

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 6 September 2017

Subject: Overview of Greater Manchester Arrangements

Report of: Strategic Director (Development)

Summary

To provide an overview of the powers and responsibilities of the Mayor and the Combined Authority and of the governance and delivery arrangements in place to discharge those responsibilities.

Recommendations

That the Scrutiny Committee members note and comment on the content of this report.

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.

- Greater Manchester Agreement: Devolution to the GMCA and transition to a directly elected Mayor of Greater Manchester (GMCA, 3 November 2014)
- GM appointments and nominations (GMCA, 30 June 2017)

1.0 Introduction

- 1.1 The election of a Mayor for the GMCA marks an important stage in the evolution of Greater Manchester's governance arrangements. The purpose of this report is to provide an overview of the powers and responsibilities of the Mayor and the Combined Authority and of the governance and delivery arrangements in place to discharge those responsibilities.

2.0 Background

- 2.1 The ten Greater Manchester district councils have a long history of collaboration, characterised by consistent leadership and hard work over many years. Over the last three decades, the ten GM local authorities have moved from a "voluntary" federation of 10 local authorities to a formal integrated governance arrangement through the Combined Authority. Following the abolition of the Greater Manchester Council in 1986, 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.
- 2.2 The Manchester Independent Economic Review (MIER), completed in 2009, clearly demonstrated that, outside of London, GM is the best placed city region to increase growth and productivity, and identified a number of strategic issues to be addressed to ensure that GM meets its economic potential, with all parts of the conurbation and all residents able to contribute and benefit from that growth. 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.
- 2.3 Arrangements have developed from the "bottom up" to meet the challenges that GM faces, continually evolving over time to meet the needs of the GM strategic agenda as they have developed. As well as ensuring that governance arrangements remain robust and fit for purpose, this bottom up evolution has also helped to maintain ownership and commitment from constituent members.
- 2.4 Through this approach GM has established which functions are best delivered at GM level and what functions are best delivered at individual local authority level. A highly effective partnership has also been developed 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. This model has placed Greater Manchester at the forefront of the debate around devolution for some time, working closely with partners to develop a strong and evidenced case for reforming the way that services are delivered across the city region. This culminated in Greater Manchester securing a ground-breaking devolution settlement in November 2014, followed by

additional devolutions agreements in February, July and November 2015 and in March 2016.

- 2.5 GM's devolution settlement transfers additional powers and resources from central government to Greater Manchester to enable local government and local members to be better able to discharge their existing functions. Local authorities retain all existing powers: there is no intention to transfer the powers of individual districts to Greater Manchester.
- 2.6 Greater Manchester has recognised that in exchange for greater levels of influence and control over new responsibilities and resources, there must be direct accountability for the way these new responsibilities are discharged. It has also recognised the requirement for greater political leadership capacity. The recent changes to the GM governance model and the introduction of a directly elected Mayor address this requirement for greater direct accountability, whilst building on the process of collaboration and innovation that has underpinned work at a Greater Manchester level to date.

3.0 Governance arrangements

- 3.1 The GM mayoral model has been developed to build on the 'bottom up' governance arrangements that have evolved in GM since the county authority was disestablished in 1986. Rather than adding an additional tier of governance the GM Mayor acts as an 11th member of the GMCA, supported by a Cabinet involving all Leaders with clear portfolio responsibilities.
- 3.2 The Mayor chairs meetings of the GMCA and, following his election on 4 May 2017, has appointed two Deputy Mayors:
- Baroness Beverley Hughes is the only paid appointment, as Deputy Mayor for Policing and Crime;
 - Sir Richard Leese has been appointed as Deputy Mayor for Business and the Economy.

A full list of Cabinet and Chief Executive portfolio holders is attached at Annex A.

- 3.3 On public service issues the GMCA members and the Mayor each have one vote, and policy will be agreed by a majority vote. The Mayor is required to consult the GMCA Cabinet on his 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 again will be able to amend those plans if two-thirds of members agree to do so.
- 3.4 An overview of GM governance structures is provided at Annex B.
- 3.5 The Association of Greater Manchester Authorities (AGMA), originally established in 1986 following the abolition of the Greater Manchester Council, continues to meet (directly after GMCA meetings) to consider issues over which the GMCA has no statutory responsibility. In practice, some issues relate to the remit of both the GMCA and AGMA: in those instances a joint

GMCA/AGMA meeting is held to consider relevant business. The membership of both the GMCA and AGMA consists of the elected Mayor and the ten local authority Leaders (or directly elected Mayor in the case of Salford).

