

# **Greater Manchester: The Emerging Impact of Devolution**

**November 2018**

**Greater Manchester: Independent Prosperity Review**

**Background Paper**

# The Greater Manchester Prosperity Review

In the 2017 Autumn Budget and as part of the city region's sixth devolution deal, Greater Manchester Combined Authority (GMCA) and Government agreed to work together to develop one of the UK's first local industrial strategies. The GM Local Industrial Strategy will reflect the main themes of the national Industrial Strategy White Paper whilst taking a place-based approach that builds on the area's unique strengths and ensures all people in Greater Manchester (GM) can contribute to, and benefit from, economic growth.

A robust and credible evidence base is critical to underpin the Local Industrial Strategy and to make the case for what needs to be done to deliver growth for Greater Manchester and its residents. It will also be critical to ensure buy-in from local and national public and private stakeholders – building on the success of the Manchester Independent Economic Review (MIER)<sup>1</sup> a decade ago.

Development of the evidence base underpinning the Local Industrial Strategy is being taken forward under the Greater Manchester Independent Prosperity Review. The review is being led by a panel of independent experts chaired by Professor Diane Coyle (Bennett Professor of Public Policy, University of Cambridge). The other members of the panel are: Professor Ed Glaeser (Professor of Economics, Harvard University); Stephanie Flanders (Head of Bloomberg Economics); Professor Henry Overman (Professor of Economic Geography, London School of Economics); Professor Mariana Mazzucato (Professor in the Economics of Innovation, University College London); and Darra Singh (Government & Public Sector Lead at EY).

This paper on the early impact of devolution is a baseline report for the Prosperity Review and represents the first stage in GMCA's development of an up-to-date and compelling evidence base for the Local Industrial Strategy. It summarises the background to achievement of the Devolution deals; the deal process and contents of the deals secured; what Greater Manchester has done to date; and the barriers to implementation.

---

<sup>1</sup> Manchester Independent Economic Review, 2009, <http://www.manchester-review.co.uk/>

## **Table of Contents**

<b>Executive Summary</b>	<b>3</b>
<b>1. The Road to Devolution</b>	<b>5</b>
<b>2. The Deal Process</b>	<b>7</b>
<b>3. Impact: Aligning Strategy and New Ways of Working</b>	<b>9</b>
<b>4. Impact: Flexible Investment</b>	<b>11</b>
<b>5. Impact: Reforming and Integrating Services</b>	<b>16</b>
<b>6. Impact: Decision Making, Co-Design and Collaboration</b>	<b>21</b>
<b>7. Challenges: Scope and Scale of Reform</b>	<b>24</b>
<b>8. Challenges: Barriers to Implementation</b>	<b>26</b>
<b>9. Devolution 2.0: Moving to a Continuous Conversation</b>	<b>27</b>
<b>10. Glossary</b>	<b>28</b>

## Executive Summary

On 3rd November 2014 Greater Manchester (GM) reached a historic milestone: Leaders across the 10 GM local authorities signed a unique deal with Government to devolve a wide range of powers, budgets, and responsibilities to Greater Manchester Combined Authority (GMCA) and to an elected GM Mayor.

The November 2014 deal is often cited as the start of the devolution process; in reality, the journey to that agreement was decades in the making. That journey was underpinned by a long-held view within GM that place-based decision making and budgeting would both unlock growth and connect residents to the opportunities growth brings.

Since the first deal was made in 2014, GM and Government have signed a further five devolution agreements<sup>2</sup>, the first GM Mayor has been elected and – building on the GM model - devolution deals have been reached with other parts of England. The way decisions are made about investment, reform of local services and the development of towns and cities across parts of England has changed significantly since 2014. The impact of this change is continuing to emerge. While some impacts will be decades in the making, Greater Manchester is already a different place due to devolution.

This paper describes the approach GM has taken to devolution highlighting that devolution has enabled:

- **Greater alignment in strategic planning:** GM-wide planning is increasingly focused around a core set of ambitions agreed between a range of GM partners. This has enabled a different way of working, putting communities in control and at the heart of our work.
- **Flexible investment in a range of GM priorities:** Devolution has brought a significant level of flexible investment that is already having an impact on the ground, investing in building homes, businesses, infrastructure and services across the city region.
- **The reform and integration of GM services:** Increased ability to align local services is enabling the development of integrated local service models, focusing attention on the issues that matter to individual residents and communities. New commissioning models are supporting collaboration.
- **New governance models, enhancing co-design of services and local decision making:** Decisions are now taken in new ways in GM, whether that's in collaboration with Government, in collaboration across local organisations, or by local communities.
- **National debate on issues important to GM:** In addition to specific powers and responsibilities, the profile of GM has placed 'GM issues' on the national agenda.

---

<sup>2</sup> [Devolution deals between GM and Government](https://www.gov.uk/government/publications/devolution-to-the-greater-manchester-combined-authority-and-transition-to-a-directly-elected-mayor) have been reached at national fiscal events, available at: <https://www.gov.uk/government/publications/devolution-to-the-greater-manchester-combined-authority-and-transition-to-a-directly-elected-mayor>. These cover a range of policy areas. Alongside the agreements with GMCA, the Government and Greater Manchester's Health and Social Care Partnership reached an agreement in February 2015 for the reform of health and social care provision, available at: [https://www.greatermanchester-ca.gov.uk/downloads/file/135/greater\\_manchester\\_health\\_and\\_social\\_care\\_devolution\\_memorandum\\_of\\_understanding](https://www.greatermanchester-ca.gov.uk/downloads/file/135/greater_manchester_health_and_social_care_devolution_memorandum_of_understanding)

However, despite the notable positive impacts of devolution there has been slower/more limited progress, particularly in respect to certain policy areas e.g. services for children, education, apprenticeships, criminal justice and land commission.

