

Greater Manchester Combined Authority

Overview & Scrutiny Committee

Date: 24/07/2024

Subject: GM Trailblazer Devolution Update

Report of: Andy Burnham, GM Mayor and John Wrathmell, Interim Senior Director -
Strategy Economy and Research

Purpose of Report

To provide the GMCA Scrutiny Committee with an update on the GM Trailblazer Devolution Deal following its agreement on 15 March 2023.

Recommendations:

That the GMCA Overview & Scrutiny Committee be requested to give feedback on progress so far and views on how to approach the next steps, particularly given the change in the national Government.

Contact Officers

- John Wrathmell, Interim Senior Director - Strategy Economy and Research
- Kate Lyonette, Head of Devolution Strategy

Background Papers

1. [Greater Manchester Combined Authority Trailblazer deeper devolution deal](#)
2. [Memorandum of Understanding for the "Trailblazer" Single Settlements for Greater Manchester and West Midlands Combined Authorities](#)
3. [Annex to the Memorandum of Understanding](#)

1. Introduction/Background

- 1.1 In February 2022, the previous UK Government (UKG) announced an intention to develop new 'Trailblazer' or 'Deeper' Devolution Deals with Greater Manchester and the West Midlands in the Levelling Up White Paper. These Deals were agreed and announced in the March 2023 UKG Budget. The GM Trailblazer Deal was subsequently endorsed by GMCA on 24 March 2023.
- 1.2 The Deal is wide-ranging, making over 130 specific commitments which range from establishing joint partnership boards to more substantive devolution of responsibilities covering a wide range of policy areas.

2. Trailblazer Deal implementation

- 2.1 GMCA Officers have been working with UKG officials on implementation since the deal was signed. The following sub-sections provide a high-level update on this progress.

Governance and accountability

- 2.2 The deal contained several commitments on enhancing GMCA's governance and scrutiny functions:
 - The recommendations from the GMCA O&S Committee's independent review in 2022 have been implemented, and the function continues to explore ways to further improve in line with the Government's Scrutiny Protocol.
 - As we move into the forthcoming municipal year, the pre-decision scrutiny model will become further embedded across the organisation, with the Committee having the opportunity to shape the key priorities for delivery within the refreshed Greater Manchester Strategy and consideration of the draft Local Transport Plan

Fiscal Devolution

- 2.3 The trailblazer deal confirmed the extension of Business Rates Retention across Greater Manchester. The arrangements for Business Rate Retention have been set out in the provisional Local Government Finance Settlement 2024-25, published in December 2023.

Data and digital

- 2.4 The deal committed to the creation of a Digital Infrastructure Leadership Group (DILG) to accelerate the roll-out and take-up of high-speed digital connectivity. The first formal DILG meeting took place in February, leading to the agreement to build a single shared evidence base of clear market failure where targeted subsidy would be required. Following further meetings, a limited package of intervention is already being worked up by Building Digital UK (BDUK), though this may alter as a result of ministerial changes. GMCA officers will continue to work collaboratively with WMCA, Department for Science, Innovation and Technology (DSIT), BDUK on potential future interventions.
- 2.5 The proposed Data partnership establishes a formal relationship between GMCA, UKG and relevant national bodies, with the aim of moving away from a series of data sharing agreements towards a new way of working that streamlines access to specific datasets to support effective, data-based decision making. Following multiple meetings with the National Chief Data Officers' Council, in which specific data issues faced by GM were discussed, and joint workshops with West Midlands Combined Authority (WMCA) and the Ministry of Housing, Communities and Local Government's Spatial Data Unit, there has been a proposed 'open by default' way of working. Further discussion of the data availability and ways of working are currently underway with the aim to have a 'open as possible, and closed as necessary' approach.

Housing and regeneration

- 2.6 There has been positive progress on several housing commitments:
- £150m Brownfield funding has been devolved and allocated to projects across Greater Manchester.
 - Approval has been granted to Local Authorities for Selective Licensing Schemes.
 - The Housing Policy Sandbox has produced two pilot projects in Oldham and Salford.
- 2.7 There have been ongoing discussions on the future devolution of the Affordable Homes Programme with a current focus on the strategic direction of the programme. Engagement has currently paused due the General Election.

2.8 Published in June 2023, 'A New Deal for Renters' ¹ sets out policy proposals for how to tackle poor quality in the private rented sector, including through use of the new powers and roles agreed in the deal.

Skills and Employment

2.9 A Joint Oversight Board which includes GMCA and relevant UKG departments has been created to provide oversight for post-16 technical education and careers, co-commissioning responsibilities of employment support, and wider labour market oversight. The subcommittee Employer Integration Board (EIB) has also been created with members now appointed. Both the JOB and EIB have met and are working towards the vision set out in the Towards an Integrated Education, Skills and Work City-Region: Starting the Conversation.² The paper sets out the MBacc, a more technical route of post-16 education intended to provide an alternative pathway to higher education via the university route linked with opportunities in the city-region's labour market.

