

GMCA Overview & Scrutiny Committee

Date: 24 August 2022

Subject: Devolution Trailblazer update

Report of: Eamonn Boylan, Chief Executive Officer, GMCA & TfGM

Purpose of Report:

This report provides Scrutiny members with an update on the Trailblazer Devolution negotiations underway between Greater Manchester and the UK Government. It provides background on how the Trailblazer Negotiations were announced, progress to date, and reflections on future direction.

Recommendations:

The GMCA Overview and Scrutiny Committee is requested to:

- Comment on the assessment of the Greater Manchester Strategy Shared Commitments, existing powers and functions held in Greater Manchester, and the identification of key gaps (set out in Annex A).
- Comment on how Trailblazer proposals could help to fill those gaps.

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Equalities Impact, Carbon and Sustainability Assessment:

N/A – Update paper

Risk Management

N/A – Update paper

Legal Considerations

If and when a Trailblazer Deal is concluded, it is likely that elements of the Deal will need legislation to be enacted. There is also a statutory process GMCA will be required to follow, including a public consultation.

Financial Consequences – Revenue

Different Trailblazer Devolution proposals have different potential financial consequences. The original scope of negotiations set out by Government were that that the Deal cannot reopen last year's Spending Review [SR21] (i.e. GM can seek devolution of funding streams, but not ask for new public funding not already allocated at SR21). GM has been clear that with Government officials that any new functions or powers should come with clear plans for adequately resourcing their implementation.

Financial Consequences – Capital

See above

Number of attachments to the report:

None

Background Papers

None

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

N/A – Update report

1. Background

- 1.1. Greater Manchester pioneered the model of Mayoral Combined Authority (MCA) devolution in England, following many years of voluntary collaboration between the ten local authorities of GM via the Association of Greater Manchester Authorities (AGMA). The settlement in its current form began to emerge with the agreement of a Statutory City Region Pilot with Government in 2009, covering transport, place, employment, planning, low carbon and post-16 skills, and the subsequent formal establishment of the Greater Manchester Combined Authority (GMCA) in 2011.
- 1.2. In November 2014, GM agreed the first Devolution Deal with the then Coalition Government. This Deal set out an agreement to devolve a set of responsibilities, powers and services previously delivered by Government to the GMCA. These included transport powers (inc. a commitment to bus franchising), business support, elements of employment and skills support, a Housing Investment Loan Fund and the creation of an 'earn back' mechanism to fund Metrolink. It also reformed GMCA's governance, establishing the role of a directly elected Greater Manchester Mayor (subsequently first elected in 2017) who also fulfils the role of Police & Crime Commissioner and holds some direct reserved powers.
- 1.3. Five subsequent Deals were agreed over the period 2015-2017, notably including the health and social care Devolution Deal in Feb 2015, transfer of Fire & Rescue responsibilities to the GM Mayor, further transport devolution, Intermediate Body status for EU funding, creation of the Reform Investment Fund, and a pilot for 100% retention of Business Rates growth in the city-region.
- 1.4. Government's appetite for devolution waned from 2016 onwards, although the final Deal was in November 2017. Since that Deal, there have been no further formal agreements with Government for GM to take on new powers or functions.
- 1.5. GM's devolution settlement is widely acknowledged as one of (if not) the most extensive in England. However, it is still limited by international standards. Several key areas of policy remain wholly national. In other domains, policy remains 'contested' with some functions devolved but other similar or overlapping initiatives remaining national (e.g. in adult skills). The way GMCA and our Local Authorities are funded is also very centralised; funding from national to local government is often highly constrained in how it can be used and (by international standards) a very small proportion of overall taxation is local.

2. Levelling Up White Paper and the ‘Trailblazer’ Deals

- 2.1. In February 2022 Government published the Levelling Up White Paper. Summarising the whole White Paper is beyond the scope of this report. However, for the purposes of this report the White Paper did several important things:
 - **Provided a definition of Levelling Up**, with twelve ‘Missions’ and an associated Technical Annex setting out how these would be measured.
 - **Made a commitment to ‘funding simplification’**, moving away from the use of small, often competitive funding streams (especially on ‘local growth’ related funding) and toward more strategic, and longer-term, allocations.
 - Made a commitment to ‘extend, deepen, and simplify’ devolution in England as one of the key means of achieving Levelling Up.
- 2.2. As part of the commitment on English Devolution, the White Paper announced plans to negotiate two new ‘Trailblazer Devolution Deals’ with Greater Manchester and the West Midlands. These are envisaged as the start of a process of ‘deepening’ devolution in England, exploring what more is possible beyond the powers and funding already devolved to Mayoral Combined Authorities (MCAs).
- 2.3. This is a key opportunity to negotiate new powers that can help GM deliver the Greater Manchester Strategy (GMS) and to tackle some of the issues with our current devolution settlement. There is a lot of crossovers between the GMS Shared Commitments and the Levelling Up Missions established by Government. This puts GM in a strong position to make the case for devolution proposals that enable GM to deliver against objectives shared by both GM and Government.
- 2.4. Annex A provides a summary of the existing powers and functions held by the city-region which can be used to help GM deliver GMS Shared Commitments, where the key gaps are, and how Trailblazer proposals could help fill these gaps.

