

# Public Document Pack



## TRAFFORD COUNCIL

### AGENDA PAPERS MARKED 'TO FOLLOW' FOR SPECIAL MEETING OF EXECUTIVE

Date: Monday, 15 December 2014

Time: 4.45 pm

Place: Council Chamber, Trafford Town Hall, Talbot Road, Stretford M32 0TH

AGENDA	PART I	Pages
3.	<b>DEVOLUTION OF POWERS TO THE GREATER MANCHESTER COMBINED AUTHORITY AND TRANSITION TO A DIRECTLY ELECTED MAYOR</b>	1 - 44

To consider a report of the Leader of the Council and Chief Executive.

**THERESA GRANT**  
Chief Executive

#### Membership of the Committee

Councillors S. Anstee (Chairman), M. Cornes, M. Hyman, J. Lamb, P. Myers, J.R. Reilly, A. Williams and M. Young (Vice-Chairman).

#### Further Information

For help, advice and information about this meeting please contact:

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This agenda was issued on Friday 5<sup>th</sup> December 2014 by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall; Talbot Road, Stretford, Manchester, M32 0TH

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## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 15 December 2014  
**Report for:** Decision  
**Report of:** Leader  
Chief Executive

### Report Title

**Devolution of Powers to the Greater Manchester Combined Authority and Transition to a Directly Elected Mayor**

### Summary

**This report sets out the implications for Trafford of the recent Agreement with the Government to devolve functional and fiscal responsibilities alongside a staged approach to GM governance arrangements. The report outlines the importance of the Community Strategy and how it feeds into shaping Greater Manchester priorities, the proposed Governance arrangements, and the relationship between Trafford Council, GMCA and a GM Mayor. The report highlights those areas where there will be further opportunities for devolution in the future. It concludes with the resource implications for the next stages of the work to develop the necessary policy and legislative framework for devolution.**

### Recommendation(s)

**That the Executive delegates authority to the Chief Executive in consultation with the Leader to respond formally to the GMCA consultation on devolution in the terms set out in this report; and to finalise on behalf of the Council, the Council's response to the final terms of the Governance arrangements including the terms of the Statutory Order.**

Contact person for access to background papers and further information:

Name: Jane Le Fevre  
Extension: 4215

Background Papers: None

*Implications:*

Relationship to Policy Framework/Corporate Priorities	The proposals would support all key priorities and policies.
Financial	None at this stage The financial implications of the proposals for GM Devolution so far as they have been fully articulated at this stage are set out in the body of the report
Legal Implications:	The recommendation is that authority is delegated to the Chief Executive in consultation with the Leader to respond to the consultation of the proposals and to engage in the process which will allow for the development of the terms for any proposed statutory Order. For the proposals to be taken forward there will need to be involvement from Central Government and legislation passed. Further decisions will be required once the detail of the proposals and the next steps have been agreed.
Equality/Diversity Implications	None as a result of this report
Sustainability Implications	None as a result of this report
Staffing/E-Government/Asset Management Implications	None as a result of this report
Risk Management Implications	None as a result of this report
Health & Wellbeing Implications	None as a result of this report
Health and Safety Implications	None as a result of this report

## **1.0 Background**

- 1.1** Greater Manchester has been at the forefront of the national debate on devolution. The priorities around growth and public service reform, shared across Greater Manchester are widely recognised to be distinctive and wholly appropriate for the long term success of the area. The long held ambition of GMCA has been to develop a new ‘place-based’ partnership with Government. Negotiations with Government officials over the last few months have focused on making this a reality now and over the life of the next Parliament.
- 1.2** On the 3rd November the 10 Leaders of the Greater Manchester Local Authorities and the Chancellor of the Exchequer signed the Draft Greater Manchester Agreement: Devolution to the Greater Manchester Combined Authority and transition to a directly elected Mayor (“the Agreement”) which had been negotiated between the Government and the GMCA.
- 1.3** This Agreement provides the basis for a major transfer of power and responsibilities from central Government to Greater Manchester alongside governance changes. It sets a road map that transfers functions and access to resources now and which can lead to Greater Manchester over time having influence, if not control, over all public spending within GM through a governance structure that provides strong leadership

whilst protecting the integrity and the existing role and functions of local authorities. The Agreement confirms the move to an Appointed Mayor as the 11<sup>th</sup> member of the GMCA as a transition to a directly elected Mayor in 2017 with a Cabinet of Leaders. The election of a GM Mayor will require new legislation.

- 1.4 The powers and resources set to be devolved to Greater Manchester are not exhaustive. GMCA will be able to add to them as discussions with Government are progressed. The focus of this Agreement has been on what can be achieved quickly. With the exception of much of the transport component and the role of the PCC, all of the additional powers can be devolved to Greater Manchester quickly and without new legislation.
- 1.5 Greater Manchester Authorities have all been invited to submit comments on the principles underpinning the changes and the Agreement by the 15<sup>th</sup> January at the latest. The report to the Combined Authority that sets out the principles and the Agreement itself are attached at Appendix 1. This report assesses the implications of the proposed changes for Manchester, including the future relationship between the Council, GMCA and a Greater Manchester Mayor.