2.10 The devolution of non-apprenticeships adult skills functions will be enacted via the inclusion of Adult Skills in the single settlement (update below)

2.11 On the co-design of all future contracted employment support programmes, there is a very positive relationship in place with DWP at a local and national level who are keen to be involved in development of GM Joint Inclusive Employment Unit. DWP have announced a grant funding approach for Universal Support, which GMCA officers are currently exploring how to align and commission to support a reduction in programmes and complexity across the Working Well suite (IPSPC, SPF Support to Succeed, Work and Health, Pioneer programmes). This will lead to further developments of the GM Working Well system as a whole. The new Government has made a commitment to devolving employment support in its manifesto.

Transport

2.12 The partnership between TfGM and Network Rail to seek opportunities to deliver an integrated transport system, look at land development and placemaking around stations, and improve both accessibility and environmental footprints is well underway. Master planning and feasibility studies are to be completed by the end of 2024 for the six identified sites (Piccadilly, Victoria, Deansgate, Oxford Rd, Salford Central and Salford Crescent).

¹ A New Deal for Renters, GMCA: [a-new-deal-for-renters-june-2023-final.pdf \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/a-new-deal-for-renters-june-2023-final.pdf)

² [starting-the-conversation-paper.pdf \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/starting-the-conversation-paper.pdf)

- 2.13 The Rail partnership with Great British Railways has endorsed resource to support the delivery of the Customer Integration Programme. The partnership is currently looking at developing funding and early deliverables to realise the joint GM/Rail Bee Network Vision.
- 2.14 It has been established that the legal mechanism which would enable GM to effectively tackle and enforce against anti-social behaviour and fare evasion on the bus network will require primary legislation. Engagement on this commitment will resume post General Election.

Economy and culture

- 2.15 The Strategic Productivity Partnership and the Trade and Investment Board have not yet met. Draft Terms of Reference have been prepared for both meetings, and engagement will continue with UKG to confirm a meeting date post General Election.
- 2.16 Strategic engagement pilot with UKRI has commenced. The pilot provides access to collaborate and test ways of working to facilitate access to UKRI for GMCA and generate insight that can be used to inform UK level models of strategic engagement.
- 2.17 Officer level conversations continue with UKG on the refresh and co-design sessions of the GM Culture Strategy.

Net Zero and the Environment

- 2.18 The 'Retrofit/Net Zero' pillar of the single settlement was included on a pilot basis. Its scope was in the process of being finalised through a series of senior level workshops that have taken place since January. Progress being made through the single settlement negotiations (see below).

Public services

- 2.19 The MOU secured a commitment to include future Multiple Disadvantage funding in GM's single settlement, subject to a case being made to the Programme Board (discussed below). Work is underway to operationalise this commitment, alongside work through to consider how this can be built upon to incorporate other elements of the Public Service Reform agenda in line with Mayoral and UKG commitments.
- 2.20 The Integrated Care Partnership is working on the components of the deal that relate to integrated workforce, principally through the GM Integrated Social Care Workforce Strategy and Development of the GM Care Academy.
- 2.21 NHS GM have submitted evidence to HMG's consultation on Section 75 reform, which concerns pooled budget arrangements.

3. Single Settlement Update

Background

3.1 Alongside the policy-specific commitments, the trailblazer also committed to a fundamental shift in the way UKG funding flows to GMCA. A central component of the deal was the commitment to a new 'Single Settlement' from the next Spending Review. As the introduction to the deal sets out:

“The deal sets out a landmark new approach to devolution in England, devolving responsibility for a clear set of policies and functions to GMCA to support economic growth, alongside enhanced accountability with clear outcomes for delivery... This will be underpinned – from the next SR – by a single funding settlement, to invest in local priorities.”

3.2 At core, the single settlement is about enabling GM (both GMCA and GM Local Authorities) to act in different ways, use funding more flexibly and effectively, and deliver better outcomes for our residents. By significantly trimming back the reporting arrangements, ringfences and other bureaucracy associated with UKG funding we should free GM authorities collectively to take the decisions that will make the most sense for our places and residents.

3.3 It is comprised of five policy 'pillars', which the MOU sets out in detail. This means that funding in the following areas will be included within the settlement:

- Local Growth and Place
- Local Transport
- Housing and Regeneration
- Adult skills
- Buildings Retrofit and Decarbonisation (included as a pilot)

Implementation of the single settlement

- 3.4 Since the trailblazer deal, which set out the principles of the single settlement, GMCA officials have worked closely with UKG on its implementation.
- 3.5 A Memorandum of Understanding for the single settlement³ followed by an Annex⁴ document outlines the next level of technical detail. This includes:
- the scope of the single settlement, by describing GMCA's functional responsibilities in each of the policy pillars:
 - the approach to flexibility within the settlement
 - the process for setting the amount of funding GMCA will receive
 - the governance arrangements, through the establishment of a Programme Board on which GMCA and relevant UKG departments will sit
 - the accountability arrangements, to be delivered through an outcomes framework
 - guidance on GMCA's internal preparations for the single settlement going live in April 2025

Determining Quantum and the formulae for funding allocation.

