

REPORT FOR DECISION



DECISION MAKER:	Council Cabinet
DATE:	10 December 2014 17 December 2014
SUBJECT:	Devolution and Greater Manchester Mayor: Implications for Bury
REPORT FROM:	The Leader
CONTACT OFFICER:	Assistant Director – Legal and Democratic Services
TYPE OF DECISION:	CABINET (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	This report sets out the implications for Bury Council of the recent Agreement with Government to devolve functional and fiscal responsibilities, alongside a staged approach to Greater Manchester governance arrangements. The report outlines the importance of the emerging devolution deal and how it supports Bury’s priorities and its role in shaping Greater Manchester priorities; the proposed Governance arrangements; and the relationship between Bury, Greater Manchester Combined Authority (GMCA) and a Greater Manchester Mayor.
OPTIONS & RECOMMENDED OPTION	<p>Council and Cabinet are asked to note and if appropriate comment on the report; and recommend that the Council;</p> <ol style="list-style-type: none"> 1. Endorse the principles which have guided Greater Manchester’s approach to devolution and governance changes. 2. Welcome the Devolution Agreement and the significant switch in powers and access to resources it represents, which will have a positive impact on those who live and work within Bury and Greater Manchester. 3. Support the proposed changes in governance, including an Appointed Mayor as the eleventh Member of GMCA as a transition to a Directly Elected Mayor for Greater Manchester. 4. Note the balance between new powers to be vested in the GMCA, as well as new powers to be vested in the directly elected Mayor, who will be

	<p>the Chair of the GMCA and accountable to the Cabinet of Leaders in the exercise of those powers; and the Mayor and the Cabinet being the subject of scrutiny by the GMCA Pool.</p> <ol style="list-style-type: none"> 5. Agree that the proposed governance arrangements reflect the circumstances within Greater Manchester, which has a long track record of collaboration amongst the local authorities and with business. 6. Remind the Government and the range of local stakeholders that Bury and Greater Manchester will remain fully committed to greater fiscal devolution and to working with other UK City Regions and London in particular to make the case for this over the coming months. 7. Recommend the GMCA to conclude the statutory review of Governance arrangements as soon as possible, to enable a final scheme to be submitted to the Secretary of State as a pre-requisite to the changes being made to the Statutory Orders to give effect to the transitional arrangements. 8. Delegate authority to the Chief Executive in consultation with the Leader to respond formally to the GMCA consultation on devolution in the terms set out in this report; and to finalise on behalf of Bury Council, the Council's response to the final terms of the Governance arrangements including the terms of the Statutory Order. <p>The reason for the recommendations is to respond to the recent Agreement with Government to devolve functional and fiscal responsibilities; alongside a staged approach to Greater Manchester governance arrangements.</p>
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IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	There are no financial implications at this stage and Finance will be engaging with GM colleagues as this progresses.

Statement by Executive Director of Resources and Regulation:		
Equality/Diversity implications:	There are no workforce or community equality issues arising from this report.	
Considered by Monitoring Officer:	Yes Legal implications are addressed within the body of the report and the	JH

	Appendix.
Wards Affected:	All
Scrutiny Interest:	

TRACKING/PROCESS

DIRECTOR: Chief Executive

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Scrutiny Committee	Cabinet/Committee	Council	