- 3.6 The GM Local Enterprise Partnership is a private sector-led voluntary partnership, with a core function to provide strategic leadership and private sector insight (alongside the GMCA) to help deliver the city region's growth ambitions. The GM LEP jointly owns (along with the GMCA) the Greater Manchester Strategy and is responsible for providing strategic direction to ensure that the strategy is successfully delivered.
- 3.7 A range of non-statutory member-led committees and boards sit below the GMCA and LEP, with responsibility for overseeing work in relation to the various portfolios. GMCA/AGMA scrutiny arrangements have recently been reviewed. Rather than one committee of 30 members three committees have now been established, each with 15 members, with responsibility for Corporate Issues and Reform; Economy, Business Growth and Skills; and Housing, Planning and Environment.

4.0 Powers and responsibilities

4.1 The functions of the GMCA fall into the following broad headings:

- Transport;
- Economic Development, Regeneration and Housing;
- Health;
- Policing;
- Fire and Rescue;
- Waste Disposal.

4.2 Transport functions

These functions include:

- the development of policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within the Greater Manchester area;
- exercise of the functions required to implement those policies;
- preparation of a local transport plan (LTP); [NB: constituent councils also have a duty to carry out their functions to implement the GMCA's policies and LTP]
- the appointment of the Director-General and Board of the Passenger Transport Executive (PTE) known as Transport for Greater Manchester (TfGM);
- the formulation of policies with respect to the provision, availability and convenience of public passenger transport services for the area and ensure that these are secured by TfGM;
- approval of concessionary travel schemes, ticketing schemes and quality partnership schemes;
- approval of new transport schemes to be funded by the Greater Manchester Transport Fund;

- approval of the transport budget and issue of the transport levy to constituent councils in respect of expenditure reasonably attributable to GMCA's transport functions (which is not raised by other means).

Other powers include:

- the power to enter into agreements with constituent councils and Highways England for the construction, improvement and maintenance of roads;
- the power to give grants to bus operators; and
- when the Bus Services Act has been fully enacted the GMCA, as a Mayoral Combined Authority, will have enhanced powers in relation to buses, including the power to regulate bus services through a franchising scheme.

Greater Manchester's transport policies are set by the GMCA and the Transport for Greater Manchester Committee (TfGM). TfGM then:

- implements the decisions made by the Combined Authority and the Committee to improve transport services and facilities in Greater Manchester;
- works to develop detailed plans and strategies to put those wider transport policies into action. TfGM coordinates transport plans, devises sustainable travel initiatives, and provides the information required to enable the GMCA and TfGM to decide where to invest transport funding.

4.3 Economic Development, Regeneration and Housing

The Order that established the GMCA in 2011 gave the GMCA various economic development and regeneration functions, being functions of the constituent councils to be exercised concurrently with those councils.

The functions include:

- the power to promote and improve the economic, social and environmental well-being of the area;
- the promotion of tourism;
- consideration of housing needs and housing conditions in the area;
- local air quality management;
- post-16 education and training.

The Functions Orders made pursuant to the various devolution agreements give the GMCA a range of additional economic development and regeneration functions (including functions relating to housing, spatial planning, compulsory purchase, skills and training).

These new functions include:

- a duty to prepare and publish a spatial development strategy for GM;
- powers to provide, or facilitate the provision of, housing and infrastructure;
- powers to develop and regenerate land;
- powers to acquire land, compulsorily or by agreement;
- powers to designate areas of land as mayoral development areas leading to the establishment of mayoral development corporations (MDCs);

- additional powers in relation to skills, adult education and training.

4.4 Health

From April 2016, Greater Manchester received full devolution of all funding and decision-making for health and social care in GM and GMCA, concurrent with the duty on constituent Councils, now has a duty to take such steps as it considers appropriate to improve the health and wellbeing of people in Greater Manchester.

Devolution does not change the position of NHS services in GM in relation to the NHS Constitution and Mandate - all of the services will remain firmly part of the National Health Service. However, the new duty enables the GMCA to work in partnership with the constituent councils, Clinical Commissioning Groups and NHS bodies to better integrate health and social care provision across GM, improving outcomes for residents and ensuring the financial sustainability of the health and social care system within GM.

