

Manchester City Council Report for Information

Report to: Economy and Regeneration Scrutiny Committee – 20 June 2023

Subject: The Greater Manchester Trailblazer Devolution Deal and its implications for Manchester, including Adult Skills and Technical Education

Report of: Strategic Director (Growth and Development)

Summary

This report provides a summary of the recent Greater Manchester Trailblazer deal and its implications for Manchester.

Recommendations

The Committee is recommended to note and comment on the contents of the report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The Trailblazer Devolution Deal makes several announcements in relation to net zero and the environment. Whilst the significance and impact of these announcements is not yet clear, they have demonstrated that zero carbon remains an important theme across the devolution agenda which will continue to support the Council to meet our zero-carbon targets.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Further work may be required at a local level to understand the EDI impact of the trailblazer deal.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The devolution deal includes announcements on transport, skills, housing, and regeneration, which will have a positive impact on Manchester's economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Council will continue to work with the GMCA to ensure that announcements made in relation to skills continue to support and align with the Council's corporate priorities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The devolution deal announcements provide an opportunity to develop joined up working across GM on shared priorities and bespoke strategies for growth that are based on local priorities and unlock the potential of Manchester's communities.
A liveable and low carbon city: a destination of choice to live, visit, work	The devolution deal makes several announcements in relation to zero carbon. The Council will continue to work with the GMCA to ensure that the devolution deals align with the Council's corporate priorities.
A connected city: world class infrastructure and connectivity to drive growth	The devolution deal includes announcements on transport, skills, housing, and regeneration, which will have a positive impact on Manchester's economy.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – capital and revenue

None at present, however UK Government will negotiate and implement a single financial settlement (capital and revenue) with GMCA at the next spending review (expected to be 2025/26) which will have financial consequences for MCC.

Contact Officers:

Name: Rebecca Heron
Position: Strategic Director, Growth and Development
Telephone: 0161 234 5515
E-mail: rebecca.heron@manchester.gov.uk

Name: Peter Norris
Position: Strategy and Economic Policy Manager
Telephone: 07798 656 012
E-mail: peter.norris@manchester.gov.uk

Name: Charlotte Moore
Position: Principal Policy Officer
Telephone: 07901 528 661
E-mail: charlotte.moore@manchester.gov.uk

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 Combined Authority Trailblazer Devolution Deal, HM Government and GMCA, published 15 March 2023*](#)

[*Towards an integrated Technical Education, Skills and Work City-Region: Starting the Conversation, GMCA, published May 2023*](#)

[*Devolution and GMCA/AGMA Budgets, Resources and Governance Scrutiny Committee, 5 January 2017*](#)

1. Introduction

- 1.1. Manchester and Greater Manchester have led the way on the devolution agenda in the UK and are clear on the need for continued and further devolution of powers from Westminster to the lowest appropriate level. The Greater Manchester Trailblazer devolution deal is the latest devolution agreement between the UK government and the Greater Manchester Combined Authority (GMCA), which grants the city-region new powers and funding over key areas such as health, transport, housing, skills and economic development. The deal aims to boost the local economy, improve public services and enhance democratic accountability by giving more decision-making authority to local leaders and communities.
- 1.2. This report provides an overview of the main features and benefits of the devolution deal, as well as the challenges and opportunities it presents for the future of Manchester and its residents.

2. Background

- 2.1. Devolution refers to the transfer of political powers and decision-making from the UK government to regional administrators. This is important for local authorities as it allows for tailored policies that reflect the specific needs and priorities of local areas, which improves the efficiency and effectiveness of public services whilst ensuring local accountability.
- 2.2. Manchester has been at the core of the local government devolution agenda since November 2014, when the first 'devolution deal' was agreed between the UK government and GMCA. This led to the transfer of functions from Whitehall, including transport, planning, skills and economic regeneration. As part of the deal, the GMCA agreed to the creation of the new post of 'metro mayor', who would become its chair. Since then, several subsequent devolution deals agreed further functions being transferred to GMCA, including:
 - February 2015 - bringing together health and social care budgets (£6bn), which was followed by an agreement for a £450m Health and Social Care Transformation fund
 - July 2015 - the creation of the Manchester Land Commission, and the transfer of fire and rescue services to the GM Mayor
 - November 2015 - further transport devolution, social housing reform, and control over EU funding
 - March 2016 – the establishment of GM Life Chances Fund, Criminal Justice Devolution, and piloting of 100% business rates retention
 - November 2016 - a local industrial strategy pilot, homelessness funding, transforming cities funding, post-16 education and training, and Mayoral capacity funding.
- 2.3. However, it is important to note that not all the agreed powers have been devolved in practice and that some agreements with UK Government Departments fail to progress in detailed negotiations or are subject to change in

national policy.