The paper sets out a number of barriers to devolution, including:

- **Devolution that only gives GM some of the levers to affect change:** In a number of policy areas, devolution has been partial. In some instances, 'devolution' has in reality amounted to delegation of responsibilities. In other areas, GM has been given responsibility for a specific programme or area of funding rather than the levers that will affect system-wide change.
- **The challenge of administrative budgets and technical barriers to reform:** Any area of reform implemented by Government has an administrative budget that enables the management of change. These budgets have not been devolved to GM. Technical barriers, such as information sharing arrangements, have at times also proved to be barriers to reform.
- **The challenge of transformation funding:** Transformation funding comes in a variety of forms. Whether it is transformation, innovation or challenge funding it often sits in a single department, is time limited, and has very specific criteria tied to it. This approach limits the capacity of places to fund transformation in a sustainable way.
- **The impact of inspection and regulation:** Inspection and regulation is an important element of the public service accountability landscape. However, siloed approaches to inspection have at times meant GM has been inspected against criteria that do not reflect the integrated approach to services that are increasingly the norm.
- **Local alignment of priorities and new ways of working:** While GM has come a long way in a relatively short period of time, there is still work to do in aligning the way it works to capitalise on the opportunities of devolution.

Devolution in Greater Manchester is still in relatively early stages, and as such this report looks at the early impact, progress and barriers. These findings will be used to inform the basis of the next stage of the devolution journey.

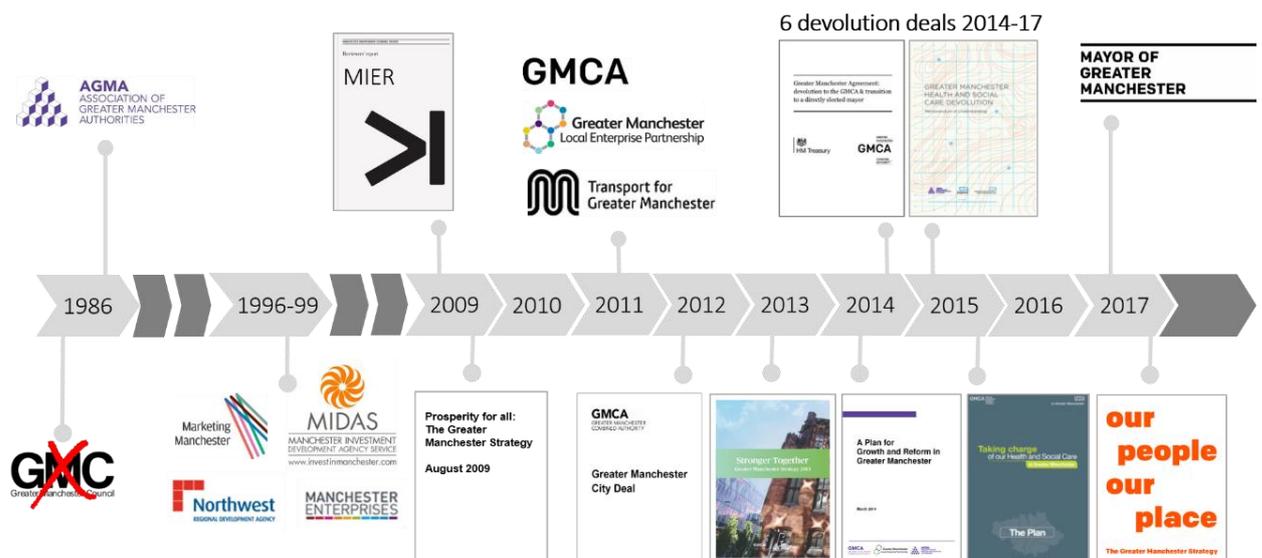
While the deal process has provided a useful framework to approach devolution and has certainly delivered swift progress in some policy areas, in its next phase devolution within England should seek to address the barriers detailed above.

Greater Manchester is continuing to develop its strategic relationship with government, taking an increasingly place-based approach in discussions with government and identifying cross-sector requirements that can more fully address the city region's challenges. As we enter the next Spending Review period, the nature of these discussions between Government and places like GM will continue to evolve, continuing to refine *how* it devolves as well as *what* is devolved.

# 1. The Road to Devolution

The groundwork for devolution in GM was years in the making (Figure 1). From the formation of Association of Greater Manchester Authorities (AGMA) in 1986, through to the establishment of the Greater Manchester Combined Authority (GMCA) in 2011, a continued focus on collaboration and making the case for reform placed GM in a strong position to capitalise on the potential for devolution.

Figure 1: The road to devolution



Following the abolition of the Greater Manchester Council in 1986, the 10 local authorities across GM chose to form AGMA. This development provided a route through which the 10 authorities could collaborate on key issues that cut across their boundaries. In the years that followed, decisions on city-region wide issues, such as infrastructure planning, were taken in collaboration. There was an understanding that GM was a functional economic area and that decisions taken in one part of GM had an impact across the city-region.

During the 2000s new views on ‘localism’ began to emerge in national policy debate. While the UK remained one of the most centralised governance models in the world, there was an increasing understanding of the limitations of ‘one size fits all’ centrally-driven policy making. Recognition grew that by empowering local places, decisions could be made based on a more nuanced understanding of the strengths and limitations of local areas.

