

COUNCIL

Devolution of Powers to the Greater Manchester Combined Authority and Transition to a Directly Elected Mayor.

Portfolio Holder: Cllr Jim McMahon, Leader and Cabinet Member for Regeneration and City Region

Council: 17 December 2014

Officer Contact: Carolyn Wilkins, Chief Executive (Ext: 3542)

Reason for Decision

A Devolution Agreement has been negotiated between the Government and the Greater Manchester Combined Authority which sets out the additional powers and responsibilities which will be transferred to Greater Manchester in return for governance changes – involving an Appointed Mayor as the lead member of the Combined Authority and a directly elected Mayor as part of a Cabinet of Leaders through new legislation. This report sets out an agreed Greater Manchester approach to the evolution of Greater Manchester governance arrangements, in return for the devolution of significant additional functional and fiscal responsibilities by Government, the details of which are set out in the report.

Recommendations

A) Council is recommended:

1. To endorse the principles which have guided Greater Manchester's approach to devolution and governance changes, as set out in the attached report to the Greater Manchester Combined Authority.
2. To 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 the Oldham and Greater Manchester.

3. To support the proposed changes in governance including an Appointed Mayor as the 11th Member of the Greater Manchester Combined Authority as a transition to a Directly Elected Mayor for Greater Manchester,
4. To note the balance between new powers to be vested in the Combined Authority as well as new powers to be vested in the directly elected Mayor who will be the Chair of the Greater Manchester Combined Authority and accountable to the Cabinet of Leaders in the exercise of those powers; and the Mayor and the Cabinet being subject of scrutiny by the Combined Authority Pool.
5. To recommend the Greater Manchester Combined Authority to conclude the statutory review of the 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.
6. To delegate authority to the Leader in consultation with the Chief Executive to respond formally to the Greater Manchester Combined Authority consultation on devolution in the terms set out in this report.

B) In addition to the recommendations required by all member councils, Oldham Council is asked to agree to the following principles which we will seek to influence through negotiation;

1. That the costs of the Directly Elected Mayor and enhanced Greater Manchester Combined Authority are funded through a Precept or Levy, so as to be transparent about the cost of the function
2. That the creation of a Directly Elected Mayor and enhanced Greater Manchester Combined Authority is for the purpose of receiving additional powers and budget responsibility from central government
3. That the creation of a Directly Elected Mayor and enhanced Greater Manchester Combined Authority do not impede or infringe the work of the ten councils which make up the Greater Manchester City Region, and that the sovereignty of each council is maintained and respected
4. That the Directly Elected Mayor and enhanced Greater Manchester Combined Authority do not seek to assume, other than with full council consent, any powers currently vested in Oldham Council and the other nine councils which make up the Greater Manchester City Region
5. That the administrative boundary known as Greater Manchester is not intended to consume or replace the unique and historic identities of our communities

6. That work is undertaken to ensure Directly Elected Mayor and enhanced Greater Manchester Combined Authority have a clear plan in place to rebalance the City Region economy, addressing the 'north-south' economic divide which exists in the city region
7. That while supporting the principle of 'Earn-back' investment of public funds, sufficient funds should be made available to gap fund regeneration and infrastructure investment where a legitimate commercial gap exists.

Devolution of Powers to the Greater Manchester Combined Authority and Transition to a Directly Elected Mayor.