## **2.0 Implications for Trafford**

- 2.1 The Agreement has significant benefits for Trafford in supporting the delivery of key priorities as set out in the Council's Community Strategy. It will also set a secure long term framework for delivering growth and reform objectives across the City Region and position Greater Manchester at the heart of the economic revival of the North of England.
- 2.2 A Road Map has been developed to enable new functions (with access to resources) 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 across Greater Manchester.
- 2.3 The Agreement includes significant new responsibilities and powers that will directly support delivery of Trafford's priorities and overall it is assessed as making a very positive contribution to our objectives.
- 2.4 Fiscal devolution will remain a priority for Greater Manchester but it is recognised that the case for this will need to be made separately with the support of Core Cities and London over the coming months.

## **3.0 Trafford's strategic priorities**

- 3.1 Trafford's vision for 2021 is set out in the Community Strategy:

"Vision for 2021: Trafford is thriving, diverse, prosperous and culturally vibrant. A Borough at the heart of the Manchester City Region celebrated as the enterprise capital of the North West and home to internationally renowned cultural and sporting attractions."

- 3.2 This vision is supported by the Council's corporate priorities, which are implemented through the Annual Delivery Plan:
  - **Low Council Tax and value for money**

- Ensure that the Council can demonstrate that it provides efficient, effective and economical, value for money services to the people of Trafford
- **Economic growth and development**
  - To promote economic growth and increase levels of investment, housing and jobs in Trafford; to improve the local environment and infrastructure thereby enhancing the attractiveness of the borough as a place to live, work and invest in.
- **Safe place to live – fighting crime**
  - Aim to be the safest place in Greater Manchester, and to have the highest level of public confidence and satisfaction in the action we take to tackle Crime and Anti-Social Behaviour
- **Services focussed on the most vulnerable people**
  - Enable people to have more choice and control over the support they receive. We also want to provide quality services that encourage people to lead healthy, independent lives and support children and young people to be safe and to aspire and succeed
- **Excellence in education**
  - Ensure that children are well prepared to achieve in adulthood through high quality learning and development
- **Reshaping Trafford Council**
  - Continue to develop relationships with residents, local businesses and partners to ensure that we all work together for the benefit of the Borough. Internally, to reshape the organisation to ensure the Council embraces innovation and new ways of working

#### **4.0 Impact of the Devolution Agreement**

4.1 The Devolution Agreement is strongly aligned with these priorities and will support their delivery. Importantly it provides an opportunity to accelerate delivery, particularly of Trafford growth and reform objectives. This will help to rebalance resources towards universal services more quickly than would otherwise be the case. This section outlines the impact of the Agreement across the Council's priorities.

4.2 The Agreement will support the growth ambitions of the Trafford. In particular it will:

**(a) improve transport in the Borough helping people to access jobs.** The Agreement is a major step forward in creating an integrated transport network. The commitment to legislate to enable Greater Manchester to re-regulate buses and introduce a bus franchising model where Greater Manchester will have new powers over fares, routes, frequency and ticketing will transform the bus network and benefit the people who live and work in the Borough and use buses. At the last census 7,479 people in the Borough used the bus to get to work. It will allow the network, which has a current annual turnover estimated at £265m, to be planned and managed as part of an integrated transport system and will be underpinned by a Smartcard system for integrated ticketing. The commitment to 'carve out' the national funding for Bus Operators Grant (around £15m) and the National Concessions scheme (just over £50m) will enable GM to maximise outcomes by aligning all revenue support. Additional responsibilities to manage local rail stations and to improve joint working with the highways agency will further improve the effective management of the transport network. Underpinning these operational issues will be the stability provided by a multi-year transport settlement which, on the basis of recent levels of funding, could be in the order of £100m a year across

Greater Manchester. This will build on the GM Transport Fund and allow for a long term sustained capital investment programme. The changes to the Earnback Model, by removing the complex formula that is part of the existing arrangement, give significant additional comfort that it can generate the remaining £800m that has been earmarked over 30 years. Importantly for Trafford, this means that the extension of Metrolink to Trafford Park will be delivered, completing the existing GM Transport Fund Programme, which will further support Trafford residents to access key employment areas and the jobs that are created in them.