Collaboration across GM took place during this period, particularly on significant infrastructure programmes. The impact of this work, such as the coordinated development of GM transport infrastructure, helped continue to make the case for devolution and reform across a wide range of policy areas.

The case for change was set out comprehensively in the Manchester Independent Economic Review (MIER), published in 2009<sup>3</sup>. The MIER articulated the benefits of seeing GM as a

<sup>3</sup> Manchester Independent Economic Review, 2009, <http://www.manchester-review.co.uk/>

single functional economic area, providing a viable footprint for strategic planning that could grow the economy and link residents to the opportunities that growth brings to a region.

A direct line can be drawn between the conclusions of the MIER and the signing of the first devolution deal. Based on the findings of the MIER, in the years between the two events GM:

- Developed its first comprehensive GM wide strategy (refreshing and updating its ambitions a number of times during that time).
- Formally established the GMCA as a legal body.
- Ensured a range of other collaboration vehicles (such as the Local Enterprise Partnership) were formed on a GM wide footprint.
- Reached agreement with Government to test a range of reforms that helped explore and refine the approach to collaboration and place-based funding sought. GM wide programmes of public service reform and growth programmes were established.
- Invested in innovation, analytical capacity and evaluation, ensuring the case for change was underpinned by robust evidence.
- Built strong informal relationships across Government, ensuring the case for change was made consistently and comprehensively.
- Made the case that in GM developments such as Growth Deals and City Deals should be agreed across the city-region footprint.

Firm foundations were established during this period that gave leaders within GM and Government the confidence and evidence to support devolution to the city-region.

While not always badged 'devolution', the work done since the 1980s provided the fundamental building blocks on which the six GM devolution deals agreed between 2014 and 2017 were based.

## 2. The Deal Process

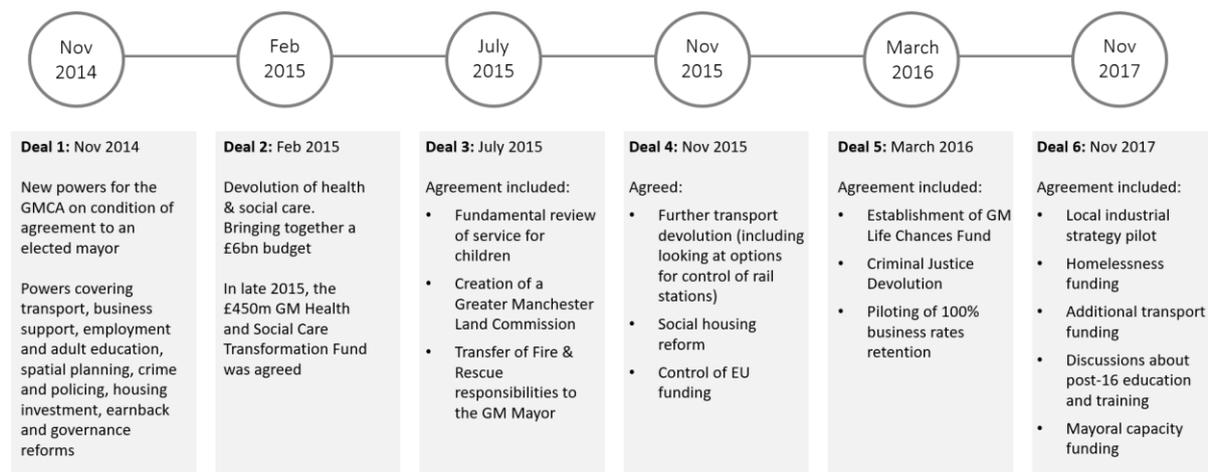
In the run-up to November 2014, Greater Manchester and Government held a series of discussions that reflected on impact achieved through the new ways of working that had become embedded in GM. Through these discussions, agreement was reached that a more comprehensive devolution deal should be explored.

GM made the case for accelerating the pace at which freedoms, flexibilities, and responsibilities transferred to sit at the city-region level. In exchange for these reforms, Government argued that city-region governance should be strengthened. The case was made for the election of a Mayor for GM.

However, a number of the propositions for reform that GM put forward were not included in the November 2014 deal. In some instances Government was not prepared to devolve, in others it was agreed that further discussion was needed to explore the potential for reform. This process established a pattern that was used to support each of the deals that followed.

Deals were agreed alongside national fiscal events. As Figure 2 shows, the range of policy areas covered by devolution broadened over time as appetite and ambition for reform grew.

Figure 2: Greater Manchester Devolution Agreements



The pace and scale of reform was supported by a strong ambition for reform held by senior leaders in Greater Manchester and Government. While discussion took place with a range of Government departments on the opportunity for devolution, HM Treasury took the lead in negotiating each deal.

The impact of the content of deals is explored below. However, the deal process has had impact in its own right:

- Setting a precedent for the approach to regional devolution within England that has subsequently been applied to a range of different places.
- Providing a useful end point for discussions on potential reform, giving pace to negotiations that might otherwise have continued for some time.
- Bringing departments to the table who had not previously been involved in devolution discussions.

While positive in many ways, the deal process has limitations:

- The cliff-edge created by this approach can lead to focus on the minutia of specific proposals rather than how to drive forward a framework for city-region wide flexible decision making. Deals effectively then, have been agreed 'in silos,' addressing a specific issue with an individual department as opposed to addressing Greater Manchester's outcomes more broadly and offering the flexibility of 'how' the issue is addressed.
- While HMT held the ring within Government for the agreement of deals, individual departments led on agreeing the specifics of implementation. At times this approach led to different rates of progress across responsibilities devolved to GM, limiting the impact achieved in some instances.
- Wording and the spirit agreed in the deal has often been long fought over after the Deal was signed and this has limited implementation in some cases, for example within flexibility on Learner Loans.