2.4. Through these devolution agreements, the GM region has more power and control over budgets, including:

- more control of local transport, with a long-term government budget which will help to plan a more modern, better-connected network
- planning powers to encourage regeneration and development
- a £300 million fund for housing: enough for an extra 15,000 new homes across GM over ten years
- extra funding to get up to 50,000 people back into work
- incentives to skills providers to develop more work-related training
- extra budget to support and develop local businesses
- control of investment through a new 'earn back' funding arrangement which provides extra money for the region's infrastructure if we reach certain levels of economic growth

2.5. In February 2022, Greater Manchester and the West Midlands were invited to negotiate a new deeper 'Trailblazer' devolution deal with the government to devolve more powers and simplify their current funding arrangements.

3. Trailblazer Devolution Deal

3.1. The "Trailblazer" devolution deal for Greater Manchester (alongside West Midlands) was announced in the 15 March 2023 Budget. The deal was signed by GM Leaders and Levelling Up Minister Dehenna Davison on 21 March 2023. The deal is a statement of intent from the UK Government and GM Leaders. It will now need to go through a formal process of consultation, ratification and implementation.

3.2. The headline announcement was that the deal will provide £1 billion of investment to the city region. The Trailblazer deal includes:

- A single funding assessment and block grant to cover the duration of the next spending review
- A single outcomes-based accountability framework for the Greater Manchester Mayor
- Long-term commitment (10 years) to 100% business rates retention
- Greater control over post-16 technical education - setting GM firmly on the path to become the UK's first technical education city-region
- New levers and responsibilities to achieve fully integrated public transport, including rail, through the Bee Network by 2030
- New responsibilities over housing that will allow us to crack down on rogue landlords and establish the Good Landlord Charter
- Over £150m of brownfield funding over three years to accelerate housing delivery
- Collaboration on a range of net zero, nature recovery and climate change adaptation measures, with some net zero spending decisions to be made

locally

- 3.3. In future, the Government's intention is to "roll this model out to all areas in England with a devolution deal and a directly elected leader".
- 3.4. There are four priority areas for the 'Trailblazer' devolution deal which are summarised below along with the key considerations for Manchester.

(1) Single Settlement

Summary:

- 3.5. The government will negotiate and implement a single financial settlement (capital and revenue) with GMCA at the next spending review (expected to be 2025/26), in which GMCA will be treated similarly to government departments. This settlement will cover local growth and place; transport; housing and regeneration; adult skills; and retrofit/net zero. A memorandum of understanding covering how the settlement will operate will be agreed by January 2024.
- 3.6. The single settlement will:
 - Cover an entire Spending Review period;
 - Replace individual grant funding streams;
 - Be the default mechanism for receiving funding in areas covered by the settlement;
 - Give GMCA greater flexibility to plan and fund priorities over the longer term;
 - Be subject to a single, streamlined accountability framework; and
 - Represent a change to the wiring of funding decisions rather than quantum.

Considerations for Manchester

- 3.7. The Single Settlement will provide the Council with greater certainty over key funding streams, which will help to plan investment and resources for the medium term. It also gives the Council a significant benefit by not being involved in competitive bidding rounds which have uncertain outcomes and require a large amount of officer time. It may also be a precursor to further funding streams being included. Due to the "trailblazer" status of the deal, there is likely to be national attention to how it is delivered, and the outcomes achieved.
- 3.8. It needs to be determined how funding of individual streams through the single settlement will work. Manchester's population accounts for 21% of the total Greater Manchester population and the Council's current allocation of core spending is also 21%. Any decision on how funding of individual streams through the single settlement work should consider different principles and factors such as economic opportunity or deprivation to ensure that the funds allocated are proportionate to each district's needs.
- 3.9. The single settlement will not be delivered until the next spending review, which is due to begin in 2025/26. This will take place after the next general election which adds an element of uncertainty in terms of the implementation of policy

decisions taken by the current Government. The national fiscal outlook for that period currently looks challenging, and the Institute for Fiscal Studies (IFS) has predicted that there will be an average of 3.2% per annum real terms funding cut to unprotected departments. For Manchester, this translates to an overall budget shortfall of circa £10m in 2024/5 and £10.5m in 2025/26.

- 3.10. It will be important that the Council works with GMCA to ensure that the right processes are in place to administer the single pot, and that Manchester's officers are connected into the right groups and are involved early in the design of the processes. GMCA should also seek to receive assurances that the single pot will not be disproportionately cut and that new funding streams from government will still be open to GM. As part of the single settlement, GMCA will be reviewing its governance and structures to ensure they are fit for purpose to administer the funding and provide adequate oversight and scrutiny of spending.

