

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 23 May 2024

Subject: Manchester City Council connections with the Greater Manchester Combined Authority (GMCA)

Report of: Assistant Chief Executive, Strategic Director - Growth and Development and City Treasurer

Summary

This report provides an update on Manchester's connections with the Greater Manchester Combined Authority (GMCA) in terms of partnerships, governance, and financial arrangements. It sets out the historical context which led to the establishment of GMCA, a summary of previous devolution deals and the current areas of focus given the March 2023 Trailblazer Devolution Deal. It also provides a high-level summary of the financial relationship between the Council and GMCA in relation to core funding and grants, as well as the governance arrangements in place to ensure robust decision making at a city region level to support delivery of Manchester's strategic priorities.

Recommendations

The Committee is asked to note and comment on the content 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	Delivery of the Council and citywide climate change ambitions can only be achieved by working with GMCA. GMCA have a 5 Year Environmental Plan, links into government and access to net zero funding.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	EQIAs would be completed for individual services and issues that Manchester works on with GMCA. Greater Manchester has an extensive equalities, inclusion and cohesion programme including a number of Panels for people with protected characteristics. This follows on from the GM Independent Inequalities Commission and report.

Manchester Strategy outcomes	Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A number of economic functions and devolved funding sit at a city region geography. The Greater Manchester Industrial Strategy and Places for Everyone are documents in relation to the future economy of GM.
A highly skilled city: world class and home grown talent sustaining the city's economic success	GMCA have control over devolved adult skills funding as part of recent devolution agreements.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Devolution of health spend and the creation of new city region health structures such as the GM Integrated Care Partnership are critical to the delivery of Manchester's health priorities.
A liveable and low carbon city: a destination of choice to live, visit, work	The Council works closely with the GMCA Environment Team and Marketing Manchester.
A connected city: world class infrastructure and connectivity to drive growth	Transport for Greater Manchester plays a pivotal role in the provision of transport services and infrastructure across the city region. The Bee Network and the Transport Strategy 2040 set out the future vision. The City Region Sustainable Transport Settlement is a fund devolved to GMCA.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – 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.

Financial Consequences – Capital

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: James Binks
Position: Assistant Chief Executive

Telephone: 07809 688290
E-mail: james.binks@manchester.gov.uk

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

Name: Tom Wilkinson
Position: City Treasurer
Telephone: 07714 769347
E-mail: tom.wilkinson@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.

- Resources and Governance Scrutiny Committee 5 January 2017, Devolution and GMCA/AGMA Budgets
- Economy and Regeneration Scrutiny Committee 20 June 2023, The Greater Manchester Trailblazer Devolution Deal and its implications for Manchester, including Adult Skills and Technical Education

1.0 Introduction

- 1.1 This report provides an update on Manchester's connections with the Greater Manchester Combined Authority (GMCA) in terms of partnerships, governance, and financial arrangements. It sets out the historical context which led to the establishment of GMCA, a summary of previous devolution deals and the current areas of focus given the March 2023 Trailblazer Devolution Deal. It also provides a high-level summary of the financial relationship between the Council and GMCA in relation to core funding and grants, as well as the governance arrangements in place to ensure robust decision making at a city region level to support delivery of Manchester's strategic priorities.

2.0 Background

- 2.1 Greater Manchester (GM) is the national lead English area on devolution. The 2023 Devolution Trailblazer agreement (for GM and the West Midlands) built upon 7 Devolution Agreements signed with Government in the 2010s, and a long history of working with Central Government and the GM councils working effectively together.
- 2.2 Greater Manchester Councils have a strong history of formal and informal working together to achieve shared aims for the city-region. Historically, This the Greater Manchester County Council was formed on 1 April 1974 by the Local Government Act 1972 and then abolished on 31 March 1986 by the Local Government Act 1985. The Association of Greater Manchester Authorities (AGMA) was formed in 1986 as a Joint Committee of ten municipal districts¹ to represent "the collective interests of the local authorities within Greater Manchester and as a joint committee with responsibilities for a number of residual functions previously performed by the GMCC... and any other functions which its constituent councils have delegated to it."²
- 2.3 The ten GM districts worked closely together during the 1990s and 2000s. Marketing Manchester was established in 1996 and the GM Inward Investment Agency MIDAS which was created in 1997 to promote the city-region on the world stage prior to the 2002 Commonwealth Games.
- 2.4 In 2009, the then Chancellor of the Exchequer Alistair Darling announced that GM and the Leeds City Region would be established as Statutory City Region Pilots. This marked the first of seven devolution deals granted to GM between 2009 and 2017. Table 1 below provides a summary of these deals.