1 Background

- 1.1 Greater Manchester has been at the forefront of the national debate on devolution. The priorities around growth and public service reform, shared with Bury are widely recognised to be distinctive and wholly appropriate for the long term success of the area. The long held ambition of GMCA has been to develop a new 'place-based' partnership with Government. Negotiations with Government officials over the last few months have focused on making this a reality now and over the life of the next Parliament.
- 1.2 On the 3rd November the 10 Leaders of the Greater Manchester Local Authorities and the Chancellor of the Exchequer signed the Draft "Greater Manchester Agreement: Devolution to the GMCA and transition to a directly elected Mayor" (the Agreement) which had been negotiated between the Government and the GMCA.
- 1.3 This historic Agreement represents a major transfer of power and responsibilities from central Government to Greater Manchester, alongside governance changes. It sets out a "road map" that transfers functions and access to resources now and which can lead to Greater Manchester over time having influence, if not control, over all public spending within GM; through a governance structure that provides strong leadership whilst protecting the integrity and the existing role and functions of local authorities. The Agreement confirms the move to an Appointed Mayor as the eleventh member of the GMCA as a transition to a directly elected Mayor in 2017 with a Cabinet of Leaders. The election of a GM Mayor will require new legislation.
- 1.4 The powers and resources set to be devolved to Greater Manchester are not exhaustive. GMCA will be able to add to them as discussions with Government are progressed. The focus of this Agreement has been on what can be achieved quickly. With the exception of much of the transport component and the role of the Police and Crime Commissioner (PCC), all of the additional powers can be devolved to Greater Manchester quickly and without new legislation.
- 1.5 Greater Manchester Authorities have all been invited to submit comments on the principles underpinning the changes and the Agreement by the 15th January at the latest. The report to the Combined Authority that sets out the principles and the Agreement itself are attached at Appendix 1.

2.0 Implications for Bury

- 2.2 The Agreement has significant benefits for Bury in supporting the delivery of key priorities as set out in the Council's Corporate Strategies and Corporate Plan.

The Agreement will support delivery of the public service reform programme locally, which includes key workstreams of Integrated Health and Social Care, Complex Dependent Families, Early Years, Worklessness and Skills and Transforming Justice, plus the connections between all workstreams.

It will also set a secure long term framework for delivering growth and reform objectives across the City Region and position Greater Manchester and Bury at the heart of the economic revival of the North of England.

Devolving more policy-making and funding down to the City Region level offers the opportunity to better tailor such decision-making to the particular needs of the conurbation and by implication Bury Borough. Bury will need to fully engage in this Agenda.

The delegation arrangements should reinforce the credibility & influence of the Greater Manchester region on the global stage and help to increase the overall levels of economic investment into the sub-region, from which Bury could look to benefit in terms of local economic growth.

Bury already makes an important contribution to GDP of the City Region and the Borough has the capacity for future growth, so there is scope to use delegation arrangements to foster our local growth agenda & priorities.

A "road map" has been developed to enable new functions (with access to resources) to be transferred from national Government for discharge at Greater Manchester level; building upon the existing Combined Authority model which has a track record of achievement across Greater Manchester.

The Agreement includes significant new responsibilities and powers that will directly support delivery of priorities.

Fiscal devolution will remain a priority for Greater Manchester but it is recognised that the case for this will need to be made separately, with the support of Core Cities and London over the coming months.

- 2.3 Greater Manchester and Bury's Vision and strategic priorities.

Greater Manchester's vision is to be a world class city as competitive as the best international cities:

- that stands out as enterprising, creative and industrious
- with highly skilled and motivated people
- living in successful neighbourhoods whose prosperity is environmentally sustainable, and
- where all our residents can meet their full potential, and are valued and secure.

Bury Council's vision is to lead, shape and maintain a prosperous sustainable Bury that is fit for the future.

Bury's economic priorities of business growth, inward investment and raising employment and skill levels, are key objectives of the Greater Manchester Growth and Reform Plan. The Council, is actively engaged in Greater Manchester growth initiatives, such as creating the conditions for growth through new development sites for both housing and employment uses, revitalising our town centres and supporting new and existing businesses.

Closely linking the local growth and reform activities, through activity such as recruitment and skills assistance for priority groups for jobs created from business growth, will have the maximum benefit for the Borough and enable Bury to benefit from and contribute to the growth of Greater Manchester, which the Devolution Agreement supports. The Agreement will see more pace and intensity injected into the reform approach with much higher government expectations around impact.

3.0 Impact of the Devolution Agreement

31 The Devolution Agreement is strongly aligned with these priorities and will support their delivery. Importantly it provides an opportunity to accelerate delivery, particularly of Bury growth and reform objectives. This will help to rebalance resources towards universal services more quickly than would otherwise be the case.