3. Progress to data

Scope of negotiations and process

- 3.1. The Trailblazer negotiations are being led in Government by the Department of Levelling Up, Housing, and Communities (DLUHC), with a team of DLUHC officials leading on all Devolution Deals (inc. the two Trailblazer Deals, and the ten County and other Deals announced in the White Paper), liaising with other Government

Departments and ‘owning’ the process in the round. Similarly, GMCA has formed a small team of officials leading and coordinating the Trailblazer process within GM.

- 3.2. Since early in the process, Government officials have been clear that the Trailblazer Deal cannot reopen last year’s Spending Review [SR21] (i.e. GM can seek devolution of funding streams, but not ask for new public funding not already allocated at SR21). Otherwise, there have been no clear ‘red lines’ set out about what policy areas and topics are in or out of scope.
- 3.3. GMCA members have agreed several key principles that should determine GM’s approach to the negotiations. These are:
 - **Subsidiarity.** Powers, functions, and funding streams should sit at the lowest feasible level of governance.
 - **Functions not initiatives.** Where possible, GM should seek to secure wide-ranging influence over whole areas of policy rather than control over small or specific initiatives with other adjacent activity remaining national.
 - **Adequate resourcing.** Any new functions or powers should come with clear plans for adequately resourcing their implementation.
 - **Accountability with responsibility.** GM remains open to taking on further local accountability, provided there is genuine responsibility for all the levers and resources needed to make a difference.
 - **Devolution over delegation.** This negotiation is an opportunity to secure genuine devolution. While some policy areas will always require stronger national oversight, or regional/national partnership working, the working goal should be devolution unless there are clear policy reasons not to seek this.

Impact of Government Changes

- 3.4. In July 2022, the Prime Minister announced his intention to step down and to allow the Conservative Party to elect a new Leader (and therefore a new Prime Minister). In the meantime, the Cabinet will not take any substantive, new policy decisions (or make significant new spending commitments) before a new Leader takes office. However, Ministers can perform their day-to-day roles, and progress on existing Government policy can continue.

3.5. The Levelling Up White Paper is agreed Government policy and the DLUHC Secretary of State has agreed that Trailblazer discussions can continue. However, any discussions with Government officials are 'without prejudice' to future Ministers' views and are therefore exploratory not decision-making. More formal 'decision-making' negotiations are expected to begin in the Autumn.

Greater Manchester proposals

3.6. Policy teams across GMCA, along with partners across the city-region more widely, are working with Portfolio Holders to develop proposals across a range of domains. These are then being discussed with the Department for Levelling Up, Housing & Communities, and other Departments where relevant, across eight main themes:

- Funding and accountability
- Skills and employment
- Economy and private sector growth
- Public services
- Housing
- Transport
- Environment and net zero
- Digital, data, and culture

3.7. Discussions so far with officials have been positive, with the latest round of conversations happening after the drafting of this report, but before the Committee's meeting. A verbal update will therefore be provided to members. The work will explore issues in detail and consider the technical detail of proposals and (more broadly) to ensure that GM is as well-prepared as possible for more formal negotiations when new Ministers are in post.

3.8. Timelines for the Trailblazer are uncertain because of the changes in national government. The original working timeline was to try to conclude a Deal this Autumn but until there is a new Cabinet it will not be clear if this remains feasible. There is widespread commentary that a new Prime Minister may choose to do an Emergency Budget early in their term. If this happens, it will absorb significant civil service capacity and may delay the Trailblazer process.

3.9. As the Trailblazer progresses, the Scrutiny Committee will continue to receive update on progress at regular intervals.

Annex A – Devolution and the Greater Manchester Strategy

- 3.10. The Greater Manchester Strategy (GMS) sets out the aim of making GM a place where everyone can live a good life: growing up, getting on and growing old in a greener, fairer, more prosperous city-region. The GMS contains a set of shared commitments, some of which require further powers to be devolved from Government to deliver. The Trailblazer is an opportunity to secure these.
- 3.11. The table below provides some commentary about the existing powers held by the city-region enabling GM to deliver against GMS Commitments, and where the Trailblazer proposals seek to fill gaps in this settlement. Please note that delivering GMS commitments clearly requires both powers and the requisite resources. This table does not provide commentary on the current or potential future resources available in different policy areas, it only sets out whether the city-region has formal powers or functions enabling it to deliver subject to adequate resourcing being available.