¹ The 10 Greater Manchester districts are Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan

² Chief Executive, Future Governance of AGMA (Manchester: Manchester City Council, 2008), 3.

Table 1: Greater Manchester Devolution Deals

Date	Summary
December 2009	<ul style="list-style-type: none"> • Statutory city-region pilot. • Powers covering: transport, total place public services, employment programmes, housing and planning, low carbon, inward investment and innovation, and post-16 skills.
November 2014	<ul style="list-style-type: none"> • Agreement to have an elected mayor, who would also be Police and Crime Commissioner • Powers include: transport, supporting businesses, employment and skills, spatial planning, housing, governance reforms.
February 2015	<ul style="list-style-type: none"> • Pooled social care budgets across the 10 Greater Manchester Local Authorities. Amounts to a £6 billion budget.
July 2015	<ul style="list-style-type: none"> • Powers include: review of children services, a land commission, fire and rescue become responsibility of elected mayor.
November 2015	<ul style="list-style-type: none"> • Further transport powers, social housing reform and control over EU funding.
March 2016	<ul style="list-style-type: none"> • Establishment of GM Life Chances fund • Pilot of 100% business rate retention • Powers over criminal justice
November 2017	<ul style="list-style-type: none"> • Local Industrial Strategy pilot • Homelessness, transforming cities and mayoral capacity funding • Post-16 education and training powers

3.0 Trailblazer Devolution Deal 2023

3.1 In February 2022, as part of the Levelling Up White Paper, GM and the West Midlands were invited to enter negotiations with the government over a deeper devolution deal – known as a trailblazer deal.

3.2 The Trailblazer Devolution deal was formalised in March 2023. It contains the following powers:

- 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 £150 million of brownfield funding over three years to accelerate housing delivery (£128 million of the fund already allocated with £51.6 million to Manchester City Council to help develop 3,380 new homes, of which 1,761 will be genuinely affordable)
- 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 total, the Trailblazer Deal represents £1 billion of investment into GM.

3.4 A full update on the deal was discussed at Economy and Regeneration Scrutiny Committee in June 2023.

3.5 Officers are working with colleagues from the GMCA and government to implement the areas contained in the Deal. A key element of these discussions is the move to a single funding settlement for GM as part of the next Spending Review period from April 2025 and the implications of this for the delivery of Manchester’s strategic priorities across local growth and place, housing and regeneration, adult skills, local transport, decarbonisation and net zero.

3.6 As with all the GM devolution deals, it is important to note that powers are devolved subject to practical implementation and may not be realised if negotiations do not progress between parties.

4.0 Governance

4.1 A combined authority is a body established under Part 6 of the Local Democracy, Economic Development and Construction Act (LDEDCA) 2009, pursuant to an Order of the Secretary of State. The functions that a particular combined authority has are determined by Orders made by the Secretary of State in respect of that combined authority. Consequently, powers vary considerably between combined authorities.

4.2 Originally the functions that could be granted to a combined authority were limited to transport functions (of an Integrated Transport Authority (ITA)) and the functions of the local authorities in the combined authority’s area (but only exercisable by the combined authority with a view to economic development and regeneration).