A Strategic Partnership Board, made up of representatives of the 37 partner organisations responsible for health and social care provision in Greater Manchester, is responsible for overseeing the £6bn health and social care budget. Governance arrangements in relation to health and social care are outlined in more detail at Annex C.

4.5 Police, Fire and Waste Disposal functions

The functions of the GM Police and Crime Commissioner (GMPCC) transferred to the elected mayor on 8 May 2017. The statutory powers of the PCC can be delegated to the Deputy Mayor for Policing, with the exception of the duty to set a budget, the duty to prepare a Police and Crime Plan, and the appointment and removal of a Chief Constable. The Elected Mayor has responsibility for the totality of policing in Greater Manchester and is held to account by the GM Police and Crime Panel which now consists of representatives from each district with crime and anti – social behaviour responsibilities.

The functions of the GM Fire and Rescue Authority (GMFRA) transferred to the GMCA on 8 May 2017, with the GMCA becoming the GMFRA for the purposes of the Fire and Rescue Services Act 2004, and the elected Mayor responsible for discharging the functions of the Fire Authority. Those functions can be delegated to the GM Fire Committee, made up of 15 members, with at least one representative from each of the 10 councils in GM, with the exception of the duty to prepare an Integrated Risk Management Plan and the appointment and removal of the Chief Fire Officer.

The functions of the GM Waste Disposal Authority will transfer to the GMCA from 1 April 2018 and the GMWDA will be abolished on that date. GMWDA functions are not exercisable in Wigan, which is its own waste disposal authority.

4.6 Mayoral and non-Mayoral functions

All functions are GMCA functions, but some functions are only exercisable by the Mayor. Functions are deemed 'non-mayoral' unless specified in an Order or other enactment.

Powers only exercisable by the Mayor include:

- powers over strategic planning, including CPO powers and the power to establish Mayoral Development Corporations, and the power to create a statutory spatial framework for Greater Manchester (this will need the unanimous approval of the Mayor's Cabinet and CPO and MDC powers require the consent of the Leader(s) of the relevant authority);
- the power to introduce a Business Rates supplement, subject to agreement of the Cabinet and the Local Enterprise Partnership;
- control of the £300 million recyclable Housing Investment Fund;
- control of GM's reformed earn back deal;
- preparation of a Local Transport Plan and supporting policies (subject to approval of at least 7 other GMCA members);
- responsibility for franchised bus services (subject to consultation by Greater Manchester), and for integrating smart ticketing across all local modes of transport;
- responsibility for the role previously covered by the Police and Crime Commissioner and the GM Fire and Rescue Authority.

5.0 **Delivery arrangements**

5.1 Corporate support for the GMCA is provided by an integrated team, based at Churchgate House, 56 Oxford Street. The integrated team brings together strategic policy leads for a range of policy areas relating to the functions of the GMCA, including:

- public service reform (including complex dependency, troubled families, early years);
- health and social care integration (with additional staff employed by the GM Health and Social Care Partnership based at 3 Piccadilly Place);
- work and skills;
- planning and housing;
- environment and low carbon;
- business, enterprise and innovation.

5.2 A GM Core Investment Team manages a series of funds used to support regeneration and job creation in the Greater Manchester area. A summary of the funds under management and their remits is set out at Annex D. Alongside fund management the team provide commercial finance support to projects of financial or political significance. Manchester City Council's Resources and Programmes Team continues to programme manage the deployment of EU funding on behalf of the GMCA.

5.3 The Manchester Growth Company (MGC) is a separate entity owned by the CA and given direction by both the GMCA and the GM Local Enterprise Partnership through a public/private board, consisting of five GMCA

representatives, five private sector representatives, nominated by the LEP (two on the nomination of the Greater Manchester Chamber of Commerce), and an independent chair. The Board is supported by three advisory boards: the Business Support and Finance Advisory Board, the Workforce Development Advisory Board and the Internationalisation and Marketing Advisory Board.

- 5.4 MGC was formed in 2014 by bringing together Economic Solutions and the Manchester ‘family’ companies (including Business Solutions, Skills Solutions, Marketing Manchester and MIDAS) under a single management, governance and accountability framework, to provide the GMCA and LEP with clear oversight. MGC was also created to provide a holistic and integrated response to multiple economic objectives, as set out in the Greater Manchester Strategy (predominantly focused on economic growth and inclusion) and to leverage its combined commercial and assets. MGC has an annual turnover of circa £102m, made up of competitively procured public sector commissions and commercial sales margins, in addition to the grant funded programmes delivered by the company.