1. Background

- 1.1 Greater Manchester Combined Authority has been at the forefront of the national debate on devolution. The priorities around growth and public service reform are widely recognised to be distinctive and wholly appropriate for the long term success of the area. The long held ambition of Greater Manchester Combined Authority 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. The Greater Manchester Combined Authority formally endorsed the Devolution Agreement at its meeting on 3rd November 2014.
- 1.2 This Agreement represents a major transfer of power and responsibilities from central Government to Greater Manchester alongside governance changes. It sets a road map that transfers functions and access to resources now and which can lead to the Greater Manchester Combined Authority over time having influence, if not control, over all public spending within Greater Manchester 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 11th member of the Greater Manchester Combined Authority as a transition to a directly elected Mayor in 2017 with a Cabinet of Leaders. The election of a Greater Manchester Mayor will require new legislation.
- 1.3 The powers and resources set to be devolved to Greater Manchester are not exhaustive. Greater Manchester Combined Authority 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.
- 1.4 Greater Manchester Authorities have all been invited to submit comments on the principles underpinning the changes and the Agreement by the 15th January 2015 at the latest. The report to the Combined Authority that set out the principles is attached at **Appendix 1**. This report assesses the implications of the proposed changes for Oldham, including the future relationship between Oldham Council, the Greater Manchester Combined Authority and a Greater Manchester Mayor.

2. Implications for Oldham

- 2.1 The Devolution Agreement sets a long-term framework for delivering growth and reform objectives across the City Region and positions Greater Manchester at the

heart of the economic revival of the North of England. In doing so, it connects to the Oldham Plan and the Council's Corporate Objectives:

- A productive place to invest where business and enterprise thrive; and
- Confident communities where everyone does their bit

The Agreement also has strong synergy with the priorities being identified for the borough through the refresh of the Oldham Plan.

- 2.2 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.
- 2.3 The Agreement includes significant new responsibilities and powers that will directly support delivery of Manchester's priorities and overall it is assessed as making a very positive contribution to our objectives.
- 2.4 Fiscal devolution will remain a priority for the Greater Manchester Combined Authority but it is recognised that the case for this will need to be made separately with the support of the Local Government Association and its associate members.

3. Impact of the Devolution Agreement

- 3.1 The Devolution Agreement provides an opportunity to accelerate delivery, particularly of growth and reform objectives for the Greater Manchester Combined Authority and for Oldham. This section outlines the impact of the Agreement across the Council's priorities. The additional powers and responsibilities covered by the Devolution Agreement are;

- Transport
- Planning
- Housing
- Growth
- Reform
- Employment
- Skills
- Health
- Early Years

4. Transport

4.1 *In summary; regulation of buses and significant investment in transport*

- 4.2 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 to regulate fares, routes, frequency and ticketing. It is intended that this will

transform the bus network and benefit the people who live and work in Oldham and use buses.

- 4.3 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.
- 4.4 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.
- 4.5 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.
- 4.6 The proposed changes to the Earnback Model is intended to give significant additional comfort that it can generate the remaining £800m that has been earmarked over 30 years. This means that the extension of Metrolink to Trafford Park will be delivered, completing the existing Greater Manchester Transport Fund Programme, which will further support Oldham residents to access key employment areas and the jobs that are created in them.

5. Planning

5.1 *In summary; A City Region-wide planning strategy*

- 5.2 Greater Manchester Combined Authority 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.
- 5.3 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.
- 5.4 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 Greater Manchester spatial framework fully reflects Oldham's priorities. There is a sound basis to work from given the clear priorities that are set out in the existing Greater Manchester Strategy and the Local Development Plan.

6. Housing

6.1 *In summary; £300m over 10 years to build more homes*

6.2 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. Oldham has a clear strategy for residential growth and it is envisaged the Devolution Agreement will help deliver it at greater pace and scale supporting our long term growth ambitions.

7. Growth

7.1 *In summary; £7m of existing business funding devolved to Greater Manchester*

7.2 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 the Greater Manchester Combined Authority 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. This means that more Oldham businesses can be supported in a more effective way.

8. Reform

8.1. *In summary; public bodies will be required to work with Greater Manchester to modernise public services across institutions*

8.2 The areas of focus within the Devolution Agreement should also aid delivery of Oldham's public sector reform agenda that 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 City Region.

8.3 Local Government has been the hardest hit by Central Government cuts and the current model of service delivery responding to demand is no longer sustainable.

8.4 However where Local Government has modernised and changed the way it delivers public services, many other public bodies have been slow to change.

8.5 Public services in the future will need to evolve to focus on people and communities, rather than professions and institutions. Greater focus will also be needed on prevention and investing in resilience than on failure demand.