4.3 Following the Cities and Local Government Devolution Act 2016, a wider range of functions could be granted by Order to a combined authority, including:

- functions exercisable by the combined authority’s constituent councils, and no longer with the limitation that such functions are only exercisable by the combined authority with a view to economic development and regeneration (e.g. public health functions of local authorities);
- functions of a public authority exercisable within the combined authority’s area (e.g. Housing and Communities Agency functions); and

- functions corresponding to functions of a public authority exercisable in relation to another area (e.g. functions equivalent to the Mayoral Development Area functions of the London Mayor).
- 4.4 The 2016 Act also enabled the Secretary of State, by Order, to provide for there to be a Mayor for the area of a combined authority and, also, for such a mayor to have the powers of a Police and Crime Commissioner (PCC) in place of the area's PCC.
- 4.5 Multiple Orders have been made in respect of the GMCA, granting the GMCA a range of powers and establishing a GMCA Mayor (with PCC functions). The functions of the GMCA fall under the following broad headings:
- Transport (including all the functions of the former GM ITA)
 - Economic Development, Regeneration and Housing
 - (Post 16 and Adult) Education, Skills and Training
 - Fire and Rescue
 - Police and Crime Commissioner Functions
 - Waste
 - Public Health
 - Miscellaneous & incidental functions / certain LA functions conferred on Combined Authorities
- 4.6 The GMCA also has "general powers" in the form of:
- A "functional power of competence" under s.113A of LDEDCA; and
 - A retained "well-being power", akin to that which local authorities previously had under Section 2 of the Local Government Act 2000.
- 4.7 The functions of the GMCA are divided between:
- Functions exercisable by the GMCA itself (often referred to as "GMCA Functions"); and
 - Functions "exercisable only by the Mayor" (often referred to as "mayoral functions").
- 4.8 By default, any function of the GMCA will be exercisable by the GMCA itself unless the relevant legislation specifically provides that particular function is to be a mayoral function.
- 4.9 Mayoral functions can be divided into:
- "general functions" of the Mayor (e.g. fire and rescue; bus franchising; Mayoral Development Corporations); and
 - Police and Crime Commissioner ("PCC") functions of the Mayor.
- 4.10 The distinction between mayoral "general" and "PCC" functions is important as it affects how the functions can be delegated and how they are scrutinised. There are also differences in how fire and rescue functions are scrutinised compared to the Mayor's other "general functions".
- 4.11 In terms of the relationship between the Council and the GMCA, the former is one of the GMCA's "constituent councils". The Council's agreement was

needed to establish the GMCA, as it was needed in relation to each of the devolution deals.

- 4.12 The GMCA consists of 11 Members – ten members appointed by the ten constituent councils (in practice the leaders of each of those councils) plus the directly elected mayor of the GMCA. Each of the constituent councils also appoints a substitute member to the GMCA. Each of the ten leaders has a direct role in collective GMCA decision-making and is also given particular portfolio responsibilities by the GM Mayor. The leaders sitting on the GMCA may also sit on certain GMCA committees, such as the GMCA Standards Committee and the GMCA Resources Committee.
- 4.13 There are also a number of GMCA committees to which the GMCA appoints members from amongst the wider membership of the constituent councils. These committees include:
- The GMCA Audit committee, which consists of four members (plus two substitute members) from the constituent councils and four independent members.
 - The GMCA Waste and Recycling Committee, which consists of 15 members from the constituent councils (excluding Wigan). The committee is able to discharge a range of the GMCA's waste disposal functions.
 - The GMCA Overview and Scrutiny Committee, which consists of 20 members (and up to 20 substitute members) from the constituent councils. This committee is a key mechanism for members of constituent councils to scrutinise the decision-making of the GMCA and, in respect of general functions (aside from fire and rescue), the decision-making of the GM mayor.
- 4.14 There are also a number of joint committees related to the GMCA that include members of the constituent councils, including:
- The Bee Network Committee (a joint committee of the ten constituent councils, the GMCA and the GM Mayor), to which certain transport functions have been delegated by the GMCA, the GM Mayor and the constituent councils.
 - The Police, Fire and Crime Panel (a joint committee of the ten constituent councils). The Panel serves to scrutinise the decision-making in relation to the GM Mayor's PCC and fire and rescue functions.
 - AGMA (a joint committee of the ten districts and the GMCA), whose membership mirrors that of the GMCA.

5.0 Finance

- 5.1 The Waste Disposal Levy is paid to GMCA for the costs of disposing of the Council's household waste. The 2024/25 levy costs have increased by £1.2m to £31.8m. This is inclusive of changes in costs, recycling rates and market prices for recyclates and energy.
- 5.2 Where appropriate waste reserves have been returned to GM authorities. Since 2019 £18.1m has been returned to the Council.