- (b) **accelerate the delivery of new homes.** A £300m Housing Investment Fund, recyclable over a 10 year period, will provide up to 15,000 additional homes over the next 10 years across Greater Manchester. The mechanisms in place through the Agreement and the changes made to our local partnerships arrangements will mean development opportunities can be brought sooner than would otherwise be the case. Trafford has a clear strategy for residential growth and the Devolution Agreement will help deliver it at greater pace and scale supporting our long term growth ambitions.
- (c) **ensure residents have the skills that the local economy needs:** The Agreement provides a step change by committing Government and GM to working through a re-commissioning process to reshape and restructure further education provision by incentivising skills providers to align their offer to Greater Manchester's skills needs. The agreement gives GM control over £55 million of skills funding through a review of adults skills provision (which has a budget of £50m) and through the devolution of the Apprenticeship Grant for Employers (£5m). It also gives Greater Manchester greater influence over a further £310m of skills funding via the AGE Grant mentioned above. This allows GM to lever in a further £140m of APP apprenticeship funding along with £170m of Education Funding Agency vocational training funding for 16 to 19 year olds.
- (d) **supporting growth in key sectors:** We need to create new business, support existing business to grow and attract more inward investment. Establishing the Growth Hub has been a positive step in coordinating the offer to business to support their growth in Greater Manchester. However it is still difficult to join up national, local, public and private business support services – meaning businesses struggle to access the right support at the right time to help them grow and innovate. Government will transfer business support budgets (estimated at £7m per year) to Greater Manchester to allow us to provide a fully integrated service. The expectation is that there will be efficiency gains and the opportunity to leverage European funds, generating additional investment of £10m a year. This means that more Trafford businesses can be supported in a more effective way.
- (e) **Provide the powers to create a planning framework that encourages sustainable growth:** Greater Manchester will be given the power to create a Statutory Spatial Framework. This will guide investment decisions and ensure a coherent approach to housing, employment and infrastructure development across the city region ensuring that all parts of the region are able to contribute to growth and share in the benefits of success. The Framework will need to be approved by all members of the Combined Authority which provides incentives and safeguards that will ensure close working across the 10 authorities and with the Mayor. The Trafford Land Allocations Plan will be brought forward alongside the GM spatial framework to ensure that the two documents are aligned and that the GM spatial framework fully reflects Trafford priorities. There is a sound basis to work from given the clear priorities that are set out in the existing GM Strategy; and the Local Development Plan identifies key strategic sites to support residential and employment growth.

4.3 The Devolution Agreement is a major step forward in the delivery of the Borough's public sector reform agenda. This is designed to support better outcomes for residents and ensure that more of them are able to contribute to and benefit from the economic success of the Regional Centre. The strategic focus on these outcomes and the development of evidenced approaches underpinned by cross agency investment agreements is a distinguishing feature of the Greater Manchester model. It is an area where real change is needed that improves outcomes for residents, helping more people back into work, increasing our productivity and reducing the cost of high dependency public services. We recognise the critical relationship between creating jobs and sustainable growth and reforming public services so that more of our people can benefit from and contribute to the Borough's success. The Agreement commits Government to work with GMCA across the spectrum of public service reform: complex dependency and supporting people into work, early years and health and social care.

4.4 In particular the Agreement will:

- (a) **increase the number of people in work and reduce dependency:** Greater Manchester has been at the forefront of work to reduce levels of complex dependency and help people back into work. The Agreement, gives Greater Manchester control of a budget of £100 million to enable this to be scaled up so that 50,000 people across Greater Manchester who have struggled to find work will be supported to get into jobs. In Trafford there are around 2,000 people claiming Job Seekers Allowance. The programme therefore has the potential for a major impact in the Borough. In addition Greater Manchester will pilot a programme to support people over the age of 55 with long term health conditions back into work. Through this pilot Greater Manchester will develop a business case for greater GM influence over ESA for claimants over the age of 55. This was £193.5m last year. The business cases for both of these programmes will be developed over the next few months. It has also been agreed that Greater Manchester will co-commission the next phase of the Work Programme with DWP, giving Greater Manchester influence over a budget of £100m. Our success with the Working Well programme has demonstrated the added impact of local input to the commissioning of programmes to support people into work.
- (b) **contribute to health improvements:** The Agreement promotes the development of an integrated health and social care strategy through pooling budgets across Greater Manchester to reduce the pressure on A+E and avoid hospital stays. This is intended to lead towards multi-year funding allocations. The government has invited GMCA and Clinical Commissioning Groups working with the range of NHS stakeholders to develop a business plan that will accelerate the joining up of services and provision of new primary and community facilities. The intention of this plan will be to establish a transformation fund which is likely to be around £300m from existing resources to pump prime investment in community based care. Such an approach would be aligned with Trafford priorities to ensure better services and outcomes for residents whilst managing with significantly reduced budgets.
- (c) **ensure that children have the best possible start in life:** The Agreement commits Government to work with Greater Manchester to develop a further Early Years pilot to improve school readiness and attainment of children so that they get the best possible start in life. The business plan to be developed will set out how we plan to work with schools to agree the use of Dedicated Schools Grant to support the roll out of the Early Years new delivery model, (potentially worth £5-10 m per annum across



Greater Manchester), and seek further powers to influence and coordinate all Early Years funding in Greater Manchester (currently around £363 million), primarily across health and local government.

- 4.5 The merging of the role and responsibilities of the Police and Crime Commissioner with the elected Mayor will support Trafford's priority to create safe neighbourhoods and to focus and integrate resources around local priorities. The resources currently under the control of the Police and Crime Commissioner (a budget of c£650 million per annum) will be brought under the control and accountability of the GMCA. Successful delivery of the growth and reform programmes has the potential to reduce the costs spent on targeted services and increase our ability to invest in high quality universal services for all residents.