6.0 Devolution going forward

- 6.1 GM has always been clear that our ultimate ambition is to exercise significant influence or control over all public spending in Greater Manchester, securing the additional powers and responsibilities required to drive growth and reform throughout the city region. As such, the devolution settlement secured to date should be viewed as an initial step along a ‘roadmap’ to further devolution.
- 6.2 GM continues to make a strong, evidenced case for further reforms to grow the GM economy and reform public services based on our understanding, knowledge and experience of local priorities and the outcomes to be delivered. However, it must be acknowledged that the current Government is less willing to engage in a meaningful dialogue regarding those reforms, and further work remains to ‘draw down’ all components of the current devolution settlement in full.
- 6.3 Priorities going forward include:
- **Skills & Work:** continuing to seek greater influence over the skills system to ensure that employers have access to the skills they need and that GM residents are connected to the opportunities that economic growth brings. To date, only limited powers over the post-19 part of the skills system have been secured. GM continues to make the case for a fair funding deal for GM schools and stronger influence over all aspects of education and skills policy.
 - **Early Years & Early Intervention:** ensuring that the reform agenda which is underway across GM is properly resourced. The GM Mayor has placed improving outcomes for young people at the heart of the GM agenda.

- **Science & Innovation:** backing up with investment the outcomes of the GM and Cheshire East Audit and placing it at the heart of the delivery of the Industrial Strategy.
- **Infrastructure Investment:** securing the resources required for long-term investment in GM, integrated plans for High Speed 2 and Northern Powerhouse Rail, and greater investment in digital infrastructure.
- **Housing:** implementing a strategic approach to delivering the scale of housing development required to support growth in Greater Manchester, enabling the development of the affordable homes that our residents need and supporting the growth and regeneration of our communities.
- **Business support:** ensuring that the Business Growth Hub has sufficient funding to tackle market failures and ensure there is no crowding out of commercial activity so that it can reach out to even more small and medium-sized businesses.
- **Trade & Investment:** ensuring that there is a transparent process for representing the voice of the North in EU negotiations, and a clear, detailed and objective economic analysis of the options for forging new trading relationships. Trade and investment support activity needs to be expanded and commissioned jointly with localities to reflect the different assets and opportunities in places such as GM where there is a comprehensive knowledge of local strengths and needs.
- **Environment & Low-Carbon:** providing financial support to meet air quality targets, and longer-term carbon reduction targets.
- **NHS & Social Care:** delivering a fair funding deal for GM's NHS and social care system, unlocking capital investment in digital and estates, increasing local control over workforce planning, and taking full responsibility for mental health and learning disability services – which will all support GM's ambitious and ground-breaking approach to integrating health and social care.
- **Crime & Policing, Fire & Rescue:** providing additional resources for the police and fire and rescue services, with more police officers and investment in digital capabilities, protecting response standards and the delivery of devolution deal around justice.

7.0 Conclusion

- 7.1 The election of a Mayor for the GMCA marks an important stage in the evolution of Greater Manchester's governance arrangements. It is early days, and the new structures and governance arrangements will take time to 'bed in' but the additional powers that Government has devolved to GM, and the resources that Greater Manchester has been able to secure in return for the introduction of a GM Mayor will better position GM to deliver the strategic

ambitions of the city region. Sitting at the heart of the conurbation Manchester will continue to play a vital role in setting that strategic course.