The February 2015 agreement was different in nature to the rest of the GM deals. For one, it was an agreement with a wider range of organisations, incorporating health partners as well as the GM local authorities that were signatories to other deals. The Memorandum of Understanding (MoU) signed in February 2015 signalled agreement for GM to take control of its Health and Social Care (H&SC) provision, a £6 billion budget. Unlike other areas of devolution, this whole-budget, whole-system agreement gave GM control of many more of the levers required to affect change. It was accompanied by agreement of a £450 million Transformation Fund, to be administered locally, which would enable investment in transformation while mainstream budgets were refocused.

While this more comprehensive approach to deal making has resulted in greater ability to link reforms locally, this deal also had some limitations:

- While the February 2015 agreement covered GM Health and Social Care provision, the widely recognised challenge in the quantum of Social Care funding was not fully addressed through the deal (from the outset GM was clear with Government that a financial gap remained). Flexibility in the configuration of services that was not previously possible is now being addressed, but there is ongoing uncertainty over the future of social care funding.
- The agreement between GM and Government is a delegation of responsibility rather than devolution. While NHS England has been a willing partner in the testing of new ways of working and added considerable value to this work, the technicalities of a delegation rather than devolution have at times slowed down capacity to reform.

The deal process has changed the shape of governance within GM. Decisions are now taken in GM by organisations based in GM. The nature of the decisions they are charged with taking and the organisations around the table are significantly different as a result of devolution. The cultural change this has brought should not be underestimated.

### 3. Impact: Aligning Strategy and New Ways of Working

Devolution has enabled increasing alignment in strategic ambition and planning across GM. Since the first deal was signed (or in the case of transport, in anticipation of the first deal), a range of GM wide strategies have been agreed.

Strategies published cover transport<sup>4</sup>, health and social care<sup>5</sup>, policing, community safety and criminal justice<sup>6</sup> and the GM strategy: *Our People, Our Place*<sup>7</sup>, which is a vision for the city-region. These have all been developed with a single vision in mind: “*Our vision is to make Greater Manchester one of the best places in the world to grow up, get on and grow old.*”

Underpinning each of these strategies is a range of GM-wide delivery plans that draw together relevant partners to deliver on the ambitions of the strategies. The development of these plans has involved the full range of GM public services, the Voluntary and Community Sector, and the people of GM.

This approach to joint strategic planning has also been applied to the development of the **Greater Manchester Spatial Framework (GMSF)**. Responsibility for the development of a single planning framework was included in the November 2014 devolution agreement. This plan will identify key development sites for housing and employment, helping growth in the economy and supporting local residents to access housing, jobs, and leisure opportunities. GMSF will also identify the need for new infrastructure such as transport, schools, health centres and utility networks required to achieve the ambitions of GM. GMSF will set a single framework for managing planning development across the city-region until at least 2035.

While working in this way has sometimes proved a challenge, the level of debate required to reach consensus has ensured a deeper understanding of the range of perspectives regarding how GM achieves its vision. As Figure 3 shows, this process has driven GM to understand:

- How communities can be genuine partners in shaping what happens across GM.
- Where GM partners can better collaborate and integrate their work to create places people want to live, work, visit and invest.
- How GM uses its leadership to best effect and partners hold one another to account.
- The breadth of assets that can be capitalised on across GM.

---

<sup>4</sup> TfGM, February 2017, Greater Manchester Transport Strategy 2040, <https://www.tfgm.com/2040>

<sup>5</sup> GMCA, NHS, December 2015, Taking Charge of our Health and Social Care in Greater Manchester, [https://www.greatermanchester-](https://www.greatermanchester-ca.gov.uk/downloads/file/125/taking_charge_of_our_health_and_social_care_in_greater_manchester)

[ca.gov.uk/downloads/file/125/taking\\_charge\\_of\\_our\\_health\\_and\\_social\\_care\\_in\\_greater\\_manchester](https://www.greatermanchester-ca.gov.uk/downloads/file/125/taking_charge_of_our_health_and_social_care_in_greater_manchester)

<sup>6</sup> GMCA, March 2018, Standing Together, <https://www.greatermanchester-ca.gov.uk/policeandcrimeplan>

<sup>7</sup> GMCA, 2017, Our People, Our Place, <https://www.greatermanchester-ca.gov.uk/ourpeopleourplace>

Figure 3: A different way of working



This new way of working did not develop overnight. It was enhanced by the years of collaboration prior to devolution but the advent of the deals enabled a speeding up and broadening of integrated strategic decision making.

The November 2017 devolution agreement between GM and Government continued to build on this framework of alignment in strategic policy development, setting out plans for GM to:

- Trial the approach to developing a **Local Industrial Strategy**. The agreement stated that the Local Industrial Strategy will provide a long-term vision for growth. But it also stated that the strategy will take a place-based approach that builds on the unique strengths of GM, ensuring all people in GM can contribute to and benefit from economic growth.
- Develop a **Clean Air Plan** that will cover all of GM. This plan is again being developed in collaboration across GM organisations and will be signed off by each area, demonstrating a joint commitment to improving air quality for the population of the city-region.