- 5.3 The Transport Levy is to cover the costs of providing the greater Manchester integrated transport system, including the Metrolink and subsidised bus services, as well as transport infrastructure developments. The 2024/25 amount is £40.289m, an increase of 3.2% from the prior year.
- 5.4 The AGMA and GMCA charge totals £1.844m and supports a number of functions under the remit of GMCA, which are recharged to the ten GM authorities, mostly pro-rata to population. These include delivery of the Protect Duty (Martyn's Law) across GM to ensure public safety in building; Flood and Water Management; Sharepoint a multi-agency data sharing function across the North West; County Record keeping; the Ecology Unit and the GM Resilience Unit.
- 5.5 The 100% business rates pilot scheme was introduced in 2017 and under agreement the benefit of the scheme is shared with GMCA. This benefit is measured based on a prescribed DLUHC formula and GMCA's share has ranged from 25% to 50%. To 2022/23 the Council passed £25.6m of benefit to GMCA, with a further £5.4m due for 2023/24, bringing the total share to £31.0m and at over 30% is the largest contribution from a GM authority.
- 5.6 Additionally the City Council contributes to the Fire and Rescue, Police and Crime Commissioner and Mayoral budgets through precepts on council tax and business rates. In 2024/25 the Council will contribute £35.6m to the Police and Crime Commissioner budget and £15.2m to the Fire and Rescue and Mayoral budgets from council tax; and £3.6m to the Fire and Rescue and Mayoral budget from business rates.

6.0 Manchester working as part of the GMCA

- 6.1 Delivering GM's stated priorities for the city region relies on working in strong partnership with elected members and officers in the GMCA and each of the 10 local authorities. Manchester City Council is represented at a political level on a range of GM groups including GM Scrutiny Committees, note these could change shortly following Annual General Meetings.

- GMCA (main decision making body) – Cllr Bev Craig
- AGMA Executive Board – Cllr Bev Craig
- GMCA Standards Committee – Cllr Bev Craig
- Bee Network Committee – Cllr Tracey Rawlins
- GMCA Overview and Scrutiny Committee – Cllr Basil Curley, Cllr John Leech, Cllr Mandie Shilton Godwin
- GM Planning and Housing Commission – Cllr Gavin White
- AGMA Statutory Functions Committee – Cllr Tim Whiston
- GM Joint Health Scrutiny Committee - Cllr Zahid Hussain
- NHS GM Integrated Care Partnership Board – Cllr Bev Craig
- GM Waste and Recycling Committee - Cllr Shaukat Ali, Cllr Lee-Ann Igbon
- GM Culture and Social Impact Fund Committee – Cllr Tim Whiston
- Greater Manchester Air Quality Administration Committee – Cllr Tracey Rawlins

- Greater Manchester Clean Air Charging Authorities Committee – Cllr Tracey Rawlins
- Greater Manchester Joint Clean Air Scrutiny Committee – Cllr Mandie Shilton Godwin
- Places for Everyone Joint Committee – Cllr Gavin White

7.0 Impacts of Devolution

- 7.1 There is growing evidence of the positive impacts of devolution for Greater Manchester and the country nationally.
- 7.2 In terms of health and wellbeing, a University of Manchester paper published in 2024 showed the impact of devolution on local health systems. This demonstrated that life expectancy and healthy life expectancy improved by more in Greater Manchester than in comparator areas, although this cannot be solely attributed to devolution due to the complex factors that influence health and wellbeing:
- Life expectancy improved by 4 months (0.33 years) more in Manchester than in comparator areas
 - Life expectancy improved by 2.8 months (0.233) years more in GM than in comparator areas
 - Healthy life expectancy improved by 7.2 months (0.603 years) more in GM than in comparator areas
- 7.3 Since 2017 and the introduction of the GM 100% business rates retention pilot, under the Memorandum of Understanding GMCA has retained a share of the benefit derived from the scheme. This share has evolved from 50% in 2017/18, 0% in 2020/21 reflecting the pandemic's impact on business rates income, to 25% from 2021/22. Under the new Trailblazer Devolution Deal, which confirms the 100% business rates retention scheme for another 10 years, the benefit will be shared with GMCA at 25% in 2024/25 and is for local decision and agreement thereafter.
- 7.4 To date the GMCA share of the benefit from the 10 GM authorities totals £85.1 million, with a further £22 million forecast for 2023/24.
- 7.5 GMCA has applied this additional resource across a wide range of programmes, including:
- GM Business Productivity and Inclusive Growth Programme – Supporting start ups and business growth, including the technology co investment fund;
 - GM Local Industrial Strategy – to develop innovation assets in town centres;
 - GM Good Employment Charter;
 - GM Digital Strategy – use digital technology to drive improvements;
 - GM Cultural and Social Impact Fund – to enhance cultural experiences and safeguard jobs; and
 - GM Inward Investment Agency and Marketing Manchester – to promote GM towns and cities internationally and attract investment.

