
**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee – 28 October 2015
Subject: Greater Manchester Devolution Update
Report of: Strategic Director Strategic Development

Summary

This report provides an overview of the additional freedoms and flexibilities awarded to Greater Manchester (GM) as part of recent Devolution Agreements with government. A summary of progress since November 2014 is provided alongside a summary of some of the key powers that have been devolved.

Recommendations

That the Committee notes and comments on the progress made since the November 2014 Devolution Deal.

Wards Affected:

All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

GM Devolution Agreement: Implications for Manchester – Executive Report–
November 2014
GM Devolution – Memorandum of Understanding, Executive – 18 March 2015

1 Background

1.1. The Greater Manchester Strategy sets a clear ambition for the city region to become financially self-sustaining, increasing tax revenue while reducing demand on public services through the delivery of sustainable improvements to people's lives.

1.2. In November 2014, the groundbreaking GM Devolution Agreement was signed which agreed the transfer of significant powers and budgets from Whitehall to GM which supported this ambition including:

- Reshaping Further Education provision and greater influence over adult skills budget;
- Scaling up complex dependency and co-commissioning of the Work Programme;
- A multi-year transport budget, bus franchising, smart-ticketing and greater involvement in rail franchising;
- Powers over strategic planning and production of the GM spatial framework;
- Control of a new £300m recyclable Housing Investment Fund;
- Control of a reformed "Earn Back" deal worth £900m over 30 years.
- It also included a commitment to develop a business plan to support health and social care devolution.
- Strengthened leadership capacity through a directly elected mayor that would sit as part of the Combined Authority.

1.3 A full report was made to Executive in November 2014 providing the detail of the Agreement and outlining the implications for Manchester. Regular reports on the implementation as it relates to Manchester and the work of the Scrutiny Committee will be provided to the Committee as the Devolution Agreement is delivered. Much of this early phase of implementation has related to the legislative framework and further developing key propositions as outlined below.

2. Further milestones since November 2014

2.1. Considerable progress has been made since November 2014, with a number of further announcements and the necessary legislative framework progressing through Parliament. A brief summary of the major milestones is provided below.

2.2. **Health and Social Care Memorandum of Understanding** – In February 2015, GM and NHS England announced that a memorandum of understanding had been signed to bring together health and social care budgets worth £6 billion per annum. Full devolution will be in place by April 2016 and includes the entire health and social care system in GM, including adult, primary and social care, mental health and community services and public health.

2.3. **Summer Budget 2015** – A second wave of devolution was announced in the 2015 Summer Budget. A more detailed summary of the additional powers is provided in section 3 below.

2.4. **Cities and Local Government Devolution Bill** – This Bill provides the legislative framework for the devolution of the powers and responsibilities set out in

the first Devolution Agreement, announced in November 2014. The legislation has been drafted to incorporate the maximum degree of flexibility regarding the powers and functions that can be devolved. The Bill not only provides for the implementation of November's Agreement in full (apart from bus franchising, which requires separate primary legislation), but also provides a framework for the devolution of further additional powers and responsibilities in future, subject to the agreement of government.

2.5. Interim Mayor - The extent of devolution means that there needs to be clear direct accountability at a GM level and it has been agreed that this is best achieved through a directly elected Mayor as an 11th member of the Greater Manchester Combined Authority (GMCA). This model means that districts and the Combined Authority can work effectively together to deliver services and support growth at the right spatial level. The appointment of Tony Lloyd as Interim Mayor in June 2015 was a first step ahead of changes to the primary legislation needed to create a Directly Elected Mayor from May 2017.

3. Summary of additional powers

Governance

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

3.2. It will also allow the GMCA to take on a broader set of functions than the existing economic development, regeneration and transport functions. The Bill will establish the principles which will govern further prudential borrowing for Combined Authorities. Following Royal Assent, central government will work with GM to determine how these powers could apply within a framework of fiscal responsibility and accountability to the GMCA and local authorities.

Bus Franchising

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

Fire

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

Land

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

Planning

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

- The power to make Mayoral Development Corporations to help drive regeneration and progress on complex schemes, subject to the agreement of the Cabinet member(s) from the borough(s) in which the Mayoral Development Corporation would have powers; and
- Compulsory Purchase Powers for the Mayor, subject to the consent of the agreement of the Cabinet member(s) from the borough(s) in which the Compulsory Purchase Order will be used.

Children's Services

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

Employment and Skills

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

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

Sunday Trading

3.10. The government will consult on devolving powers on Sunday Trading to city mayors. This would give the GM Mayor the flexibility to make alterations to Sunday trading regulations. Greater Manchester will be doing some work to assess the impacts (direct and indirect) of changes so that it can be determined whether GM authorities would want to take advantage of any new powers.

Health and Social Care

3.11. Health and social care leaders from across GM are now coming together as part of the transition to their control of their £6bn health and social care budget. Together they are making progress on work to extend seven day access to primary care, radically upgrade prevention and public health, help those with mental ill health into work and make GM's Academic Health Science System a national leader.

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

Fiscal Devolution

3.13. A pilot was announced at Budget 2015 to allow Greater Manchester to retain 100% of the growth in business rates. Building on this there has now been further Government announcements that business rates will be fully localised over time. While Greater Manchester welcomes this in principle much more work will need to be done to understand the detail of these proposals and the impacts on local areas.

Intermediate Body Status

3.14. On the 27th March 2015 the Greater Manchester Combined Authority received a report providing an update on developments with the governance of the 2014-2020 European Structural and Investment Fund programmes. The GMCA agreed that Full Intermediate Body Status be secured for GM as part of the devolution deal, in order to give GM control of the EU Funds which will be used to match against national funding which is being devolved to GM.

3.15. GM successfully lobbied the new Minister for ERDF (James Wharton MP) and the Department for Work and Pensions and secured agreement that GM will take on an IB role from 1st April 2015.

3.16. Officers from the GM team are now working through the details of this agreement and, in particular, which functions will be passed to GM and which will remain with CLG and DWP as managing authorities for the ERDF and ESF programmes. A decision on this is expected by November 2015 at which point a joint delegation from GM and HM Government will present the proposals to the European Commission Directorates for Regions and Employment with EC approval anticipated in late 2015.

4. Conclusion

4.1. This report has summarised the steps GM has made in securing additional freedoms and flexibilities from government during the last 12 months. The devolution process will continue to be managed by the GMCA who remain in regular contact with government to ensure that a legislative framework is put in place which will support GM's future ambitions. Senior officers within MCC work closely with the relevant partners at Greater Manchester level to ensure implementation is as quick as possible and works in a Manchester context.

4.2. Periodic reports on implementation in Manchester and in relation to the remit of the committee will continue to be submitted to the Committee for discussion and consideration.