ANNEX A: PORTFOLIO HOLDERS

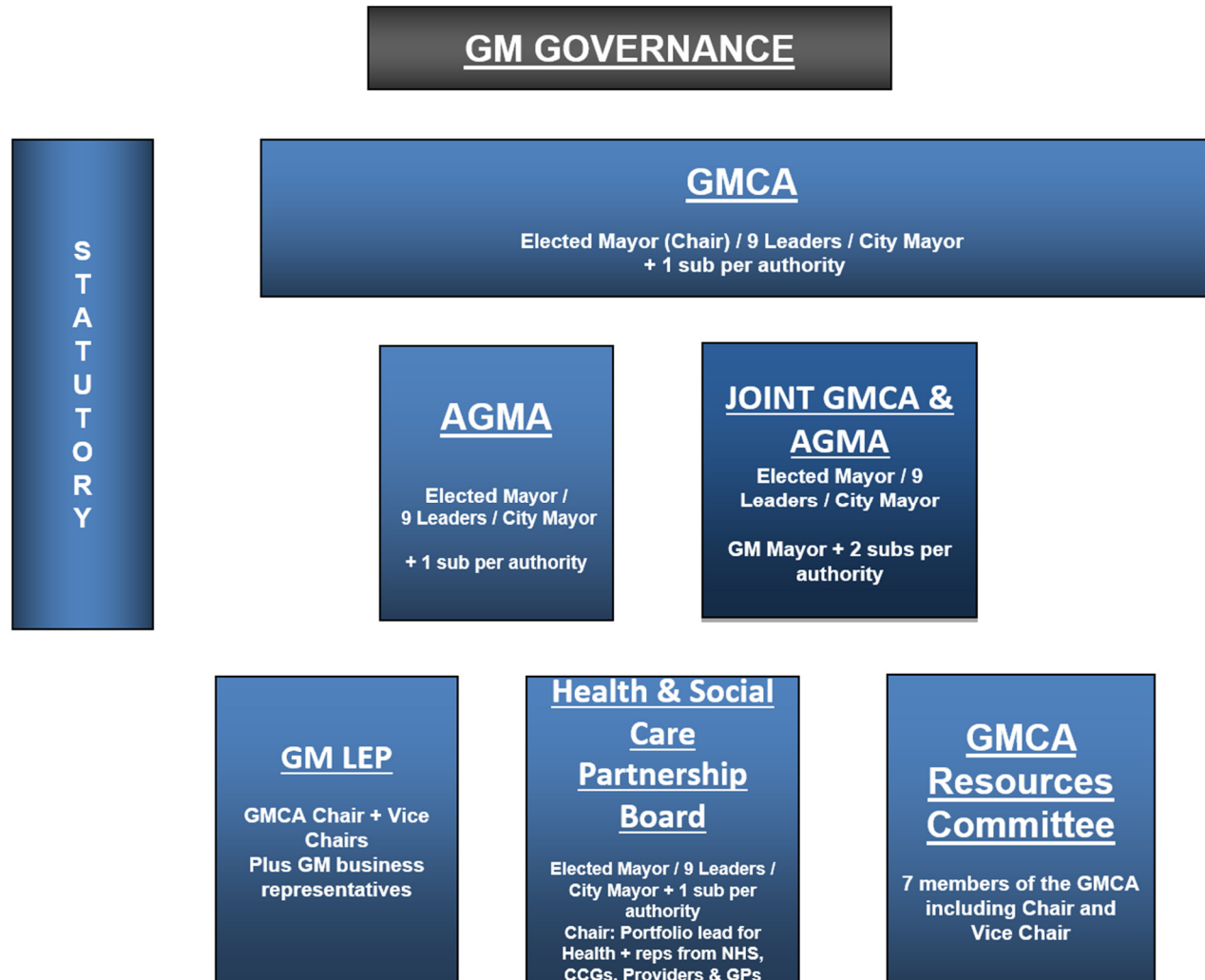
CABINET PORTFOLIO HOLDERS

Portfolio	Cabinet lead
Transport (and overall policy approach)	Mayor Andy Burnham
Business and Economy	Sir Richard Leese (Manchester)
Housing, Planning and Homelessness	Mayor Paul Dennett (Salford)
Green City	Cllr Alex Ganotis (Stockport)
Finance and Investment	Cllr Kieran Quinn (Tameside)
Digital	Cllr Richard Farnell (Rochdale)
Work and Skills	Cllr Sean Anstee (Trafford)
Health and Social Care	Lord Peter Smith (Wigan)
Young People and Social Cohesion	Cllr Rishi Shori (Bury)
Equalities, Diversity and Ageing	Cllr Jean Stretton (Oldham)
Culture	Cllr Cliff Morris (Bolton)
Policing and Crime	Baroness Beverley Hughes