(2) Housing and Regeneration

Summary:

- 3.11. It was announced that £150m of brownfield funding will be devolved to GMCA over the next 3 years to deliver 7,000 new homes. GM's existing Strategic Place Partnership (SPP) with Homes England will also be strengthened. This will include closer joint working on the delivery of truly affordable net zero homes, and working with partners to drive innovation in construction, materials, skills and finance needed to bring forward the development of a pipeline of net zero homes across GM.
- 3.12. The deal also confirms a new Housing Quality Pathfinder to support action to tackle poor quality housing in the private rented sector. This will deliver new powers and partnership arrangements to support GM authorities on this agenda. There will also be local leadership of the Affordable Homes Programme (£400 million in GM) which will enable greater powers and more flexibility over time.

Considerations for Manchester

- 3.13. The announcements in relation to Housing and Regeneration will provide a beneficial shift to a more strategic and targeted approach to fund the delivery of Manchester's ambitious regeneration and housing pipeline – one that moves beyond distinct programmes and bidding for funding.
- 3.14. The Council will work with GM on developing a new approach to investment based on delivering improved outcomes through the funding allocation, avoiding replication at GM level of multiple bidding rounds into annual or programme allocations.
- 3.15. The challenge with brownfield funding is the scale and volume, for example the Victoria North development in Manchester is delivering 5,500 homes at Redbank with a £51.6m Housing Investment Fund grant. The Council will need to agree which Manchester schemes to prioritise for inclusion within the brownfield funding pipeline to ensure that they become GM priority projects. It is important

to note that the Government have indicated that this first allocation of £150m is intended to be followed by a subsequent settlement for the next Spending Review period. Demonstrating that GM can deliver outcomes effectively should unlock greater certainty of funding over a longer period moving forward, enabling GM to develop a clear strategic pipeline of investment. The revenue funding for Homes England will also need to be aligned with the city's pipeline of development.

(3) Transport

Summary:

- 3.16. A new rail partnership with Great British Railways will be introduced to support the integration of rail into the Bee Network by 2030. There are also firm commitments from the government to deliver full fares and ticketing integration across bus, Metrolink, and rail by 2030. The deal also includes a further Devolved City Region Sustainable Transport Settlement (CRSTS) as part of the single settlement, which includes funding for highways maintenance, buses, active travel and electric vehicles. The current settlement runs until 2027.
- 3.17. The government has also committed to working with GMCA and TfGM to identify legal powers to effectively tackle anti-social behaviour and fare evasion on bus services and are open to working with GMCA to address challenges presented by out-of-area working by pre-booked taxi and private hire vehicles.

Considerations for Manchester

- 3.18. These announcements are a further step towards the delivery of the Bee Network by 2030 which will deliver a 'London Style' transport system with integrated and simple ticketing for users. They also provide an opportunity to ensure that the next tranche of CRSTS is fully aligned to the city's growth priorities. Integrated transport will be of significant economic benefit to the city, with improved connections within the city region and with its neighbours contributing to increased GDP and productivity growth.
- 3.19. The Council will need to ensure close involvement in the discussions with Government on out-of-area taxi licensing, given the volume of trips which take place in Manchester city centre and the Council's existing standards.
- 3.20. TfGM have a statutory duty to produce a new Local Transport Plan by spring 2024. Early engagement will be required from the Council to ensure that the plan reflects Manchester's transport priorities, including those articulated in the City Centre Transport Strategy and Active Travel Strategy.

(4) Skills

Summary:

- 3.21. The 'trailblazer' deal commits to a new partnership for post-16 Technical Education and Skills, which will be underpinned by a Joint Governance Board to

provide strategic oversight and to ensure that there is alignment with local labour market needs. The deal builds on the successful devolution of the Adult Education Budget (AEB) by committing to devolution of non-apprenticeship adult skills functions and grant funding in the next Spending Review period.

- 3.22. Manchester schools have improved considerably over the last decade with 88.9% of all Manchester schools rated Good or Outstanding by Ofsted. This is above the national average of 88.2% and reflects a significant improvement in the secondary sector, with 82.1% of secondary schools judged good or better in November 2022 compared to 74% in June 2019.
- 3.23. Manchester has focused on improving educational attainment and increasing aspiration throughout the school system. In 2022, the provisional headline measure of the proportion of Manchester's young people achieving attainment 8 at GCSES is 46.3% compared to 43.3% in 2019. Attainment 8 scores are based on pupils' results across eight subjects with a double weighting for English and Mathematics.
- 3.24. The 'trailblazer' deal also has commitments to a co-design approach to all future contracted employment support programmes in the city region for young people and adults, with an assumption of a GM footprint and a delegated delivery model.
- 3.25. There will be a more place-based approach to careers education and the development of joint governance arrangements for the delivery of careers services in GM. A new DWP-GMCA Joint Strategy and Oversight Board will also be formed.