- 3.6 Formulae will be used to determine the GMCA's allocative share of relevant funds compared to previous allocation and determination process (e.g. competitive bidding). The final formulae and the funds covered by the single settlement will be decided before the next SR.
- 3.7 The funds that are in scope are required to fall within the outlined functional responsibilities. UKG will determine if any future funds are in scope of the single settlement based on these functional responsibilities. Any new funds that GMCA believe should fall within the scope can be discussed at the Programme Board, which is the primary governance mechanism for overseeing delivery of the single settlement. Any pre-existing national formulae will be used where it exists. Most funds that fall within this scope already have existing formulaic methodologies that UKG intend to use as the basis for single settlement allocations. The quantum will be determined by the above formulaic process.

³ 2. Memorandum of Understanding for the "Trailblazer" Single Settlements for Greater Manchester and West Midlands Combined Authorities, Gov.UK:
https://assets.publishing.service.gov.uk/media/655d0945d03a8d001207fe19/Memorandum_of_Understanding_of_the_Single_Settlements_with_Greater_Manchester_and_West_Midlands_Combined_Authorities_FINAL.pdf

⁴ Annex to the Memorandum of Understanding for the "Trailblazer" Single Settlements with Greater Manchester and West Midlands Combined Authorities, Gov.uk:
https://assets.publishing.service.gov.uk/media/65e71b503f69457ff10360e2/Annex_to_the_Memorandum_of_Understanding_for_the_Trailblazer_Single_Settlements_with_Greater_Manchester_and_West_Midlands_Combined_Authorities.pdf

- 3.8 Good progress has been made in the creation of new formulae, where required. GMCA officers will continue to work with UKG on the development and design of new formulae as well as steering and challenging UKG for formulae that better reflect the real need/opportunity for GM and the associated funds.

Spending Control & flexibility

- 3.9 The content in the MoU and Annex provided details on the flexibility and spending controls of the single settlement. These included:
- Full flexibility within each of the individual Pillars (in practice this means we will no longer be centrally directed on how funding in these areas can be spent)
 - The ability to move up to 10% between each pillar (with the exception of the Local Growth and Place pillar where there is 100% flexibility to move to another pillar)
 - Flexibility to move 10% of capital funding to revenue within a pillar. This 10% cap applies to the total capital funding within a pillar after funding has been moved between pillars.
 - Financial year flexibility. The approach to contingent liabilities is devolved to us, with no additional HMT oversight. We will also not be made subject to in-year savings exercises.

Outcomes Framework

- 3.10 The outcomes framework is a tool for the UK Government to hold GM to account for how single settlement spending is being used.
- 3.11 The outcomes framework offers a step away from programme-by-programme output monitoring, toward holistic assessment of progress against meaningful outcomes that balance local and national priorities.
- 3.12 The delivery of the agreed outcomes will be overseen by the Programme Board, which will act as the default point of contact on delivery questions, concerns and discussions about delivery.
- 3.13 GMCA will be required to send six-monthly monitoring reports with RAG rating of progress of the outcomes to the Programme Board. Any target rated red, or amber will require further data to explain the rating as well as the plan to address the delivery issue named a 'path to green'.

Readiness check

- 3.14 As part of the negotiations for the trailblazer deal and single settlement, UKG and GMCA agreed that a Readiness Check will be conducted by a 3rd party to ensure that the GMCA is ready for the added level of responsibility brought about by the single settlement and further devolved powers.
- 3.15 Internal work has been ongoing to ensure that the organisation is ready for this check. Including a revision of the Assurance Framework to ensure that it accounts for the added levels of responsibility and accountability that will now fall on the GMCA.

4. Next Steps

- 4.1 Early signs from the new Government indicate that devolution and the single settlement is a high priority and we are seeking early confirmation from Government on the next steps for negotiations. We are therefore preparing to engage the new Government on the formulae, the outcomes, and the governance:
- Formulae: Final agreement needs to be reached on the formulae that will be used to calculate the quantum of single settlement, which is expected to be announced at the next Spending Review. This needs to be completed with sufficient time to develop FY25/26 budgets for the governance processes ahead of their statutory deadlines for approval.
 - Outcomes: These are expected to be agreed at the next Spending Review. Targets would be agreed after the Spending Review and ahead of the single settlement going live in April 2025, commensurate with the level of funding delivered through the settlement.
 - There are further steps to agree how the single settlement governance arrangements will work in practice.