GMS shared commitment	Commentary
Create a carbon neutral city-region by 2038, with better air quality and natural environment	This is a cross-cutting commitment with implications for most policy areas. The Trailblazer proposals do seek to fill some key gaps in the GM's powers and functions on environment policy (e.g. giving Local Area Energy Plans greater formal 'weight', allowing GM to move faster and more flexibly on retrofit, and formally piloting local action on climate adaptation). Local control of the post-19 system and co-commission of some 16-19 skills provision would give GM more levers to deliver the retrofit and other skills which will be needed.
Deliver a low carbon London-style fully integrated public transport system across bus, tram, train and bike	Bus franchising gives GM the levers to integrate public transport across bus and Metrolink, but not rail. The trailblazer proposals seek to fill this gap by securing the means to integrate rail alongside other modes.

<p>Enable the delivery of world-class smart digital infrastructure</p>	<p>GM delivers some digital connectivity programmes, but this is on an initiative-by-initiative basis. An in-principle commitment to a future co-commissioning role in digital connectivity programmes would help GM to ensure that digital infrastructure was delivered where it is most needed in the city-region.</p>
<p>Realise the opportunities from our world-class growth and innovation assets, enabled by specific plans including Places for Everyone, Local Growth Plans, and Industrial Strategy</p>	<p>This is another complex, cross-cutting commitment requiring the alignment of a wide range of policy levers. A devolved funding stream for translational R&D, new flexibilities to support housing delivery and placemaking, and greater local control of the skills system would all help to deliver this commitment.</p>
<p>Support our businesses to grow sustainably to become as prosperous as they can be</p>	<p>The local business support landscape is fragmented in places, and it can be confusing for businesses to engage with. A clearer city-regional role in co-commissioning national programmes and ensuring the ‘coherence’ of the offer in GM overall, would help tackle this.</p>
<p>Support the creation of better jobs and good employment that has a purpose beyond growing shareholder value, utilising the opportunity to make a positive difference to our communities</p>	<p>A stronger joint partnership with the Department for Work & Pensions, including a stronger local role in employment support (Working Well-style commissioned programmes) and a more formal way of influencing Job Centre Plus delivery, would support delivery of this commitment.</p>
<p>Ensure businesses can access the skills and talent they need by providing high quality learning and wrapping support around individuals, enabling them to realise their potential – with access to</p>	<p>GM has held the Adult Education Budget (AEB) for several years. While this is an important fund, it is only one of several providing funding to adults aged over 19 who are looking to improve their skills or retrain. Taking a further step back, publicly funded training for adults aged 19+ is only a small part of the wider skills system. A clearer GM role in the wider skills system, with full</p>

<p>good employment for those who can work, support for those who could work and care for those who can't</p>	<p>devolution of some components and co-commissioning of others, would better enable GM to work with providers to align the local skills offer to the needs of our businesses and residents.</p>
<p>Give our children and young people good education and training so they are ready for career success, with a balance of academic, technical and 'life ready' skills</p>	<p>A new role for GM in influencing technical and professional education for 16–19-year-olds would ensure it aligns with the local labour market.</p>
<p>Guarantee digital inclusion for everyone, including getting under 25s, over 75s and disabled people online</p>	<p>Devolution of digital connectivity programmes would allow GM to better align these with activity to ensure skills and inclusion.</p>
<p>Provide safe, decent, and affordable housing, with no one sleeping rough in Greater Manchester</p>	<p>GM has existing funding streams to support housebuilding and to tackle homelessness, though these often have tight rules and parameters governing their use. A Housing Quality Pathfinder, and associated enforcement powers, would fill a gap in the city-region's ability to drive up standards in the private rented sector.</p>
<p>Tackle food and fuel poverty experienced by GM residents</p>	<p>A faster more flexible retrofit programme could tackle fuel poverty by insulating homes, though clearly this is unlikely to deliver improvements at the kind of scale and pace that would make an impact on current challenges in the domestic energy market.</p>
<p>Reduce health inequalities and improve both physical and mental health</p>	<p>GM has a health and care devolution agreement, though recent NHS reforms have moved the rest of England closer to this model. The GM health system now needs more freedom to work jointly with other public services (like social care) to tackle inequalities.</p>

<p>Drive investment into our growth locations, and use that to create opportunities in adjacent town and local centres</p>	<p>Greater long-term certainty on future government funding for housing and regeneration would give the private sector increased confidence and support GM to attract additional private investment.</p>
<p>Enable resilient, safe, and vibrant communities where everyone has access to essential services, with local centres and high streets which are successful and reflective of their populations, and access to high quality leisure spaces</p>	<p>Many of these functions are already held by our Local Authorities, or by GMCA and the GM Mayor as Police and Crime Commissioner. But re-establishing the Government's commitment to the Reform Investment Fund, piloting changes around family help and early intervention, greater local flexibility around the Health Child programme and childcare, and putting GM probation devolution arrangements on a firmer footing would all be of benefit.</p>
<p>Ensure our local communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened through the Places for Everyone Plan and Stockport Local Plan, with new homes delivered in line with our carbon neutral commitments and Housing Strategy</p>	<p>Similarly, Places for Everyone and the Stockport Local Plan are done under existing local powers and functions. Ensuring new homes are delivered in line with carbon neutral commitments is challenging, as Government funding often cannot be used for this purpose, so more flexibility is needed here.</p>