3.2 The Agreement will support the growth ambitions of Bury. In particular it will:

(a) Improve transport in Bury helping people to access jobs. The Agreement is a major step forward in creating an integrated transport network. The commitment to legislate to enable Greater Manchester to re-regulate buses and introduce a bus franchising model where Greater Manchester will have new powers over fares, routes, frequency and ticketing will transform the bus network and benefit the people who live and work in Bury and use buses. It will allow the network, which has a current annual turnover estimated at £265m, to be planned and managed as part of an integrated transport system and will be underpinned by a Smartcard system for integrated ticketing. The commitment to 'carve out' the national funding for Bus Operators Grant (around £15m) and the National Concessions scheme (just over £50m) will enable Greater Manchester to maximise outcomes by aligning all revenue support. Additional responsibilities to manage local rail stations and to improve joint working with the highways agency will further improve the effective management of the transport network.

Underpinning these operational issues will be the stability provided by a multi-year transport settlement which, on the basis of recent levels of funding, could be in the order of £100m a year across Greater Manchester. This will build on the Greater Manchester Transport Fund and allow for a long term sustained capital investment programme. The changes to the Earn back Model, by removing the complex formula that is part of the existing arrangement, give significant additional comfort that it can generate the remaining £800m that has been earmarked over 30 years. This means that the extension of Metro link to Trafford Park will be delivered, completing the existing GM Transport Fund Programme, which will further support Bury residents to access key employment areas and the jobs that are created in them.

- (b) Accelerate the delivery of new homes. A £300m Housing Investment Fund, recyclable over a 10 year period, will provide up to 15,000 additional homes over the next 10 years across Greater Manchester. The mechanisms in place through the Agreement and the changes made to our local partnerships arrangements will mean development opportunities can be brought sooner than would otherwise be the case.
- (c) Ensure residents have the skills that the local economy needs: The Agreement provides a step change by committing Government and Greater Manchester to working through a re-commissioning process to reshape and restructure further education provision by incentivising skills providers to align their offer to Greater Manchester's skills needs. The agreement gives Greater Manchester control over £55 million of skills funding through a review of adults skills provision (which has a budget of £50m) and through the devolution of the Apprenticeship Grant for Employers (£5m). It also gives Greater Manchester influence over a further £310m of skills funding: £140m relating to apprenticeships via the devolved Apprenticeship Grant for Employers, and £170m of EFA funding for 16-19 year olds. This will mean that Bury residents will be better equipped to access the jobs that are being created in both the growth sectors of the economy and in those sectors such as advanced manufacturing that are not growing in terms of employee numbers, but are strategically very important to Greater Manchester and have an ageing workforce.
- (d) Supporting growth in key sectors: we need to create new business, support existing business to grow and attract more inward investment. Establishing the Growth Hub has been a positive step in coordinating the offer to business to support their growth in Greater Manchester. However, it is still difficult to join up national, local, public and private business support services – meaning businesses struggle to access the right support at the right time to help them grow and innovate. Government will transfer business support budgets (estimated at £7m per year) to Greater Manchester to allow us to provide a fully integrated service. The expectation is that there will be efficiency gains and the opportunity to leverage European funds, generating additional investment of £10m a year. The ability to offer comprehensive business support through the Growth Hub will overcome one of the main criticisms by businesses – that the complexity of schemes and confusion of how to access help deters them from taking up support. This means that more Bury businesses can be supported in a more effective way.
- (e) Bury is very pro-active in terms of promoting local business growth and investment, including through collaborative working with the Greater Manchester Growth Hub. However, the devolution of funding programmes and related decision-making down to the Greater Manchester level offers greater scope for more businesses to access the support they need to improve productivity and foster growth.
- (f) Supporting our growth priorities will be a planning framework that encourages sustainable growth: Greater Manchester will be given the power to create a Statutory Spatial Framework. This will guide investment decisions and ensure a coherent approach to housing, employment and infrastructure development across the city region ensuring that all parts of the region are able to contribute to growth and

share in the benefits of success. The Framework will need to be approved by all members of the Combined Authority which provides incentives and safeguards that will ensure close working across the 10 authorities and with the Mayor. The evidence base for the refreshed Manchester Local Development Plan will be developed alongside the Greater Manchester spatial framework, to ensure that the two documents are aligned and that the GM spatial framework fully reflects Bury priorities. There is a sound basis to work from given the clear priorities that are set out in the existing GM Strategy that identifies the importance of the regional centre for employment growth alongside other economic drivers including the Airport.