## 4. Impact: Flexible Investment

A significant impact of the devolution deals and the work taking place in preceding years was the establishment of a range of flexible investment funds. In some instances new funding was identified for GM. Other funds represented allocations that would have landed in GM regardless but were structured with greater flexibility than might have been the case without devolution.

GM flexible investment funds are enabling investment decisions covering housing development, business support, transport infrastructure, skills provision, science and innovation and more. Some of these funds have only been in place for a short amount of time and the reach of their impact will develop over time. However, the tangible impact of devolution can be seen through how these funds have been allocated. Figure 4 provides a snapshot of the investment landscape.

Figure 4: Flexible GM investment funds

Fund	Impact
 <p><b>£900 million</b> The Earn Back deal of <b>£30 million a year for 30 years</b>, enabling funding of infrastructure</p>	<p>Investments include the <b>extension of Metrolink to Trafford Park</b>, linking more communities across GM to a key employment hub</p>
 <p><b>£493 million</b> Local Growth Deal funding allocated between 2014-16 is enabling investment in transport, skills, science &amp; business support, and innovation</p>	<p>Investments delivering economic growth include <b>improved transport hubs</b>, and development of institutions such as the <b>Graphene Engineering Innovation Centre</b></p>
 <p><b>£300 million</b> Housing Investment Fund was launched in April 2015, providing loans to kickstart housing projects that would otherwise be difficult to fund</p>	<p>Investments are delivering over <b>5,000</b> new homes. Funding has been recycled, enabling broader investment across GM</p>
 <p><b>£243 million</b> Transforming Cities Fund, providing flexibility to make strategic decisions on priority transport projects.</p>	<p><b>£160 million</b> has been allocated to cycling and walking. <b>£83 million</b> has been invested in additional Metrolink capacity, including 27 additional trams</p>

A revised **Earn back** deal was agreed as part of the November 2014 devolution agreement. The funding model enables GM to retain a greater proportion of the additional tax revenue that will be generated as a result of additional local investment in infrastructure. The 2014 deal set out that the previous complex formula for earn back would be removed, giving GM more control and certainty over the future funding stream. This deal is worth £900 million over 30 years.

Until the election of the GM Mayor, it was agreed that GMCA could allocate resources but that this would become a Mayoral responsibility after May 2017. To date, GM has approved proposals to invest in the Trafford Park Metrolink extension (due for completion in 2020) and the South East Manchester Multi Modal road scheme (which opened in October 2018).

The new Trafford Park Metrolink line will increase the size of the Metrolink network to more than 66 miles served by 99 stops. The new line will be served by six new tram stops at key

employment and leisure destinations. The new line will provide a transport link between a key GM employment site and large parts of the city-region, opening up employment opportunities for an increasing number of residents. The line will also make Trafford Park an increasingly attractive investment site. It will also help increase the proportion of visitors to the Trafford Centre traveling by public transport, tackling congestion in the area.

This investment will continue to strengthen the Metrolink network, which has seen journey levels double over the past 6 years as the network has continued to reach further across the city-region. Last year, over 40 million passengers used the network.

Investment in the South East Manchester Multi Modal scheme has funded the A6 to Manchester Airport Relief Road Scheme. This development provides 10 kilometres of new 2-lane dual carriageway that will address heavy congestion at a key site for the city-region. It will connect key strategic routes into the North West and to Manchester Airport. Improved pedestrian and cycle routes have also been incorporated into the scheme.

The **Local Growth Fund** brings together allocations from three rounds of Growth Deal negotiations. Allocations were made in July 2014 (£306m), January 2015 (£57m) and November 2016 (£130m). Projected impacts from investments include up to 6,250 jobs across GM and the leveraging in of an additional £210m in additional public and private sector investment. The impact of investments made include:

- **A number of transport interchange hubs** delivering a more integrated public transport network and increasingly linking communities across GM to education, employment, training and leisure opportunities.
- **Capital funding** for a number of further education colleges and skills providers, ensuring GM residents have access to state of the art provision that will equip them with the skills that meet the needs of GM employers. This has included funding for the new Advanced Built Environment Centre in Tameside.
- **Promotion of science and innovation** facilities that bring high levels of growth to the city-region. Investments include the Graphene Engineering Innovation Centre, supporting the continued exploration of graphene, which has the potential to revolutionise a number of sectors, from electronics to transport and beyond.
- **The development of a Productivity and Inclusive Growth Programme for GM**, creating a single business support system focused on the delivery of inclusive growth. This work has supported GM businesses to increase their use of GM suppliers; increase salary levels to or above the living wage; reduce the use of zero hours contracts; and promote increased flexible working arrangements.

In 2016 it was agreed Earn Back and Local Growth Deal funding would be controlled via a **Single GM Investment Pot** to deliver economic growth. This development was intended to simplify funding controls, providing a single assurance framework and simplifying financial reporting. In reality, funds sitting within the 'single pot' have broadly remained subject to the same reporting requirements back to Government as previously existed. However, the potential impact of the single pot as this development beds-in brings further opportunities.

A £300m **Housing Investment Fund** was agreed in the November 2014 devolution deal. Commitments of over £420m have been made to build over 5,800 units at 23 sites across Greater Manchester. The Fund has reached the £300m milestone after two-and-a-half years.

The Fund remains open for business, utilising recycled funds and will continue to invest in more homes across the region. Figure 5 provides an example of how the Fund has not just provided access to finance but also given developers strategic support.