## **5.0 Governance**

- 5.1 Greater Manchester has a long history of collaboration amongst the 10 local authorities which culminated in a seamless transition from voluntary arrangements for collaboration to formal integrated governance through the Combined Authority. Greater Manchester's governance has developed from the bottom up and evolved over time and has operated successfully across political party lines. This stable partnership approach has seen significant achievements. It has also provided the platform to properly establish which functions are best delivered at Greater Manchester level and those which operate best at individual local authority level. Protocols have been published which codify and strengthen local member participation and ensure a clearer understanding of what the GMCA and AGMA are delivering in localities and how to contribute to GM priorities.
- 5.2 The Greater Manchester leaders instigated a Governance review earlier in the year, recognising that there was a pressing need to increase Executive Political leadership capacity. This considered how to strengthen governance with an 11<sup>th</sup> Leader appointed to chair the GMCA.
- 5.3 In order to secure greater levels of control and influence over new responsibilities and resources, Parliament has consistently demanded some form of directly elected leadership. This requirement will never change and without it Greater Manchester will not pass the test of direct accountability to enable it to take on some central government functions.
- 5.4 This means that new Governance arrangements are necessary as part of the Devolution Agreement. These new proposed arrangements build on local experience and the Greater Manchester governance review rather than on importing models from elsewhere. The London Mayoral model was not seen as a relevant model for Greater Manchester as it would introduce a two-tier governance model with fragmented responsibilities for growth and reform.
- 5.5 The Agreement provides for a staged approach to governance change. The first step would see an Appointed Mayor as the 11<sup>th</sup> member of the GMCA with executive powers but also with each of the 11 members having one vote each on strategic matters. This would require a change to the Statutory Order which established the GMCA which could be completed by the middle of next year.

- 5.6 This would lead to step two (which requires a change in legislation), a directly elected Mayor who will chair a Cabinet of Leaders. It is envisaged that, subject to legislation, an election for the Mayor would take place in 2017. The intention would then be to increase further the levels of control and influence over all public spending in Greater Manchester, currently £22bn, with responsibilities being assumed from national government to enable local government and local members to better discharge their existing functions. This third step would be supported by consistently high level performance of the governance model over the coming years and, crucially, delivering better outcomes for local people than would otherwise be the case.
- 5.7 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.
- 5.8 The directly-elected Mayor will be responsible for the new powers in relation to transport, planning, and housing and policing (and with them the role currently covered by the Police and Crime Commissioner). The Mayor will however be required to consult the GMCA Cabinet on his/her strategies, which the Cabinet may reject if two thirds of the 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 of a unanimous vote of the Cabinet. The decisions of the Mayor and the Cabinet will be scrutinised by the GM Scrutiny Pool.
- 5.9 Where the devolution of new responsibilities is possible without legislation these will be passed to the GMCA now. Some powers, funding for large strategic projects post 2016/17 and future funding from the revised Earnback deal will be conditional upon GM implementing the GM Mayoral Model.
- 5.10 The principles that support the relationship between Greater Manchester and the local authorities will continue to underpin the way that the new model operates. The total emphasis has been on a transfer of powers from national government to Greater Manchester and the relationship between the local authority Leaders who form the Mayor's Cabinet and the Mayor will protect the integrity of local authorities, whose functions will remain unchanged. This has been an important principle underpinning the design of strengthened governance. The proposed structure provides checks and balances that will ensure that the 10 authorities and GMCA maintain the strong successful integrated approach that has evolved over time.

## **6.0 Implementing the Agreement**

- 6.1 The GMCA has formally endorsed the Devolution Agreement at its meeting on 3<sup>rd</sup> November. The intention is to move as swiftly as possible to implement the first stage of the proposals. All GM authorities, the GM LEP and Business Leadership Council have been invited to submit comments no later than the 15 January. This will enable the GMCA to finalise more detailed proposals for submission to the Secretary of State as soon as possible
- 6.2 In parallel to the legislative aspects of the Agreement, work needs to be taken forward to develop the key deliverables that are included, in particular the detailed business cases in relation to the public sector reform priorities. Arrangements will be

put in place by the GMCA Head of the Paid Service and the GM Wider Leadership Team to ensure that these are developed in a timely way and, more widely, that there is effective monitoring of the Agreement's execution. This will include ensuring a sound basis for monitoring outcomes across Greater Manchester and for the Borough itself.

- 6.3 It is recommended that authority is delegated to the Chief Executive in consultation with the Leader to respond formally to the GMCA consultation on devolution in the terms set out in this report and to finalise on behalf of the Council, the Council's response to the final terms of the Governance arrangements including the terms of the Statutory Order.

### **Other Options**

If authority is not delegated to the Chief Executive to respond to the consultation and to continue to engage in discussions relating to the proposed GM Devolution and to take forward the finalisation the terms of the governance arrangements including the terms of the Statutory Order this would mean that Trafford would not have an effective voice in the shaping of those terms and the opportunity to secure the best deal for Trafford and the Region would be lost.

### **Consultation**

The proposed delegation of authority to the Chief Executive in consultation with the Leader enables a formal response to this consultation to be made on behalf of the Council.