Considerations for Manchester

- 3.26. The skills announcements enable further progression towards a skills and employment support system that is tailored to the local labour market and aligned to the Council's Work and Skills Strategy. The Council will continue to work with GMCA to shape the devolution of post-16 technical education and vocational education to ensure that the priorities of the Work and Skills strategy are delivered.
- 3.27. Currently GM does not have control or power in the pre 16 educational sector, and these announcements should be seen as a step in opening the discussion about what a successful, meaningful technical education pathway looks like in the 21st century.
- 3.28. Manchester is the driver of growth in the city region and the skills system must meet the needs of growth sectors. Manchester also has the highest level of needs and numbers of Universal Credit claimants which needs continued and proportionate investment in adult education/low skills.
- 3.29. The Council has offered to be involved in the co-design of programmes and commissioning which will enable more local and more targeted focus than GM wide programmes in some cases.

3.30. The Council will need to continue to engage with the Department for Education on critical Manchester issues not covered by the Deal, particularly the need for capital and revenue for more post-16 places to meet the need of the population growth.

3.31. To note, GMCA currently has a [consultation](#) open until 30 June 2023 to gather feedback on the proposed plans and subjects to shape the development of a Manchester Baccalaureate (MBacc), which is a proposed pathway for young people from the age of 14 who want to take technical qualifications. The stated aim of the MBacc is to provide a parallel and high value alternative to the existing English Baccalaureate (EBacc)¹, which is designed to maximise a young person's chances of gaining a university place but is a school measurement tool rather than an actual qualification. The Committee may want to request an item on this issue at a later date.

4. Additional announcements

4.1. A number of other announcements were also made alongside the four priority areas of the Trailblazer Devolution Deal outlined in section 3, though the significance and impact of these are not yet clear:

- **Fiscal devolution.** Authorities in GM will be allowed to retain 100% of their Business Rates for 10 years. The Government will also work with GM to designate a number of specific growth zones, within which 100% of Business Rates growth will be retained for 25 years.
- **Economy, private sector growth and culture.** Strengthened partnerships with Government on innovation, business productivity, business support, trade and investment, and culture, also work to recognise Marketing Manchester as a recognised Local Visitor Economy Partnership.
- **Net zero and environment.** Government will pilot devolving net zero funding (inc. buildings retrofit) to GMCA from 2025 onwards, as part of GMCA's single department-style settlement. The Mayor of Greater Manchester will be appointed as the responsible authority to develop the Local Nature Recovery Strategy (LNRS) for GM, and Government and GM will work on a range of net zero, nature recovery and climate change adaptation strategies, regulations, pilots and policies.
- **Public services.** New funding streams relating to prevention and/or multiple disadvantages will be considered for inclusion as part of the single settlement. Government will also work with GM to review the secondary legislation underpinning pooled budgets.
- **Data and digital.** A new Data Partnership, alongside a review of options (legislative or otherwise), will support better sharing of data between Government and GM bodies. A new Digital Infrastructure Leadership Group will also be established.

¹ The EBacc is a national performance measure for any student who achieves good GCSE or accredited Certificate passes in English, mathematics, history or geography, two sciences and a language. These are subjects which are studied in many subsequent university programmes. The consultation is available here: <https://www.gmconsult.org/work-and-skills/mbacc/>

- 4.2. Clarity will be required on the aims and objectives of the suggested new partnership groups outlined above to avoid there been open-ended commitments of officer time.

5. Conclusion

- 5.1. The Trailblazer devolution deal provides an opportunity to develop joined up working across GM on shared priorities and bespoke strategies for growth that are based on local priorities and needs. The deal represents a step in the right direction towards rebalancing the national economy towards Manchester.
- 5.2. Manchester City Council supports and welcomes the continued and further devolution of power and funding from Westminster to GMCA. Going forwards, it will be important for Manchester to maximise the positive outcomes for the city against potentially competing interests of the other GM authorities, ensuring that the needs and interests of our varied partners and stakeholders are well balanced throughout the implementation of the deal.
- 5.3. The complexity and diversity of the devolved policy areas and funding streams will require effective and comprehensive governance arrangements, which are able to respond effectively to uncertainty and volatility from the current national political and economic context. Manchester will continue to play a key role in this as an integral part of the GM system.

6. Recommendations

The Committee is recommended to note and comment on the contents of the report.

7. Appendices

- 7.1. None.