*Figure 5: Impact of the Housing Investment Fund*

Housing Investment Fund	
<p>Manchester based developer Nook and Key lacked the track record to access high street funding and approached the Fund after seeing a banner on a site in Manchester City Centre.</p> <p>The Fund agreed a £2.5m loan with an additional £1.1m from the Homes and Communities Agency to support the conversion of a Grade II listed church and the development of 14 new build family homes in Hyde.</p> <p>The monies represent 85% of the development costs of the scheme – Director Ross Gardner said “The fees are comparable to institutional lending but more crucially the amount allows us to free up our own equity and look at other sites and more schemes. It is a partnership and makes us as a small business a more attractive and safer proposition. It opens up avenues for other private investors and allows us to grow faster”.</p>	<p>The Church, St Stephens in Floweryfields, will be converted into 16 large one and two bedroom apartments in a scheme designed by Millson Associates. All the apartments and the three and four bedroom houses will be for sale.</p> <p>Director Mike Hampson said: “We have discovered that there is a lot of added value working with the fund rather than with a bank. We have received a huge level of support, not just financial but with the strategic positioning of the company “The Fund Team came out to see what we do. The quality we want to achieve and the mix of properties we will create in Hyde. Unlike a bank the Fund has the same goal as us – we want to build more houses. All our ambitions aligned.”</p>

The **GM Transforming Cities Fund** was agreed alongside the Autumn Budget 2017. A range of impacts can be seen in relation to this fund:

- The £243m capital fund was directly allocated to GM. Equivalent funds were agreed with other Mayoral Combined Authorities. Access to funding for other areas has been via a competitive application process.
- GM was able to swiftly agree the allocation of this funding against developed strategic plans. The speed of decision making has provided certainty of funding and confidence of support for innovative plans and enhancing the GM negotiating position for further investment required to deliver these plans in full.
- £160m has been allocated to support the delivery of GM ‘Streets for All’ infrastructure, in line with the proposals in the GM Cycling and Walking Commissioner’s *Made to Move* report<sup>8</sup>. In July 2018, funding for an initial 15 cycling and walking schemes across GM was approved. Schemes were approved in each GM district. Around 40

<sup>8</sup> Made to Move is the report of Chris Boadman, the GM Cycling and Walking Commissioner appointed by the GM Mayor in 2017. Available at: [https://www.greatermanchester-ca.gov.uk/downloads/download/131/walking\\_and\\_cycling\\_report](https://www.greatermanchester-ca.gov.uk/downloads/download/131/walking_and_cycling_report)

further schemes were judged to be at a good level of development at this point and further investment will likely be made soon.

- Funding of c£100m has been approved to provide additional Metrolink capacity, including the purchase of 27 additional trams. This investment will increase the resilience of the GM public transport network, contribute to the reduction of single occupancy car use (improving congestion and air quality), and link an increasing number of communities to one another and to employment and leisure opportunities.

The GM investment base will be further enhanced by **flexibility in the use of Business Rates**, which has also been included in devolution agreements. In 2015, it was agreed GM and Cheshire East would pilot the retention of 100 per cent of additional rate growth.<sup>9</sup> This scheme started on 1 April 2015. The impact of this area of reform is still developing. Monies allocated for GMCA will be retained for agreed investments or reallocated to districts to support their budgets and priorities.

From 1 April 2017, GM piloted the retention of 100 per cent of business rates. This has generated c£73 million<sup>10</sup> in additional revenue for GM. It has been agreed that 50 per cent of this will be retained by the 'earning' local authority to support their revenue budgets. The remaining 50 per cent will be held by GMCA for investment. Decisions on how the majority of these funds will be invested will be taken through the forthcoming budget setting process (due for completion by mid-February 2019). However, it has already been agreed that further investment will be made in the Productivity and Inclusive Growth Programme (detailed above) and in support of a GM Full Fibre Programme<sup>11</sup>.

Flexible investment funds have been a valuable element of devolution in GM. They have enabled investments in strategically important infrastructure developments across the city-region. They have also enabled investment in a wide range of housing developments, providing access to finance that is not available from traditional sources. Prudent investments mean that funding is being recycled and an increasingly diverse range of investments can be made.

The ability to take decisions over these investment funds locally will result in additional jobs, the leveraging in of additional public and private investment, improvements in education and skills facilities, an increasingly integrated transport network, and new housing across the city region. Each of these impacts is positive in its own right. But perhaps most importantly, the devolution of decision making has enabled alignment in investment decisions. Looking across the funds detailed above, investment decisions have been made that complement one another. For example, a genuinely multimodal transport network is developing at pace across Greater Manchester with investment spread across key elements of that network.

---

<sup>9</sup> A growth baseline was set above which authorities would retain 100 per cent of growth

<sup>10</sup> Specific figures are not yet available. GM has continued to pilot 100 business rate retention and expects c£56 million to be generated in 2018/19. It was recently announced this pilot would be extended into 2019/20.

<sup>11</sup> For Greater Manchester to achieve its ambition to be a leading digital city, full fibre infrastructure (with unlimited bandwidth) is a prerequisite to future-proof our infrastructure and enable significant growth in new digital services, public sector reform, autonomous vehicles, internet of things, industrial digitisation and next generation mobile communications (including 5G) over the next decade. Details of this work were discussed at the [July 2018 meeting of the GMCA](#) (Item 17).

However, the positive impacts of these changes are serving to highlight the challenges of piecemeal devolution. The inability to link all aspects of the travel network, for example, is becoming an increasingly evident challenge in GM.

The level of genuine flexibility in funds is also an area where devolution could go further. As highlighted above, the 'single pot' it was agreed some funds would sit within, continues to have a range of investment rules around it. While it can take time to move from one investment model to another, putting a time frame on making the 'single pot' a reality would be a positive step in further enhancing devolution.