### **Reasons for Recommendation**

The reasons for the recommendation are to give authority to the Chief Executive to respond to the consultation and to continue to engage in the discussions relating to GM Devolution and to take forward the finalisation the terms of the governance arrangements including the terms of the Statutory Order. This will ensure that Trafford has an effective voice in the shaping of those terms and the opportunity to secure the best deal for Trafford and the Region.

### **Key Decision - No**

**Finance Officer Clearance** GB

**Legal Officer Clearance** JL



### **[CORPORATE] DIRECTOR'S SIGNATURE** *(electronic)*

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

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## **GREATER MANCHESTER COMBINED AUTHORITY**

**DATE: 3 NOVEMBER 2014**

**SUBJECT: GREATER MANCHESTER AGREEMENT: DEVOLUTION TO THE GMCA AND TRANSITION TO A DIRECTLY ELECTED MAYOR OF GREATER MANCHESTER**

**REPORT OF: SIR HOWARD BERNSTEIN, HEAD OF PAID SERVICE**

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### **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 15<sup>th</sup> 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.

**CONTACT OFFICER:**

**Sir Howard Bernstein  
Head of Paid Service  
Greater Manchester Combined Authority**

**Email: [h.bernstein@manchester.gov.uk](mailto:h.bernstein@manchester.gov.uk)**

## **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 11<sup>th</sup> 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.

**SIR HOWARD BERNSTEIN  
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 through 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 support in first instance).

**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.

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Greater Manchester Agreement:  
devolution to the GMCA & transition  
to a directly elected mayor

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**Sean Anstee**

Trafford Metropolitan  
Borough Council

**Mike Connolly**

Bury Metropolitan  
Borough Council

**Sue Derbyshire**

Stockport Metropolitan  
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**Richard Farnell**

Rochdale Metropolitan  
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**Ian Stewart**

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**Cliff Morris**

Bolton Metropolitan  
Borough Council

**Kieran Quinn**

Tameside Metropolitan  
Borough Council

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**The Rt Hon George  
Osborne**

Chancellor of the  
Exchequer

**Lord Peter Smith**

Wigan Metropolitan  
Borough Council  
& Chair of Combined  
Authority

**Sir Richard Leese**

Manchester City  
Council

**Greater Manchester Agreement: Devolution to the Greater Manchester Combined Authority and transition to a directly elected Mayor.**

1. This document sets out the devolution agreement between the government and Greater Manchester. This document describes both the offer of powers and budgets from government, and the reforms and measures that Greater Manchester will need to deliver. Central to this is a reformed governance system, as set out below.

**Summary of the Greater Manchester agreement**

**A new, directly elected Mayor of Greater Manchester will receive the following powers:**

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review.
- Responsibility for franchised bus services (subject to consultation by Greater Manchester), for integrating smart ticketing across all local modes of transport, and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.
- Powers over strategic planning, including the power to create a statutory spatial framework for Greater Manchester. This will need to be approved by a unanimous vote of the Mayor's Cabinet.
- Control of a new £300 million Housing Investment Fund.
- Control of a reformed earn back deal, within the current envelope of £30 million a year for 30 years.
- Take on the role currently covered by the Police and Crime Commissioner.

**The Greater Manchester Combined Authority (GMCA) will receive the following powers:**

- Responsibility for devolved business support budgets, including the Growth Accelerator, Manufacturing Advice Service and UK Trade and Investment (UKTI) Export Advice.
- Control of the Apprenticeship Grant for Employers in Greater Manchester and power to re-shape and re-structure the Further Education (FE) provision within Greater Manchester.
- Control of an expanded Working Well pilot, with central government funding linked to good performance up to a fixed DEL limit in return for risk sharing.
- Opportunity to be a joint commissioner with Department for Work and Pensions (DWP) for the next phase of the Work Programme.
- GMCA and Greater Manchester Clinical Commissioning Groups will be invited to develop a business plan for the integration of health and social care across Greater Manchester, based on control of existing health and social care budgets.

Further powers may be agreed over time and included in future legislation.

## Introduction

2. **Governance:** Strengthened governance is an essential pre-requisite to any further devolution of powers to any city region. The government therefore expects Greater Manchester to adopt a model of a directly elected city region Mayor (i.e. a Mayor covering the whole city region, not just one local authority), who would provide overall leadership; be directly accountable to the city region's electorate; and have new powers on transport, housing and planning (outlined below) to drive through reforms to stimulate the area's economic growth.
3. In addition to a city region Mayor, a scrutiny function would be necessary in order to hold the Mayor and the GMCA to account by examining the effectiveness of their policies, decisions and actions.
4. Legislation would be passed to enable these changes, with the potential for the first city region Mayor elections to take place in early 2017.
5. In recognition of this strengthened governance system, the government would be prepared to devolve the powers set out below to the city region Mayor:
  - **transport:** the government will pool and devolve relevant central funding on local transport for the city region (where it has not already been devolved in some form e.g. Local Growth Fund), and provide a multi-year settlement at the next Spending Review on the same basis as capital and resource settlements given to central government departments and Transport for London at that time; and
  - **planning and housing:** the Mayor will receive strategic planning powers. This will give the Mayor the power to create a statutory spatial framework for the city region, which will act as the framework for managing planning across Greater Manchester, and will need to be approved by unanimous vote of the Mayor's Cabinet. This will be in line with the strategy currently being developed by the Greater Manchester Combined Authority (GMCA).
6. **Other conditions:** In the context of the wider fiscal consolidation agenda, the city region would be required to take a fair share of any reductions that are made to any of the devolved funding streams. The agreement set out in this document will be subject to future Spending Reviews.