8.6 Unless the current funding and public service delivery model changes, there will continue to be an economic and social imbalance. This is as pronounced in the Greater Manchester City Region as it is between the North and South of England.

- 8.7 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.
- 8.8 There is a critical relationship between creating jobs and sustainable growth and reforming public services so that more of our people can benefit from and contribute to Oldham's success.
- 8.9 The Agreement commits Government to work with the Greater Manchester Combined Authority across the spectrum of public service reform: complex dependency and supporting people into work, early years and health and social care.

9. Employment

9.1 *In summary; £100m to support people into work*

- 9.2 The Greater Manchester Combined Authority 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 £100m to enable this to be increased so that 50,000 people across Greater Manchester, who have struggled to find work, will be supported to get into jobs.
- 9.3 This will support work already underway in the borough through Get Oldham Working. In addition, Greater Manchester Combined Authority will pilot a programme to support people over the age of 55 with long term health conditions back into work. Through this pilot, the Greater Manchester Combined Authority will develop a business case for greater GM influence over ESA for claimants over the age of 55. This was £193.5m last year. The business cases for both of these programmes will be developed over the next few months. It has also been agreed that the Greater Manchester Combined Authority will co-commission the next phase of the Work Programme with DWP, giving Greater Manchester influence over a budget of £100m. Our success with the Working Well programme has demonstrated the added impact of local input to the commissioning of programmes to support people into work.

10. Skills

10.1 *In summary; £55m of existing Skills funding devolved to Greater Manchester with influence over an additional £320m of Apprenticeships and 16-19 year old funding*

- 10.2 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 the Greater

Manchester Combined Authority 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 the Greater Manchester Combined Authority 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 Oldham residents will be better equipped to access the jobs that are being created in the City.

11. Health

11.1 *In summary; £300m of existing resources into a transformation fund*

11.2 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 the Greater Manchester Combined Authority and clinical commissioning groups working with a 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 Oldham's priorities to ensure better services and outcomes for residents whilst managing with significantly reduced budgets.

12. Early Years

12.1 *In summary; £5m - £10m for a new Early Years delivery model and influence of over £363m Early Years funding*

12.2 The Agreement commits Government to work with the Greater Manchester Combined Authority 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 £5-10m 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.

13. Crime and Disorder

13.1 *In summary: powers currently held by the Police and Crime Commissioner will be transferred to the Directly Elected Mayor/GMCA*

13.2 The merging of the role and responsibilities of the Police and Crime Commissioner with the elected Mayor will support Oldham's priority to create safe neighbourhoods and to 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 Greater Manchester Combined Authority. 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.

14. Governance

- 14.1 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 from the bottom up and evolved over time and has operated successfully across political party lines.
- 14.2 Since the formation of the Greater Manchester Combined Authority, member councils have increasingly geared resources to deliver the strategic ambition for the City Region, which has undoubtedly positioned Greater Manchester to receive additional powers from central government.
- 14.3 This stable partnership approach is one that has delivered 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.
- 14.4 Protocols have been published which codify and strengthen local member participation and ensure a clearer understanding of what the Greater Manchester Combined Authority and Association of Greater Manchester Authorities are delivering in localities and how to contribute to Greater Manchester's priorities. Since 2012, the Greater Manchester Combined Authority, recognising the need for political accountability, agreed to delegate portfolio responsibility to each of the ten council leaders.
- 14.5 Building on from this a governance review was instigated earlier in the year, recognising that there was a pressing need to engage, involve and be open to scrutiny and accountability. The guiding principles were;
- Democratic accountability;
 - Capacity to deliver the Greater Manchester Combined Authority Strategy;
 - Place-based governance/culture;
 - Cross-party participation;
 - Practicability;
 - Engagement;
 - Efficiency;
- 14.6 During the latter stages of the review the Devolution Agreement proposals were also considered to ensure that any agreement with government worked to the same objectives. An 11th Leader appointed to chair the Greater Manchester Combined Authority was already an important consideration for the review before government proposed a Directly Elected Mayor.