## 5. Impact: Reforming and Integrating Services

Devolution has been a vehicle to deliver the ambitions of the Greater Manchester Strategy. As various iterations of this strategy have set out, GM aims to support growth in the economy, and ensure that increasing numbers of local residents are able to contribute to, and benefit from, the opportunities growth brings.

To deliver on these ambitions, Greater Manchester has been focused on reforming and integrating local services, ensuring they are flexible and able to respond to the specific requirements of individuals, families and communities across the city-region.

The case for devolution was enhanced by work in the years leading up to the first deal. GM had worked with Government to identify and test reforms, developing the evidence to support the case for devolution based on the application of a common approach to reform.<sup>12</sup>

As Figure 6 shows, devolution to enhance reform and integration of services has covered a wide range of policy areas.

*Figure 6: Devolution to support the reform and integration of local services*



Perhaps the most far-reaching agreement for the reform of local services was the February 2015 agreement for the **reform of Health and Social Care (H&SC) provision** across GM. On 1 April 2016, GM took charge of the £6 billion spent on H&SC across the city-region. A plan for reform was developed together by a wide range of partners and decisions for change were taken collaboratively. Reform of H&SC is in reality a wide-ranging and complex range of transformation plans. But at its heart, the ambition for this reform is simple: improving health and wellbeing across the city-region.

<sup>12</sup> Reform in GM is underpinned by common principles that focused on developing a new relationship between public services and citizens, communities and businesses that enables shared decision making. Reform in GM is focused on applying a place-based approach, it is cross-organisational in nature and focused on identifying challenges early to prevent escalation of risk.

The Greater Manchester Health and Social Care Partnership was established to provide leadership and accountability for this reform. Bringing together the NHS and local councils, the Partnership took a significant leadership role in shaping reform, working in close collaboration with the broader H&SC system.

The impact of H&SC reform is still developing. GM is two years into its initial five year plan to transform services. While there is a long way to go, the impact of reform is being felt<sup>13</sup>:

- **Children are being given a better start in life:** for example £74 million is being spent on child and adolescent mental health. Working in collaboration with schools, GM is supporting young people who need mental health services, with the aim of seeing fewer of these young people develop longer-term mental health challenges.
- **People are being supported to live well for longer:** For example, action has been taken to support increasing numbers of people to become physically active, quit smoking, drink responsibly, and to tackle health-related barriers to employment where they exist. Local services beyond the traditional H&SC landscape are working together to deliver on this ambition.
- **Specialist centres are saving lives:** For example, stroke-centres have contributed to saving an estimated 200 lives because of specialist care people have received in them.
- **Services are increasingly fitting in with people's lives:** More services are being created closer to people's homes and GP opening times have been extended. It is now easier to see a medical professional at a convenient time. And medical professionals are increasingly linked into a broader range of services, increasing their ability to link people to non-medical services where they feel that is appropriate.
- **GM is doing more to help older people stay independent:** For example, the 'take a seat' scheme has encouraged local businesses to give older customers somewhere to sit, offer access to toilets or a drink of water, and make it easier to find their way around. As this example highlights, delivering on the ambitions of H&SC reform is broader than how traditional H&SC provision is configured and funded.

The examples above provide a snapshot of the impact felt from GM taking charge of H&SC provision. To support significant structural and service reform GM also took charge of a £450 million Transformation Fund. This fund allowed for investment in change programmes, embedding new ways of working. Investment cases were developed locally and accountability back to the GM-wide partnership is in place.

However, challenges in delivering on the ambition of H&SC plans in GM remain. Implementing the scale of reform that has been agreed takes time. Staying the course of reform requires both Government and leaders in GM to remain committed to the project.

The challenge of sustainable funding for Social Care also remains. While the GM H&SC Transformation Fund has enabled necessary reform, at the time the Fund was agreed there was an acknowledgement that this did not negate the growing gap in public finances to fund social care. Government and GM have continued to discuss this point in the years since the

---

<sup>13</sup> The examples highlighted here are taken from *The Devolution Difference (2018)*, an update on progress in H&SC reform published by the GM Health and Social Care Partnership.

February 2015 agreement and GM has developed proposals to go further in supporting people to live well at home for longer.

While less headline grabbing than the H&SC reforms, service integration reforms were also part of the first devolution agreement in November 2014. The **expansion of the GM Working Well programme and announcement of joint commissioning plans for broader employment support provision** built on successful models of reform that had been implemented in GM in the years before 2014.

Working Well provides support to people facing barriers to finding employment. This work was initially focused on working with people with health related barriers to employment and has, over time, expanded to a wider range of people. From the outset, Working Well was viewed by GM as a partnership between local services. The model was predicated on providing timely access to the right support to help each person tackle the specific barriers to employment they faced. The model recognised that the package of support each person would require would be different and that to be successful a wide range of local services would need to be engaged. This approach to developing 'wrap-around' support for individuals and their families built on the successful approach to local service integration that was in development across GM. It is an approach that has become increasingly mainstreamed in the years since.

Since the Working Well pilot started in 2014, over 2,800 people have been supported into work. From the point of expansion (which started in April 2016) 44 per cent of all jobs participants in the programme have started sustained periods of employment<sup>14</sup>. By comparison, sustained employment achieved by those taking part in the Work Programme,<sup>15</sup> stood at between 10-21 per cent.<sup>16</sup> In absolute terms, the impact of the GM commissioned programme can therefore be seen favourably.

