

Date: 13 April 2016

Subject: Budget March 2016 Announcements: further devolution to Greater Manchester

Report of: Eamonn Boylan, Lead Chief Executive Planning and Housing

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## SUMMARY

A number of additional freedoms and flexibilities were awarded to Greater Manchester as part of a further Devolution Agreement, announced alongside the recent 2016 Budget.

This latest devolution agreement was formally endorsed by the GMCA at its meeting on 18 March – see report attached along with a copy of the full devolution agreement at Annex A.

Planning and Housing Commission members are asked to note and comment on the freedoms and flexibilities set out in the latest devolution agreement, particularly the Government's commitment to:

- consider Greater Manchester's business case for a **Land Programme** to bring forward development on brownfield sites following the production of the draft GM Spatial Framework in Autumn 2016; and
- work with Greater Manchester to pursue innovative approaches to delivering **social housing** for GM citizens, including a review of the way that national housing programmes are structured and delivered and a discussion of the level of resources required by Greater Manchester to deliver local housing objectives.

Date: 18 March 2016

Subject: Budget March 2016 Announcement: further devolution to Greater Manchester

Report of: Interim Mayor Tony Lloyd and Sir Howard Bernstein, Head of Paid Service

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## **PURPOSE OF REPORT**

This report provides an overview of the additional freedoms and flexibilities awarded to Greater Manchester as part of a further Devolution Agreement, announced as part of the 2016 Budget announcement made on 16 March 2016, and seeks formal endorsement of that further agreement by the GMCA.

## **RECOMMENDATION**

The GMCA is asked to endorse the Greater Manchester Agreement: Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor (attached at Annex A).

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## **BACKGROUND PAPERS:**

Greater Manchester Agreement: Devolution to the GMCA and transition to a directly elected Mayor of Greater Manchester (3 November 2014)

GM Health and Social Care: Memorandum of Understanding (27 February 2015)

Further Devolution to Greater Manchester (31 July 2015)

Further Devolution to Greater Manchester (27 November 2015)

## 1. BACKGROUND AND INTRODUCTION

- 1.1 On 16 March 2016, as part of the 2016 Budget settlement, the Chancellor announced a further devolution deal for Greater Manchester, building on the first agreement in November 2014 and subsequent agreements in July and November 2015, alongside the Memorandum of Understanding that devolved £6bn of health and social care spending to Greater Manchester from 1 April 2016. The latest devolution deal is attached in full at Annex A.
- 1.2 Greater Manchester has long been a proponent of functional and fiscal devolution and has made a strong and evidenced case for the transfer of influence and decision-making to local Leaders, better enabling them to respond to the city-region's priorities and needs, delivering better outcomes and better value for residents and businesses.
- 1.3 The package of additional measures devolved to Greater Manchester as part of the 2016 Budget settlement reaffirms the Government's commitment to maximising devolution to Greater Manchester over time and represents further progress along Greater Manchester's "road map" towards full control or influence over all public spending which takes place within Greater Manchester.
- 1.4 Greater Manchester will continue to work with Government to secure the tools and levers required to empower local leaders to discharge their place-shaping role.

## 2. FURTHER DEVOLUTION TO GREATER MANCHESTER

- 2.1 The latest devolution agreement is attached in full at Annex A but in summary makes provision to transfer the following additional powers and responsibilities:
  - Greater Manchester will pilot the approach to **100% business rates retention**, ensuring that GM local authorities will be able to retain any growth in business rates income to invest in projects designed to secure further economic growth – three years ahead of schedule;
  - Government and Greater Manchester will jointly establish a **Life Chances Investment Fund** from April 2017, aligning funding from the Troubled Families Programme, the Working Well pilot and the Cabinet Office Life Chances Fund with local resources to increase investment in innovative approaches to delivering public resources;
  - Greater Manchester will have the power to establish a **Single Pot** for investment in economic growth, pooling transport funding with Local Growth Funding and GM "Earnback" investment funding;
  - Greater Manchester will take on a greater role in the delivery of **criminal justice services**, including greater involvement in the

commissioning of offender management services, greater influence over education provision in prisons, and joint work with Government to better align services for youth offenders.

- Greater Manchester has secured more influence over **funding to support the victims of crime**, and will work with Government to explore how other budgets could be devolved, including the custody budgets for female offenders, young offenders and those sentenced to less than 2 years in prison;
- Greater Manchester will also work with Government on the national policy agenda to create a modern new prison estate by exploring options for a **Resettlement Prison** in Greater Manchester and will have greater involvement in future plans for the **local courts estate**;
- Building on previous agreements, from 2016/17 the Government will work with Greater Manchester to ensure that **adult skills provision** better achieves the outcomes needed locally and from 2018/19 the 19+ adult skills budget will be devolved in full to the GMCA; and
- Greater Manchester will work with government to develop a strategic approach to **regulatory delivery**, building on the Better Business for All national programme.