- 7.6 It has been shown that the economy in Greater Manchester has improved by more than other areas in recent decades. For example, between 2004-2021, Greater Manchester saw a 17% growth in productivity. This was at least 5 percentage points more than other city regions. There was also a significant increase in the share of tradeable services (Information and Communication, Financial and Insurance, Professional and Scientific, Administration and Support) in the Greater Manchester economy from 19.8% in 1998 to 28.1% in 2021. Again, it should be noted that this cannot be solely attributed to devolution.³
- 7.7 GM has invested heavily in the ongoing expansions of the Metrolink tram system over decades of working together and devolution deals. There is emerging evidence that network expansion has facilitated higher jobs growth than would otherwise be the case, given the important role of public transport systems in the growth of cities⁴. Following the 2011 Metrolink expansion, there were 78,300 more jobs in Manchester than expected on pre-2011 growth, in addition to 64,500 additional journeys on the Metrolink each weekday. Economic output, as measured by Gross Value Added per hour, increased in every region of GM between 2004-2021, but less so in the areas that did not have a Metrolink connection, Bolton and Wigan.⁵

8.0 Future Asks

- 8.1 This section highlights some of Manchester's asks of Government ahead of the next General Election, including those which are most closely aligned with the GM devolution trailblazer:
- Additional investment in Local Government through un-ringfenced revenue grant
 - Longer term financial settlements of at least 3-5 years to enable more effective investments to be made for the longer term
 - Funding settlements to strengthen the link between resources and deprivation
 - Government departments responsible for other public sector partners such as DHSC / NHSE to prioritise investment in prevention and partnership working
 - Place based approach to inspection and regulation
 - Significant additional investment in Children's Services and Adult Social Care including prevention, early intervention, transformation, workforce, disabled facilities grant, fair cost of care, implementing the McAlister review
 - Uplift of Homelessness prevention grant
 - Reform of asylum seeker and refugee support system
 - Reform of council tax
 - Provide the funding, tools and capacity to deliver our Economic Strategy

³ Mike Emmerich, "Researching the city – an economic transition of Manchester: A case study." Lecture Notes. (University of Manchester, 9th November 2023), 14-15.

⁴ Anna Stansbury, Dan Turner, Ed Balls, "Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention," *M-RCBG Associate Working Paper Series | No. 198* (Cambridge, MA: Mossavar-Rahmani Center for Business & Government, Harvard University, 2023), 4-5.

⁵ As per footnote 3

- Statutory duty for local authorities on economic growth
- Government funding to help cities leverage institutional investment for growth Co-design and funding of work and skills programmes including Universal Support
- Long term funding of Local Housing Allowance at the 30th percentile of rents
- Develop gap funding mechanism so new housing can be net zero
- Removal of benefits cap
- End no fault evictions

8.2 Greater Manchester focus:

- A full single pot place based settlement for Manchester, aligned to the GM devolution trailblazer
- Redirect Government R&D funding to Greater Manchester and Manchester
- Further devolution of skills and reform of apprenticeship levy
- Build on the GM devolution trailblazer to enable Manchester to deliver our ambitious housing strategy targets and address challenges on land assembly, remediation of brownfield land, delivering affordable housing, and next zero new build
- Develop ambitious integrated rail plan for the North – inter and intra city
- Funding for full implementation of integrated transport system (Bee Network) in GM

9.0 Recommendations

- 9.1 The Committee is asked to note and comment on the content of the report.