## Governance

7. As part of this agreement, Greater Manchester will need to adopt a model of a directly elected city region Mayor. This will form part of the future legislation. Recognising the Greater Manchester model of governance, the Combined Authority will also be strengthened with additional powers. There is no intention to take existing powers from Local Authorities. The agreement will protect the integrity of Local Authorities.
8. The directly elected Greater Manchester Mayor will receive new powers over transport, housing, planning and policing (more detail below). The Mayor would be able to exercise these functions autonomously, though he/she and the GMCA Cabinet will be required to be scrutinised and held to account by the Scrutiny Pool (the current scrutiny arrangements of the GMCA). The Greater Manchester Mayor will also be required to consult the GMCA Cabinet on his/her strategies, which it may reject if two-thirds of the members agree to do so. The GMCA Cabinet will also examine the Mayor's spending plans and will be able to amend his/her plans, again if two-thirds of the members agree to do so. The Statutory Spatial Framework should be approved by a unanimous vote of the Mayor's Cabinet.
9. The GMCA will remain responsible, and receive additional powers, for certain parts of public service reform, specifically on business support, skills, complex dependency and health and social care (more detail below). On public service issues, the GMCA members and the Mayor would each have one vote, and policy would be agreed by a majority vote.
10. The Greater Manchester Mayor and the GMCA will be required to work closely together. Specifically:
  - the Greater Manchester Mayor will provide overall leadership and chair GMCA meetings;
  - the GMCA Cabinet Model, where all GMCA leaders have a clear portfolio of responsibilities, will act as a supporting and advisory function to the Greater Manchester Mayor and GMCA in respective policy areas. The Greater Manchester Mayor would hold the ultimate responsibility over new housing, planning and policing powers. The Greater Manchester Mayor would also hold ultimate responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review, and responsibility for franchised bus services and rail stations across the Greater Manchester region, and for integrating smart ticketing across all local modes of transport. The Greater Manchester Mayor would be able to

exercise these functions autonomously. In addition, allocation of responsibilities for the GMCA Cabinet would be at the Greater Manchester Mayor's discretion; and

- the current scrutiny arrangements of the GMCA, through the Scrutiny Pool, will remain.

11. In the transition period, i.e. before the legislation for creation of Greater Manchester city region Mayor is passed and the Greater Manchester Mayor is elected, the GMCA would (subject to changes in legislation, where appropriate):

- receive additional powers for certain parts of public service reform, specifically on business support, skills, complex dependency and health and social care (as set out below) straight away;
- assume some responsibilities which would eventually be transferred to the elected Greater Manchester city region Mayor, such as control of the Housing Investment Fund and control of the re-negotiated earn back deal, subject to the details set out below;
- the rest of the powers (specifically, on transport, planning and policing, i.e. the powers which will be given to the city region Mayor), funding for large strategic projects post 2016-17 and future funding from the re-negotiated earn back deal will be conditional on Greater Manchester implementing the city region Mayor model. This will be written into future legislation; and
- as an interim stage, as soon as Parliamentary time allows, steps will be taken to amend the Comined Authority order to create an eleventh leader as Chair, who will be the appointed Mayor until a Mayor is elected.

## **Evaluation and economic assessment**

12. Greater Manchester will be required to put in place an extensive programme of evaluation, agreed at the outset with HM Treasury (HMT). This will include:

- gateway assessments for the earn back scheme. Greater Manchester and HMT will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by Greater Manchester, but agreed at the outset with HMT, and will take place every five years. The next five year tranche of funding will be unlocked if HMT is satisfied that the independent assessment shows the investment to have met the objectives and contributed to national growth;

- the gateway assessment should be consistent with the HMT Green Book, which sets out the framework for evaluation of all policies and programmes, and where relevant with the more detailed transport cost-benefit analysis guidance issued by the Department for Transport (DfT). The assessment should also take into account the latest developments in economic evaluation methodology;
- the government would expect the assessment to show the activity funded through the earn back scheme represents better value for money than comparable projects, defined in terms of a Benefit to Cost ratio;
- evaluation of the impact of the devolution agreement, including the new governance arrangements. This could take the form of, for example, Randomised Control Trials for the different policy interventions, including the Housing Investment Fund and the other devolved functions agreed as part of this deal. Greater Manchester will agree with HMT and confirm with government its plans for this evaluation, with the first review to be completed in 2019-20; and
- over the medium term, Greater Manchester intends to develop an overarching payment by results framework in which elements of this deal could sit.

