

GMCA Overview & Scrutiny Committee

Date: Wednesday 26th October 2022

Subject: Devolution Trailblazer Update

Report of: Andy Burnham, GM Mayor

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 some background on how the Trailblazer Negotiations were first announced, progress to date, and reflections on the potential implications for Scrutiny committee.

Recommendations:

The Overview and Scrutiny Committee is requested to:

1. Consider the implications that the Trailblazer Devolution proposals (if successful) would have for the Committee's business. This includes the implications of new forms of financial freedom, new forms of accountability to Whitehall, and the potential for GMCA to take on wholly new functions or responsibilities.
2. Consider additional datasets which would support the Committee to conduct more effective scrutiny, to feed into Trailblazer discussions on access to data.
3. Consider how the Committee might share learning from the Independent Scrutiny Review with other MCA Scrutiny Boards, ahead of potential accountability reforms to be announced by Government later this year.

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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 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 two important things:
- **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 were 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 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. **Annex B** provides a high-level 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 date

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).

Given wider spending pressures, this requirement of fiscal neutrality seems likely to remain in place under the new administration. 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 the new Government

3.4. In July 2022, Boris Johnson announced his intention to step down and to allow the Conservative Party to elect a new Leader (and therefore a new Prime Minister).

3.5. A caretaker government was then installed over the Summer and Greg Clark MP was appointed as Secretary of State for DLUHC. He indicated that Trailblazer discussions should continue at official level, but with the understanding that no solid commitments could be made until the new administration came into office.

3.6. Simon Clarke MP was appointed the new Secretary of State for DLUHC on 6th September 2022. He has now indicated his intention to continue with the Government's devolution agenda, including the two Trailblazer Deals with Greater Manchester and the West Midlands. This means that the caveat of discussions with

officials being exploratory (and without prejudice to future Ministers views) has now been removed, and that the process can now more formally continue.

- 3.7. More formal decision-making negotiations are expected to take place in the Autumn, though exact timelines remain unclear.

Greater Manchester proposals

- 3.8. Policy teams across GMCA, along with partners across the city-region more widely, worked with Portfolio Holders to develop proposals across a range of domains. These were discussed with officials over the summer. A summary of the proposals can be found in **Annex A**.
- 3.9. Discussions so far with officials have been positive, and several follow-up actions have been agreed to explore some issues in more detail, consider the technical detail of proposals and set up working groups.
- 3.10. Timelines for the Trailblazer are uncertain because of the changes in national government. Following the confirmation of the initial mini-budget, and the upcoming fiscal event on 31st October, government capacity to conclude negotiations may be limited and this may delay the process.
- 3.11. As the Trailblazer progresses, the Scrutiny Committee will continue to receive update on progress at regular intervals.

4. Implications for Scrutiny Overview Committee

Accountability and government reforms

- 4.1. In discussions with officials to date we have repeatedly emphasised the importance of scrutiny and accountability within GMCA. We have also highlighted the process and findings of our recent Independent Review of scrutiny arrangements, which have been well-received by DLUHC officials. We believe there may be an opportunity to inform the work of other MCAs aiming to review their own scrutiny arrangements.
- 4.2. As part of the Levelling Up White Paper, the Government committed to developing “.. a new accountability framework ...that will apply to all devolved institutions in England”. This will focus on “(i) setting out key roles and responsibilities for devolved institutions in England... (ii) ensuring there are appropriate forums for local media,

local councillors and local residents to review the performance of authorities with devolved functions...; and (iii) allowing the public to make a clear judgement on the performance of Mayors against key outcomes". We understand this work is still ongoing and we may expect something to be published before the end of the year. This will apply to all MCAs (inc. GMCA), the GLA and any County Councils or other authorities who conclude devolution deals. We understand it may make recommendations about effective Scrutiny practice and (if so) this may have implications for how Scrutiny Committee operates.

- 4.3. Alongside this 'baseline' accountability framework, we expect the Government may seek to agree additional accountability arrangements for GM and the West Midlands in return for devolving further powers through a Trailblazer Deal, though no specific proposals have been tabled in discussions to date.

Implications of our proposals

- 4.4. Our Trailblazer proposals themselves (see **Annex A**) also have features which may have implications for how Scrutiny Committee chooses to conduct its work. These include:
- 4.5. **New forms of financial freedom.** Our proposal for a single block grant at the next Spending Review would give GMCA much greater funding flexibility, including greater fungibility (the ability to move funding between programmes without additional Government sign-off) and more day-to-day discretion in how resources are deployed. This is likely to have implications for the role of the Committee. For example, the Committee may find itself scrutinising decisions about funding prioritisation or redeployment which are not currently permitted by the grant agreements that govern many of the funding streams flowing from government to the Combined Authority.
- 4.6. **Accountability to the centre.** In return for this greater funding flexibility, our proposals include a commitment to agreeing with Government a high-level outcomes framework and clear targets over a full spending review period. The Committee may decide it wishes to take a role in scrutinising this agreement, and the implementation of it, on a regular basis.
- 4.7. **New functions.** Our proposals also include new devolved functions for which GMCA currently has very limited responsibility, for example in innovation policy. Scrutiny

Members may wish to consider their role in scrutinising the implementation of these new arrangements (if agreed).

- 4.8. As part of the Trailblazer discussions, we are also engaging with officials about how to improve the breadth, granularity, timeliness, and quality of the subnational datasets available to the city-region. Better quality data would support more effective research and policymaking, but we are aware that it could also support even more effective Scrutiny. We would therefore welcome views from Scrutiny members about specific datasets which would be helpful in supporting their work.

