

TRAFFORD COUNCIL

Report to: Extraordinary Meeting of Council
Date: 10 December 2014
Report for: Decision
Report of: Chief Executive/Leader

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 Council:

- 1. Endorses the overall approach to the devolved powers as set out in the body of the Report**
- 2. Requests the Leader and the Chief Executive to report to the Executive and future Council Meetings on the specific constitutional and other implications for Trafford Council following the outcome of the GMCA Consultation and in relation to the development of the Governance arrangements and the terms of the Statutory Order**
- 3. Notes the proposal to delegate 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.**

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Background Papers:

GMCA report and Devolution Agreement dated 3 November 2014

1. Introduction

- 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 11th 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 15th 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 11th 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 11th 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 3rd 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 proposed to delegate 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.