## Housing

13. Greater Manchester will receive a Housing Investment Fund, to be controlled by the Mayor, set up as a financial transaction and funded from within the budgets of existing financial transaction programmes. The total value would be £300 million over 10 years, to be provided by a public sector body to the private sector in the form of recoverable loans and longer-term equity. The funding may be recycled within the private sector before returning it to HMT, with Greater Manchester guaranteeing an 80% recovery rate on principle, plus interest earned. The profile of these repayments will be agreed between Greater Manchester and HMT, and Greater Manchester will agree an Assurance Statement with the Department for Communities and Local Government (DCLG) and HMT that sets out how they will manage the investments and repayments, including ensuring that investments made will meet the agreed recovery rate. Devolution of the loan schemes in this way will be conditional on Greater Manchester demonstrating that its balance sheet can stand behind the agreed repayment schedule. If this is not possible, the loans will be administered by the Homes and Communities Agency (HCA), with a strong Greater Manchester role in designing the fund, agreeing the profile of spend, shortlisting sites, and marketing. In this scenario, the HCA would stand behind the financial risk, and so final investment decisions would

rest with the HCA. In either case, this fund will support delivery of at least 10,000-15,000 houses over the period.

14. If it does not prove possible on accounting grounds for Greater Manchester to control the Housing Investment Fund, the loans will be administered by the HCA. Greater Manchester will play a leading role in the design of the programme, inviting bids, bid assessment, and the short-listing and decision-making process. Final investment decisions will rest with the HCA, with DCLG/HMT sign-off where required.

## **Transport**

15. In addition to the transport powers set out in paragraph 5 of this document, the government stands ready to support legislation if Greater Manchester conclude, following consultation they will take forward, that they wish to move to a franchised model of bus service delivery. To support this, the Government will devolve current government funding for the bus system including the Bus Service Operator Grant and funding provided for the statutory concessionary travel scheme (while funding for the statutory concessionary travel scheme will be devolved, Greater Manchester will continue to have to provide and fund free travel to those entitled to it through the statutory scheme. As now Greater Manchester would be able to offer an extension to the statutory scheme but not remove entitlement from any of those covered by the statutory scheme). GMCA will continue to be a partner with the rail industry in representing local interests and shaping local station policy and development, working closely to contribute to the rail franchising policy coordinated by the DfT and Rail North. GMCA will be consulted by DfT on all station proposals affected by franchising and will have the opportunity to bring forward alternative proposals. If this leads to the transfer of any stations to GMCA, GMCA with Rail North will be obliged to bring forward a Business Plan for approval by HMT and DfT. The government and Greater Manchester will also deliver the proposals on roads on joint working with the Highways Agency on operations, investment and maintenance.

16. In return, Greater Manchester will commit to introduce a cross mode Smart Ticketing system and will provide advance forecasts and spending updates, on a basis to be agreed with government.

## **Earn back**

17. The quantum of the existing earn back deal will stay at £900 million over 30 years. For the first five years this will comprise £105 million of capital as set out in the existing earn back agreement and



£45 million of resource. For the second five years, subject to the gateway review, this will comprise a maximum of £10 million capital and £20 million resource per year. The capital/resource split will be reviewed at the time of the gateway review at year 10. Within this envelope, the government will remove the complex earn back formula in order to give Greater Manchester more control and certainty over the future funding stream. Greater Manchester will be rewarded for demonstrating through independent assessments that the economic benefits and impacts made under the scheme have been delivered. This enables the Trafford Metrolink extension to be funded. The details are as follows:

- this would replace the current earn back deal, and would be funded from the same sources. Where this is not specified for future years, the funding will be taken from the Local Growth Fund, but will be additional to any other bids that Greater Manchester wishes to make as part of the Growth Deals process;
- grant (capital and resource) funding would be provided at £30 million a year for 30 years, unlocked at five-yearly assessment gateways;
- success at the gateways would depend on the outcome of an independent economic assessment of the impact of infrastructure projects implemented by Greater Manchester;
- funding would cover the period 2015-16 to 2045/46. Greater Manchester will be expected to provide an update to HMT on its future borrowing plans within the prudential borrowing code in the gateway reviews; and
- any projects undertaken by Greater Manchester that continue beyond the next assessment gateway must be designed so that their completion is not reliant on any new government funding.

## **Policing**

18. The role of the Greater Manchester Police and Crime Commissioner will be merged with that of the new city region Mayor.

## **Business support and access to finance**

19. The Government will take further steps to devolve control and responsibility, delivering the flexibility for GM to provide a fully integrated service to GM businesses that reflects local needs and priorities. For example, for export advice, UKTI will seek to deliver this by ring fencing the

appropriate element of the North West regional budget for Greater Manchester. An export plan will be agreed between GM and London UKTI HQ which will allow GM flexibility (such as a specific local sectoral focus for Passport to Export and mid-sized business schemes or a different mix of products). UKTI will also work with GM to deliver integrated business support within GM with common diagnostics, CRM and marketing. For the Growth Accelerator and Manufacturing Advice Service, the Government will seek to devolve responsibility to GM within existing contracts as far as possible, subject to agreed protocols for the interface with national schemes. The Government will work with GM to develop a devolved approach to delivery of business support from 2017 onwards. What is ultimately devolved will reflect the decisions taken in the next spending review on the shape of – and level of spending on – business support schemes.