Annex A – Summary of Greater Manchester’s Devolution Trailblazer Proposals

Policy Area	Short description of key proposals
Funding consolidation and accountability	<ul style="list-style-type: none"> • A single pot flexible settlement in the next Spending Review period (assumed to be 2024 onwards, referred to as SR24). This would cover a range of devolved policy functions and agreement on shared outcomes which funding will deliver against • Simplified and strengthened accountability: both locally and to HMG. • Long-term continuation and certainty on Business Rates Retention. • Exploring options for new fiscal levers (inc. land value capture mechanisms) • Revitalising the Reform Investment Fund (at SR24, as part of the single pot settlement above).
Transport	<ul style="list-style-type: none"> • Agreed route to integrate rail fares and ticketing into the Bee Network. • Agreed route to GM control of suburban rail services by 2030 • Rail station devolution or joint partnerships for the commercial development of stations • A ban on ‘out of area’ operation Private Hire Vehicles (PHVs) in GM, expanding anti-social behaviour rules to buses.

Skills and employment	<ul style="list-style-type: none"> • A single Adult Skills Fund for all post-19 public skills funding (revenue and capital) rolled into the wider Single Pot at SR24, alongside a much stronger role in all elements of 16-19 funding for technical/vocational education. • A more formal role for GM in influencing the 'core' DWP/JCP offer, plus all future employment support programmes to be co-designed with, and co-commissioned by, GM. • A stronger role for GMCA in the Local Skills Improvement Plan process. • Joint working arrangements that enable us to deliver an integrated all-age GM Careers offer. • Engagement with Apprenticeship Levy Reform and pilot for driving private sector skills investment.
Housing and regeneration	<ul style="list-style-type: none"> • A Housing Quality Pathfinder to raise standards in the Private Rental Sector, in line with the Levelling Up White Paper (inc. exploring how to stop rogue landlords from receiving housing benefit). • Technical changes to boost the firepower of GM's existing Housing Investment Fund and renew it before 2025 expiry. • A mechanism for GM to ensure the sale or disposal of land owned by non-LA public bodies in the city-region is timely and in line with regeneration plans. • New flexibilities for Homes England so they can support the development of longer-term plans across GM through our existing Strategic Place Partnership.
Environment	<ul style="list-style-type: none"> • Consolidation and devolution of public retrofit funding in GM, including as part of a single block grant from SR24 • Regulatory reforms to increase retrofit: trialling a local MEES cap, green loans secured on properties, trialling mandatory Retrofit Plans. • Recognition of Local Area Energy Plans, enabling districts to choose to recognise alongside Local Plans. • Exploring the role of GMCA in co-ordinating local climate change adaptation activity.

Public services	<ul style="list-style-type: none"> • To support our family help model: flexibility on mandated check in the Healthy Child Programme and more local discretion on eligibility criteria for Early Education Entitlement; becoming a pilot area for the early help model in the Independent Review of Children's Social Care. • To enable a new programme for people experiencing multiple disadvantage: Section 75 reform to enable pooling of NHS budgets and DWP easements on conditionality. • Increased health and social care workforce integration, incl. bringing down funding for ARRS to the city region level. • Strengthen and deepen probation devolution and look at new facilities in GM.
Economy, innovation and culture	<ul style="list-style-type: none"> • Devolved responsibility and funding for translational research from SR24, managed by Innovation GM. Enabling GM to create 'innovation zones' and secure the legacy of the Innovation Accelerator. • Co-design of all new national business support functions and a structured dialogue on reforms to existing programmes, to create a single front door for business support in GM. • A Cultural Compact between GMCA, DCMS & relevant ALBs to improve co-ordination of cultural investment • A programme of cultural capacity building where it is low, using DCMS underspends.
Trade and investment	<p>Strategic reforms to improve alignment between GMCA and DIT/OfI:</p> <ul style="list-style-type: none"> • Joint Shared Outcomes; joint programme of work on investment subsidies; review of the competitiveness of regional structures compared to G20; new accountable board with GM/WM and HMG to take decisions on policy impacting the city regions. <p>Operational improvements to day-to-day relationship:</p> <ul style="list-style-type: none"> • A shared three-year investment plan, ongoing Key Account Management funding and a dedicated GM Trade Manager, co-located staff, improved data sharing.

Digital and data	<ul style="list-style-type: none">• Devolution of Project Gigabit to Greater Manchester, including a new Open Market Review, and at least co-commissioning of any new connectivity programme to leverage funding for digital inclusion.• GMCA recognised as an LA for data sharing/processing.• A data partnership with HMG: ensuring GMCA has access to the right data based on new devolved functions.• Pilot the inclusion of some elements of health data under Digital Economy Act powers.
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Annex B – Devolution and the Greater Manchester Strategy

- 4.9. 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.
- 4.10. 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. Trailblazer proposals do seek to fill some key gaps in the GM's powers and functions on environment policy. Local control of the post-19 system and co-commissioning of some 16-19 skills provision would also 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.
Enable the delivery of world-class smart digital infrastructure	GM delivers some digital connectivity programmes, but on an initiative-by-initiative basis. An in-principle commitment to a future co-commissioning role in digital connectivity programmes

	would help GM ensure digital infrastructure is delivered where it's most needed in the city-region.
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	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.
Support our businesses to grow sustainably to become as prosperous as they can be	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.
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	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.
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 good employment for those who can work,	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 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.

support for those who could and care for those who can't	
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	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.
Guarantee digital inclusion for everyone, including getting under 25s, over 75s and disabled people online	Devolution of digital connectivity programmes would allow GM to better align these with activity to ensure skills and inclusion.
Provide safe, decent, and affordable housing, with no one sleeping rough in Greater Manchester	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.
Tackle food and fuel poverty experienced by GM residents	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.
Reduce health inequalities and improve both physical and mental health	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.

Drive investment into our growth locations, and use that to create opportunities in adjacent town and local centres	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.
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	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.
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	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.