2.2 In addition, Government has committed to:

- consider Greater Manchester's business case for a **Land Programme** to bring forward development on brownfield sites following the production of the draft GM Spatial Framework in Autumn 2016; and
- to work with Greater Manchester to pursue innovative approaches to delivering **social housing** for GM citizens, including a review of the way that national housing programmes are structured and delivered and a discussion of the level of resources required by Greater Manchester to deliver local housing objectives.

### 3. RECOMMENDATION

3.1 The GMCA is asked to endorse the Greater Manchester Agreement: Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor (attached at Annex A).

## ANNEX A

### FURTHER DEVOLUTION TO GREATER MANCHESTER COMBINED AUTHORITY

1. This document marks the fourth devolution deal agreed between Greater Manchester Combined Authority and government, along with the Memorandum of Understanding that devolved £6bn of health and social care spending to Greater Manchester. This demonstrates our ongoing commitment to devolution and building the Northern Powerhouse.

#### Life Chances Investment Fund

2. The government and Greater Manchester Combined Authority committed at Spending Review/Autumn Statement 2015 to work together to consider how Greater Manchester could be given greater flexibility to invest in and develop innovative approaches to delivering public services. The government now commits to support Greater Manchester to establish a Life Chances Investment Fund from April 2017, on the basis of a jointly agreed business plan. The government will enable Greater Manchester to bring together funding from the following budget lines into a single pot:
  - a. Troubled Families Programme, including the service transformation grant and payment by results allocation for Greater Manchester;
  - b. Working Well pilot; and
  - c. Cabinet Office Life Chances Fund.
3. Greater Manchester will provide additional funding from its own resources. The government and the Combined Authority will continue to work together to consider whether there are other funding streams that could be included in this Fund.
4. This commitment is subject to agreement of an appropriate outcomes framework and governance arrangements, and fulfilment of DCLG performance and evaluation requirements in respect of the Troubled Families programme. The outcomes framework will ensure government funding continues to achieve its core objectives, while allowing the Greater Manchester Combined Authority the flexibility to deliver the best outcomes possible for its citizens. Greater Manchester will have the flexibility to determine investment decisions over the Fund's lifetime. Government will bring forward "attachment" and "outcome" measures associated with the programmes detailed in paragraph 2 above.
5. The Combined Authority commits to ensuring all interventions that the Life Chances Investment Fund is used to support are subject to robust, independent evaluation, so that the lessons from this initiative can be shared across the country.
6. It is intended that the fund will initially run for three years to 2020.

7. The Fund will be overseen by a board, on which the government will be represented. The governance arrangements will include the right for the government to reinstate ring-fences where the Fund fails to deliver agreed outcomes and the government considers such intervention necessary.

### Single pot

8. Greater Manchester Combined Authority will have the flexibilities necessary to form a single pot for investment in economic growth. This will include in particular de-ringfencing Greater Manchester's single transport grant and, subject to the Local Enterprise Partnership's agreement, pooling Greater Manchester's Local Growth Fund allocation so that they can be invested alongside Greater Manchester's £30m per annum investment fund.

### Criminal Justice

9. The government and Greater Manchester have agreed that the role of Police and Crime Commissioner will be merged with that of the Mayor. Building on that agreement, the government has agreed to give further freedom and flexibility to Greater Manchester Combined Authority and the Office of the Police and Crime Commissioner:
  - a. For the first time Greater Manchester will take on a greater role in the commissioning of offender management services, alongside the National Offender Management Service (NOMS), to allow more local flexibility, innovation and better coordination with other local services including healthcare and accommodation. This will include giving Greater Manchester greater influence over probation and the Manchester division of the Community Rehabilitation Company (CRC). To facilitate this, a Memorandum of Understanding will be in place from 1 April 2016 to support the process for collaborative working and set out the areas for further detailed work, leading to full implementation in April 2017.
  - b. The government is giving greater autonomy to prison governors. One key aspect of this is education provision in prisons. Greater Manchester will work with the government, the CRC and local prison governors to link adult education and skills training provision in the community with education provision in prisons.
  - c. The government will engage with the Greater Manchester Combined Authority on its agenda to create a modern prison estate including the potential for a new resettlement prison to serve the Greater Manchester area.
  - d. The government, Youth Justice Board and Greater Manchester will work together to better align, commission and deliver services for youth offenders and, through the Youth Justice Review, develop plans for a more devolved youth justice system, including the creation of new models of secure schools for under 18s in the region. Greater Manchester will work to target local integration of youth support and, to

facilitate this, will work with the government to consider how best to redesign non-custodial youth justice funding arrangements.