20. The government will support Greater Manchester-linked lending partner in accessing funding from the European Investment Bank.

## Skills

21. The government recognises Greater Manchester's desire to shape skills provision within the Manchester city region to deliver the skills needs of its economy. That is why the government is proposing to: work with Greater Manchester directly to re-shape and re-structure the Further Education (FE) provision within Greater Manchester so that a new, forward looking FE system is in place by 2017; and devolve the Apprenticeship Grant for Employers (which currently pays the employer £1,500 per qualifying apprentice) to Greater Manchester so that it can make its own determination regarding priorities.

22. To improve incentives in the skills market immediately, the GMCA will assume responsibility for the Apprenticeship Grant for Employers (AGE) which will enable the Combined Authority to vary the level of financial support available to different types of learner, sizes of business and subject areas in apprenticeships. The total size of the AGE grant is £85 million across England and it pays £1,500 per qualifying apprentice. The Departments for Business, Innovation and Skills (BIS) and Education (DfE) will work with Greater Manchester to identify an appropriate share.

23. The government and Greater Manchester's goal is to improve the ability of the system to respond to labour market need and economic priorities. This recommissioning process will be led by GMCA and the government (BIS, DfE, SFA and the Education Funding Agency (EFA)), and will work collaboratively across Greater Manchester, reporting to Ministers and the GMCA. It will identify the

future shape and funding (including pricing of adult skills budget courses) of FE provision in the Greater Manchester city region. Any change needs to be cost neutral. It will start from December 2014, and run throughout the 2015 Spending Review so that it can start to deliver a revised curriculum offer from 2017.

### **Complex dependency**

24. The Working Well pilot will go through a staged expansion from summer 2015, subject to performance gateways demonstrating success. Greater Manchester will be rewarded for performance by a payment by results mechanism, up to a fixed DEL limit and funded from a combination of the Greater Manchester budget, European Social Fund and a central government payment by results mechanism. By the time it is fully rolled out, the pilot would cover 50,000 individuals and have a £100 million budget comprising £36 million from Greater Manchester, £32 million from the European Social Fund and up to £32 million from central government via payment by results. We expect Greater Manchester to share the AME risk of underperformance. To help tackle long-term unemployment in Manchester, the government will also design the Work Programme in a way that allows Greater Manchester to be a joint commissioner with DWP for the next phase of the Programme.

### **Over-55s**

25. HMT agrees to work with Greater Manchester to consider a one-off pilot to support older workers with long-term health conditions back to work on the basis that this can deliver measurable and robust results and can be completed within existing resources.

### **Health and social care**

26. The government invites the GMCA and Greater Manchester Clinical Commissioning Groups and acute trusts to develop a business plan for the integration of health and social care across Greater Manchester, making best use of existing budgets and including specific targets for reducing pressure on A&E and avoidable hospital admissions. The government will continue to set out incentives for health and care partners in GM to develop this plan. The government will also work with local government and NHS England to give greater certainty about health and care funding settlements. This includes by working towards multi-year allocations at the next Spending Review. HMT is keen to support a Greater Manchester-wide health and social care strategy which fairly and

accurately reflects the priorities of the full range of NHS and social care stakeholders, including acute trusts. It would therefore not be appropriate for central government to Mandate any particular approach. Agreement from Greater Manchester Clinical Commissioning Groups will be required to implement any plan for services and budgets which are their responsibility.

### **Early years**

27. HMT agrees to work with Greater Manchester on their early years pilot, with a focus on providing advice and support in ensuring effective pilot design and the creation of a robust evaluation framework. HMT will work with Greater Manchester on engaging with schools to support early intervention and to make the case for this more widely across Greater Manchester. Greater Manchester is invited to bring forward a business plan for this work, which will be within existing resources.

### **Next steps**

28. The Leadership of the ten local authorities agree to take the necessary next steps to progress the contents of this Agreement, including the progression of the details through individual councils, and the government undertakes to work jointly with GMCA to develop a detailed Implementation Plan.

Rt Hon George Osborne MP, Chancellor of the Exchequer

Lord Peter Smith, Chair of GMCA, Leader of Wigan Metropolitan Borough Council

Sir Richard Leese, Vice Chair GMCA, Leader of Manchester City Council

Sean Anstee, Vice Chair of GMCA, Leader of Trafford Metropolitan Borough Council

Sue Derbyshire, Vice Chair of GMCA, Leader of Stockport Metropolitan Borough Council

Ian Stewart, City Mayor, Salford City Council

Mike Connolly, Leader of Bury Metropolitan Borough Council

Clifford Morris, Leader of Bolton, Metropolitan Borough Council

Jim McMahon, Leader of Oldham Metropolitan Borough Council

Richard Farnell, Leader of Rochdale Metropolitan Borough Council

Kieran Quinn, Leader of Tameside Metropolitan Borough Council