CHIEF EXECUTIVE PORTFOLIO HOLDERS

Portfolio	Cabinet lead
Transport and Planning (and overall policy approach)	Eamonn Boylan (GMCA)
Business and Economy	Jim Taylor (Salford)
Housing and Homelessness	Steve Rumbelow (Rochdale)
Green City	Carolyn Wilkins (Oldham)
Finance and Investment	Eamonn Boylan (GMCA)
Digital	Margaret Asquith (Bolton)
Work and Skills	Theresa Grant (Trafford)
Health and Social Care	Steven Pleasant (Tameside)
Young People and Social Cohesion	Joanne Roney (Manchester)
Equalities, Diversity and Ageing	Pam Smith (Stockport)
Culture and public service reform	Donna Hall (Wigan)
Policing and Crime	Pat Greenhalgh-Jones (Bury)

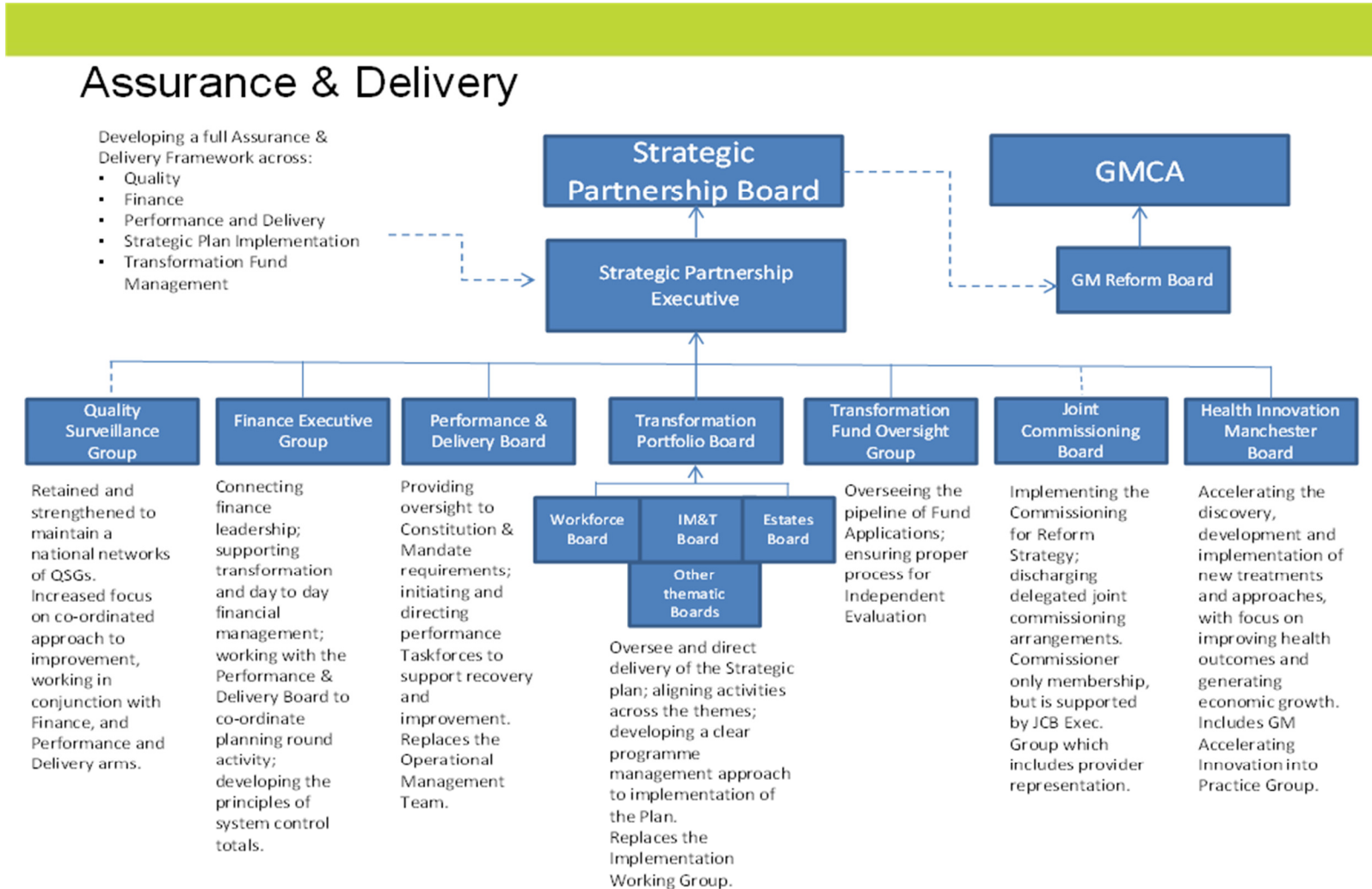
ANNEX B: GMCA GOVERNANCE ARRANGEMENTS







ANNEX C: HEALTH AND SOCIAL CARE GOVERNANCE



ANNEX D: FUNDS MANAGED BY THE GM CORE INVESTMENT TEAM

Current delivery / activity			
Funds	Size	Remit	Fund Manager
<i>Business Funds</i>			
Northern Powerhouse Investment Fund	circa £64m for GM	<ul style="list-style-type: none"> Launched in March 2017 Equity investments up to £2m Debt funding up to £750k Micro-finance <p>The following are not eligible for NPIF funding:</p> <ul style="list-style-type: none"> Seed capital Retail (B2C) For equity investments, businesses that are older than 7 years Distressed businesses 	<p>Maven Capital</p> <p>FW Capital</p> <p>Business Finance Solutions</p>
GM Loan Fund	£20m	<ul style="list-style-type: none"> Funding up to £750k, focusing on: <ul style="list-style-type: none"> Loans that aren't eligible for NPIF funding (of Maven's current portfolio 46% would not have been funded if NPIF had been available) Non-amortising structures Small replacement capital transactions (e.g. MBOs) Small equity investments that aren't eligible for NPIF funding 	Maven Capital
Regional Growth Fund	£51m	<ul style="list-style-type: none"> Loans/equity between £750k and £5m focusing on: <ul style="list-style-type: none"> Funding that isn't eligible for NPIF Certain refinancing/restructuring situations where <ol style="list-style-type: none"> there is a private sector contribution which is at least equal to that being requested from the public sector and the refinance/restructure will support the future growth of the associated business Complementary funding to NPIF where the combined level of public sector funding is no more than 50% of the total required investment 66% of the current portfolio would either be ineligible for NPIF funding or had a funding requirement in excess of what NPIF can provide. 	Core Investment Team