- e. In addition to the national reconfiguration of electronic monitoring currently underway the government and Greater Manchester will explore options for regional pilots of GPS and sobriety tagging to improve supervision of offenders in the Greater Manchester area and to aid rehabilitation.
  - f. The government and Greater Manchester are committed to supporting the victims of crime. The government will allow PCC grant funding to be rolled forward to future years to help support transformation of services. It will also extend greater flexibility over victims' funding to Greater Manchester by working with the Greater Manchester PCC and the Mayor to revise the grant agreement and expand the interventions eligible for funding. These flexibilities will take effect no later than April 2017 and the government will work with Greater Manchester to explore ways to achieve it earlier.
  - g. Greater Manchester will have a greater involvement in future plans for the local courts estate, supporting HM Courts and Tribunals Service (HMCTS) to consider alternative ways to make local justice more efficient and effective, for example more innovative use of venues and testing of problem-solving court approaches.
  - h. To join up the justice system, the government will work with Greater Manchester to consider options to devolve to the Greater Manchester Combined Authority the custody budgets attached to female offenders, young offenders, and those sentenced to fewer than two years in prison.
10. The government supports the Justice and Rehabilitation Executive Board created by the interim Mayor to provide leadership of the local justice system and stronger performance oversight. This will allow Greater Manchester Combined Authority to better align their local health, education and accommodation services with agencies including the police, Crown Prosecution Service, HMCTS and probation to coordinate their services more effectively to drive rehabilitation and justice outcomes.

### Adult Skills

11. The government and Greater Manchester agreed at Spending Review/Autumn Statement 2015 to undertake further analysis to ensure that the totality of adult skills provision meets the needs of the Greater Manchester economy. Following this work, the government will enable local commissioning of outcomes to be achieved from the adult education budget starting in academic year 2016/17; and will fully devolve budgets to the Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
12. Devolution will proceed in three stages, across the next three academic years:

- a. Starting now, the Combined Authority will begin to prepare for local commissioning. It will develop an outcome framework that will clearly set out what Greater Manchester expects to be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be measured. Greater Manchester Combined Authority will at this stage hold joint accountability for the monitoring of provision against the outcome framework.
  - b. For the 2017/18 academic year, and following the area review, government will work with the Combined Authority to vary the block grant allocations made to providers, within an agreed framework.
  - c. From 2018/19, there will be full devolution of funding. The Combined Authority will be responsible for allocations to providers and the outcomes to be achieved consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors; it will also need to take account of the costs of meeting statutory entitlements, implementing devolution and continuing operational expenditure.
13. As agreed at Spending Review/Autumn 2015, and within the context of existing national 16-19 policy, funding and accountability framework and the progress and outcomes of the area review, the Department for Education, the Department for Business, Innovation and Skills, and the Greater Manchester Combined Authority will explore how delivery of their respective responsibilities can contribute to aligning outcomes from 16-18 vocational education and commissioning of 19+ adult skills provision.
14. As also agreed at Spending Review/Autumn Statement 2015 the Department for Business, Innovation and Skills and the Greater Manchester Combined Authority will examine how the Advanced Learner Loans system can best support more residents to progress to Level 3+, and better meet the needs of the Greater Manchester labour market.
15. The readiness conditions for full devolution are that:
- a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure



appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.

- b. Completion of the Area Review process leads to a sustainable provider base, taking into account all the assets and liabilities of providers, including any funding from the restructuring facility which is needed to implement the agreed outcomes of the Area Review and is approved on the basis of an appropriate business case.
- c. After the Area Reviews are complete, agreed arrangements are in place between central government and the combined authorities to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base.
- d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.
- e. Learner protection and minimum standards arrangements are agreed
- f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

### Housing

- 16. Greater Manchester have developed a business case for a land programme with a view to unlocking currently unviable sites. This will be reviewed following an assessment of progress in relation to the development of Greater Manchester's Spatial Framework later in the year, following the production of a draft Greater Manchester Spatial Framework by Autumn 2016.
- 17. The Greater Manchester Combined Authority wishes to pursue innovative approaches to delivering social housing for its citizens. To support this, the government commits to review its approach to national housing programmes with the objective of ensuring that the way these are structured and delivered do not hinder Greater Manchester from delivering its objectives. The government also commits to an early discussion with Greater Manchester over the level of resources needed to deliver its objectives.

### Business Rates

18. The government has committed to delivering 100% Business Rates retention for local authorities in England by the end of this Parliament.
19. The government will pilot the approach to 100% business rates retention in Greater Manchester. This will help to develop the mechanisms that will be needed to manage risk and reward under 100% rates retention and will help authorities to build financial capacity to reform core services and invest in long term economic growth from 2017 – three years ahead of schedule.

### Regulation

20. Greater Manchester Local Enterprise Partnership, the Growth Hub and Combined Authority will work with government to develop a strategic approach to regulatory delivery, building on the Better Business for All national programme, which will remove regulatory barriers to growth for businesses.