- 14.7 The Government were insistent that in return for devolved powers and budgets the governance of the Combined Authority would have to be strengthened, which a Directly Elected Mayor acting as an 11th member with some executive powers.
- 14.8 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.
- 14.9 The Agreement provides for a staged approach to governance change. The first step would see an Appointed Mayor as the 11th member of the Greater Manchester Combined Authority 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.
- 14.10 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.
- 14.11 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.
- 14.12 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.
- 14.13 The Greater Manchester Combined Authority will remain responsible, and receive additional powers for business support, skills, complex dependency and health and social care. On public service issues the Combined Authority members and the Mayor will each have one vote, and policy will be agreed by a majority vote.
- 14.14 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 Greater Manchester Combined Authority's Cabinet on his / her strategies, which the Cabinet may reject if two thirds of the members agree to do so. The Combined Authorities 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.
- 14.15 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 Greater Manchester Scrutiny Pool.

- 14.16 Where the devolution of new responsibilities is possible without legislation these will be passed to the Greater Manchester Combined Authority now. Some powers, funding for large strategic projects post 2016/17 and future funding from the revised Earnback deal will be conditional upon the Greater Manchester Combined Authority implementing the Greater Manchester Mayoral Model.
- 14.17 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.
- 14.18 The sovereignty of each of the ten councils in Greater Manchester will be respected and protected.
- 14.19 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 Greater Manchester Combined Authority maintain the strong successful integrated approach that has evolved over time.

15. Implementing the Agreement

- 15.1 The Greater Manchester Combined Authority formally endorsed the Devolution Agreement at its meeting on 3rd November 2014. The intention is to move as swiftly as possible to implement the first stage of the proposals. All Greater Manchester authorities, the Greater Manchester Local Enterprise Partnership and Business Leadership Council have been invited to submit comments no later than the 15 January 2015. This will enable the Greater Manchester Combined Authority to finalise more detailed proposals for submission to the Secretary of State as soon as possible.
- 15.2 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 Greater Manchester Combined Authority, Head of the Paid Service and the Greater Manchester 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 Oldham.

16.0 Options / Alternatives

- 16.1 That the report is noted and recommendations agreed.
- 16.2 That the report is noted.

17.0 Preferred Option

- 17.1 That the report is noted and the recommendations agreed.

18.0 Consultation

18.1 The detail of the Devolution Agreement has been presented to the Oldham Leadership Board.

19.0 Financial Implications

19.1 The Devolution Agreement provides Greater Manchester access to a range of funds for services such as transport and housing. This will have a significant financial impact on the region as a whole. At this stage it is not possible to determine the direct availability of resources for Oldham as the detail has still to be worked through. However, every effort will be made to ensure that the financial benefits for Oldham are maximised.

- Anne Ryans

20.1 Legal Services Comments

20.1 The Legal issues are contained within the body of the report

- Paul Entwistle

21.0 Cooperative Agenda

21.1 Devolution is a central element of the co-operative agenda as is promoting and enabling self-help, resilience and improved outcomes for residents. These proposals present an opportunity for the Council, and its partners, to both inform and influence strategic plans, investments and delivery which could have a significant and positive impact for Oldham and support delivery of the ambitions and priorities contained in both the Oldham and Corporate Plans.

- Jackie Wilson

22.0 Human Resources Comments

22.1 None at this stage

23.0 Risk Assessments

23.1 None at this stage

24.0 IT Implications

24.1 None

25.0 Property Implications

25.1 None

26.0 Procurement Implications

26.1 None at this stage

27.0 Environmental and Health & Safety Implications

27.1 None

28.0 Equality, community cohesion and crime implications

28.1 None at this stage

29.0 Equality Impact Assessment Completed?

29.1 No

30.0 Key Decision

30.1 No

31.0 Key Decision Reference

31.1 Not applicable

32.0 Background Papers

32.1 None

33.0 Appendices

33.1 Greater Manchester Combined Authority report dated 3 November 2014