3 3 The Devolution Agreement is a major step forward in the delivery of the Bury's public sector reform agenda. This is designed to support better outcomes for residents and ensure that more of them are able to contribute to and benefit from the economic success of the Regional Centre. The strategic focus on these outcomes and the development of evidenced approaches underpinned by cross agency investment agreements is a distinguishing feature of the Greater Manchester model. It is an area where real change is needed that improves outcomes for residents, helping more people back into work, increasing our productivity and reducing the cost of high dependency public services. We recognise the critical relationship between creating jobs and sustainable growth and reforming public services so that more of our people can benefit from and contribute to Bury success. The Agreement commits Government to work with GMCA across the spectrum of public service reform: complex dependency and supporting people into work, early years and health and social care.

3 4 In particular the Agreement will:

- (a) Increase the number of people in work and reduce dependency: Greater Manchester has been at the forefront of work to reduce levels of complex dependency and help people back into work. The Agreement, gives Greater Manchester control of a budget of £100 million to enable this to be scaled up so that 50,000 people across Greater Manchester who have struggled to find work will be supported to get into jobs. The programme therefore has the potential for a major impact in the Bury. In addition Greater Manchester will pilot a programme to support people over the age of 55 with long term health conditions back into work. The business cases for both of these programmes will be developed over the next few months. It has also been agreed that Greater Manchester will co-commission the next phase of the Work Programme with the Department for Work and Pensions, giving Greater Manchester influence over a budget of £100m.
- (b) Contribute to health improvements: The Agreement promotes the development of an integrated health and social care strategy through pooling budgets across Greater Manchester to reduce the pressure on A+E and avoid hospital stays. This is intended to lead towards multi-year funding allocations. The Government has invited GMCA and clinical commissioning groups working with the range of NHS stakeholders to develop a business plan that will accelerate the joining up of services and provision of new primary and community facilities. The intention of this plan will be to establish a transformation fund which is likely to be around £300m from existing resources to pump prime investment in community based care. Such an approach would be aligned with Bury priorities to ensure better services and outcomes for residents whilst

managing with significantly reduced budgets.

(c) Ensure that children have the best possible start in life: The Agreement commits Government to work with Greater Manchester to develop a further Early Years pilot to improve school readiness and attainment of children so that they get the best possible start in life. The business plan to be developed will set out how we plan to work with schools to agree the use of Dedicated Schools Grant to support the roll out of the Early Years new delivery model, (potentially worth £5-10 m per annum across Greater Manchester), and seek further powers to influence and coordinate all Early Years funding in Greater Manchester (currently around £363 million), primarily across health and local government.

3.5 The merging of the role and responsibilities of the PCC with the elected Mayor will support safer neighbourhoods and focus and integrate resources around local priorities. The resources currently under the control of the Police and Crime Commissioner (a budget of c£650 million per annum) will be brought under the control and accountability of the GMCA. Successful delivery of the growth and reform programmes has the potential to reduce the costs spent on targeted services and increase our ability to invest in high quality universal services for all residents.

4.0 Governance

4.1 Greater Manchester has a long history of collaboration amongst the 10 local authorities which culminated in a seamless transition from voluntary arrangements for collaboration to formal integrated governance through the Combined Authority. Greater Manchester's governance has developed and evolved over time and has operated successfully across political party lines. This stable partnership approach has seen significant achievements. It has also provided the platform to properly establish which functions are best delivered at Greater Manchester level and those which operate best at individual local authority level. Protocols have been published which codify and strengthen local member participation and ensure a clearer understanding of what the GMCA and AGMA are delivering in localities and how to contribute to GM priorities.

