector land, identifying barriers to its disposal, and developing solutions to address those barriers to help Greater Manchester meet its goal to deliver more than 10,000 new homes per annum. The Land Commission will be jointly chaired by the Mayor and Housing Minister, and will include Ministers from key land-owning Departments.

**Planning**

9. The government will provide the Mayor with further powers over planning, to ensure that she/he can drive forward and shape development in the area. These include:

- power to make Mayoral Development Corporations to help drive regeneration and progress on complex schemes, subject to the agreement of the Cabinet member(s) from the borough(s) in which the Mayoral Development Corporation would have powers; and

- Compulsory Purchase Powers for the Mayor, subject to the consent of the agreement of the Cabinet member(s) from the borough(s) in which the Compulsory Purchase Order will be used.

**Children’s Services**

10. The government and local authorities will undertake a fundamental review of the way that all children’s services are delivered, including services by local authorities and other public service providers. The review will explore how integrated and more efficient ways of delivery of all services can be achieved by and for GM local authorities, making best use of existing resources and linking service transformation to the scaling up of Early Years new delivery models and to the education and criminal justice systems. The proposals will be developed within a framework of locally accountable leadership, delivery and commissioning arrangements and specific proposals will be subject to Department for Education, HM Treasury and individual local authority approval.
Employment and skills

11. The Department for Work and Pensions will work with Greater Manchester to facilitate the introduction of efficient (for both Greater Manchester and central government) administrative processes in order to support the delivery of the current devolution deal and will work with Greater Manchester to support long-term unemployed and people with health conditions into sustainable employment.

12. Central government will explore with Greater Manchester the scope to incorporate greater local flexibility in employment and skills programmes generally to reflect the priorities of Greater Manchester, including greater co-commissioning responsibilities to be afforded to Greater Manchester.

Sunday Trading

13. The government will consult this summer on devolving powers on Sunday Trading to city mayors. This would give the Mayor of Greater Manchester the flexibility to make alterations to Sunday trading regulations.

Health and Social Care

14. Health and social care leaders from across Greater Manchester are now coming together as part of the transition to their control of their £6bn health and social care budget.

15. Together they are making progress on work to extend seven day access to primary care, radically upgrade prevention and public health, help those with mental ill health into work and make Greater Manchester’s Academic Health Science System a national leader.

16. By the end of this year they will have a Strategic Sustainability Plan in place to show how they will deliver a clinically and financially sustainable set of health and social care services for the people of Greater Manchester. The production of the Strategic Sustainability Plan will be aligned with the Spending Review process that applies to NHS, Public Health and local authority social care funding.
Annex B

Written correspondence from Government regarding the transfer of powers to issue a precept to fund both police and crime commissioner functions and a wider range of other functions.

“The Cities and Local Government Devolution Bill currently in Parliament will provide for a range of functions to be conferred upon mayors and combined authorities, together with the power for mayoral combined authorities to issue precepts to fund both police and crime commissioner functions and a wider range of other functions. Following Royal Assent, central government will commit to working with Greater Manchester to determine how these powers could best be applied to them and the functions the combined authority has and wishes to take on once it has a mayor. Any proposals will need to be considered and approved by ministers, and we will need to work closely to ensure they meet the principle of fiscal neutrality. However, we are keen to explore how the powers in the Bill could be used, with Greater Manchester continuing to be at the forefront of the Government’s devolution agenda.”