Life Sciences Fund (joint with Cheshire East)	£31m	<ul style="list-style-type: none"> Seed and Venture Capital fund targeting Life Sciences businesses in Greater Manchester and Cheshire. <ul style="list-style-type: none"> £250k - £3m investment size (including follow-on funding) 15 year fund life, comprising 5y investment period, 5y follow on period and 5y realisation period. 	Catapult

<i>Commercial Property</i>			
Evergreen 1 (recycled)	£60m	<ul style="list-style-type: none"> Commercial property debt fund invested to deliver urban regeneration projects Investment can be at either senior or junior debt Equity funding can be provided in certain circumstances Maximum 5 year term and limit of 20% of fund size per scheme with a cap of 30% exposure to any one developer. 	CBRE
Evergreen 2	£45m	<ul style="list-style-type: none"> Senior and junior debt to support commercial property development focusing on: <ul style="list-style-type: none"> Science and innovation (£30m) Energy efficiency of buildings (£15m), including new and refurbished office development. Maximum lend of 20% of fund size per scheme, 30% exposure cap to any one developer. Maximum of 5 year term and 70% Loan to Cost without express Board approval 50% match funding requirement from either public / private sources. 	CBRE
Growing Places	£34.6m	<ul style="list-style-type: none"> Senior, junior debt and equity for commercial property and infrastructure Funding between £1m-£5m with a minimum of 50% match from either public / private sources 	Core Investment Team
Housing Investment Fund	£300m	<ul style="list-style-type: none"> Senior debt for residential development excluding social housing Maximum senior debt of up to £70m into any one scheme Maximum senior debt Loan to Value of 55% Maximum senior debt Loan to Cost of 65% Investment strategy being revised. Existing strategy allows funding to be invested as both mezzanine and equity in addition to senior debt Small loans approach is being developed to support delivery of housing developments of less than £2m Focus moving forward is to support non City Centre developments 	Core Investment Team
<i>Low Carbon</i>			
Low Carbon Investment Fund	£15m	<ul style="list-style-type: none"> Debt and equity up to £5m focusing 50% match funding Maximum term of 15 years Aimed at renewable / low carbon technology installations and district energy networks Performance measured by GHG reduction targets. 	Amber Infrastructure