4.2 The Greater Manchester leaders instigated a Governance review earlier in the year, recognising that there was a pressing need to increase Executive Political leadership capacity. This considered how to strengthen governance with an 11th Leader appointed to chair the GMCA.

4.3 In order to secure greater levels of control and influence over new responsibilities and resources, Parliament has consistently demanded some form of directly elected leadership. This requirement will never change and without it Greater Manchester will not pass the test of direct accountability to enable it to take on central government functions.

4.4 This means that new Governance arrangements are necessary as part of the Devolution Agreement. These new proposed arrangements build on local experience and the Greater Manchester governance review rather than on importing models from elsewhere. The London Mayoral model was not seen as a relevant model for Greater Manchester as it would introduce a two-tier governance model with fragmented responsibilities for growth and reform.

- 4.5 The Agreement provides for a staged approach to governance change. The first step would see an Appointed Mayor as the 11th member of the GMCA with executive powers but also with each of the 11 members having one vote each on strategic matters. This would require a change to the Statutory Order which could be completed by the middle of next year.
- 4.6 This would lead to step two (which requires a change in legislation), a directly elected Mayor who will chair a Cabinet of Leaders. It is envisaged that, subject to legislation, an election for the Mayor would take place in 2017. The intention would then be to increase further the levels of control and influence over all public spending in Greater Manchester, currently £22bn, with responsibilities being assumed from national government to enable local government and local members to better discharge their existing functions. This third step would be supported by consistently high level performance of the governance model over the coming years and, crucially, delivering better outcomes for local people than would otherwise be the case.
- 4.7 The GMCA will remain responsible, and receive additional powers for business support, skills, complex dependency and health and social care. On public service issues the GMCA members and the Mayor will each have one vote, and policy will be agreed by a majority vote.
- 4.8 The directly-elected Mayor will be responsible for the new powers in relation to transport, planning, housing and policing (and with them the role currently covered by the Police and Crime Commissioner). The Mayor will however be required to consult the GMCA Cabinet on his/her strategies, which the Cabinet may reject if two thirds of the members agree to do so. The GMCA Cabinet will also examine the Mayor's spending plans and will be able to amend those plans again if two-thirds of members agree to do so. The statutory spatial framework will require the approval of a unanimous vote of the Cabinet. The decisions of the Mayor and the Cabinet will be scrutinised by the GM Scrutiny Pool.
- 4.9 Where the devolution of new responsibilities is possible without legislation these will be passed to the GMCA now. Some powers, funding for large strategic projects post 2016/17 and future funding from the revised Earn back deal will be conditional upon GM implementing the GM Mayoral Model.
- 4.10 The principles that support the relationship between Greater Manchester and the local authorities will continue to underpin the way that the new model operates. The total emphasis has been on a transfer of powers from national government to Greater Manchester and the relationship between the local authority Leaders who form the Mayor's Cabinet and the Mayor will protect the integrity of local authorities, whose functions will remain unchanged. This has been an important principle underpinning the design of strengthened governance. The proposed structure provides checks and balances that will ensure that the 10 authorities and GMCA maintain the strong successful integrated approach that has evolved over time.

5.0 Implementing the Agreement

- 5.1 The GMCA has formally endorsed the Devolution Agreement (as attached Appendix 1) at its meeting on 3rd November. The intention is to move as swiftly as possible to implement the first stage of the proposals. All GM authorities, the GM LEP and Business Leadership Council have been invited to submit comments no later than the 15 January. This will enable the GMCA to

finalise more detailed proposals for submission to the Secretary of State as soon as possible.

- 5.2 In parallel to the legislative aspects of the Agreement, work needs to be taken forward to develop the key deliverables that are included, in particular the detailed business cases in relation to the public sector reform priorities. Arrangements will be put in place by the GMCA Head of the Paid Service and the GM Wider Leadership Team to ensure that these are developed in a timely way and, more widely, that there is effective monitoring of the Agreement's execution. This will include ensuring a sound basis for monitoring outcomes across Greater Manchester and for Bury itself.

List of Background Papers:-

GM Devolution Agreement

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