The collaborative approach of the Working Well programme has resulted in more than employment rate metrics alone can demonstrate. Participants in the programme have reported improvements in the barriers they face to employment. For example, 20 per cent of participants in the programme expansion identified mental health issues as a significant barrier for them. After six months, 74 per cent of these people said they had seen an improvement in this position.<sup>17</sup>

Based on the positive impact seen through this work, Government and GM agreed to co-commission the Work and Health programme (which will continue to be called Working Well for delivery purposes). Agreement for this approach to co-commissioning is unique to GM and London. Between 2018 and 2024, the £52 million programme will provide support to more than 22,000 individuals across Greater Manchester.

---

<sup>14</sup> Impact of Working Well is set out in further detail in the Working Well Annual Report (2018), which includes detail of independent evaluation of the programme. Available at [https://www.greatermanchester-ca.gov.uk/downloads/download/202/working\\_well\\_annual\\_evaluation\\_report\\_2018](https://www.greatermanchester-ca.gov.uk/downloads/download/202/working_well_annual_evaluation_report_2018)

<sup>15</sup> The Work Programme was nationally commissioned employment support provision that initial Working Well participants had taken part in but through which they had failed to find employment

<sup>16</sup> GMCA, 2018, Working Well Annual Report, [https://www.greatermanchester-ca.gov.uk/downloads/download/202/working\\_well\\_annual\\_evaluation\\_report\\_2018](https://www.greatermanchester-ca.gov.uk/downloads/download/202/working_well_annual_evaluation_report_2018)

<sup>17</sup> GMCA, 2018, Working Well Annual Report, [https://www.greatermanchester-ca.gov.uk/downloads/download/202/working\\_well\\_annual\\_evaluation\\_report\\_2018](https://www.greatermanchester-ca.gov.uk/downloads/download/202/working_well_annual_evaluation_report_2018)

The **place-based integration of local services** that has been a central component of reform in GM was further cemented in the March 2016 devolution agreement, which included the establishment of a Life Chances Investment Fund (now known as the **Reform Investment Fund**).

This fund enabled GM to bring together funding into a single pot that had previously been allocated to specific GM programmes from a range of Government departments.<sup>18</sup>

While the majority of this funding was already committed, investments have been made to continue work such as Intensive Community Orders, which have resulted in reductions in reoffending rates among young men across GM. Investment has also been made in the GM work and health programme, enabling this work to reach a larger number of people, specifically those that are in work but at risk of falling out of employment due to health issues and those that are recently unemployed.

The Reform Investment Fund has continued investment in the delivery of local approaches to supporting families across GM (using Government 'Troubled Families' funding). The impact of this work continues to reach a significant number of families. Over 23,500 families have now been engaged with across GM and over 7,000 of these have already experienced improvements in their lives as a result.

The creation of the Reform Investment Fund provides a vehicle through which future reform funding could be routed. Much like the single pot created to bring together investment funds, the potential impact of the Reform Investment Fund is significant. It provides the potential to streamline funding streams, strip away funding requirements that can, at times, lead to conflicts between funding lines. The Fund also has the potential to simplify reporting and improve transparency. It remains to be seen whether Government requirements are streamlined over time, enabling the Fund to be used to its full potential.

The autumn 2017 devolution agreement included £8 million investment to tackle **homelessness** across the city-region.<sup>19</sup> Working with some of the most entrenched homeless people, GM has developed a Housing First approach, finding people a stable home while at the same time encouraging them to access other support they may need (including support with addiction, money management, skills and employment support). As with other areas of reform, people being supported through this work are having their bespoke packages of support coordinated, ensuring they can access the right services at the right time regardless of which organisation is providing it.

Work to tackle homelessness is having a tangible impact. 500 people have been referred for support, and 109 of these people are now in new homes. To date, no one has dropped out of support. Based on this early success, additional investment has been allocated, enabling further referrals to be made.

---

<sup>18</sup> Budget lines allocated to the Reform Investment Fund were GM Troubled Families funding allocations, contributions from Government to Working Well, and an allocation from the Cabinet Office Life Chances Fund. Funding to support work tackling homelessness was later added to the Fund.

<sup>19</sup> It was agreed funding could sit within the Reform Investment Fund, removing the requirement for additional governance arrangements to be put in place.

Reforming and integrating services is helping GM to develop increasingly sustainable and appropriately targeted services. People's lives do not neatly fit into public service sectors. Aligning reform across organisational boundaries is enabling GM to place people at the heart of everything they do, rather than expecting people's lives to neatly map to organisational boundaries. Devolution has been an important building block in the approach to reform being taken in GM.

## 6. Impact: Decision Making, Co-Design and Collaboration

Devolution has changed the way decisions are made about strategic planning, investment and public services across GM and this is continuing to evolve. A number of governance reforms have taken place to support this change. The headline grabbing element of this process has been the election of a Mayor for GM. As Figure 7 shows, while this is an important element of the change that has taken place, changes to governance and the way GM takes decisions go far beyond the election of the Mayor.

Figure 7: Reforming decision making across Greater Manchester



### Democratic accountability

The first Mayor of GM was elected in May 2017. The Mayor holds a range of powers, but unlike some other mayoral models, the GM model builds in a need for consensus with Leaders across the local authorities in a number of key policy areas



### Rationalising governance

Devolution has enabled **rationalisation and integration of governance arrangements**, for example in relation to PCC and Fire responsibilities. Integration of decision making and identification of back office efficiencies as well as supporting greater integration in services



### Decision making responsibilities

As well as devolution of funds, GM has taken on decision making powers in relation to European Funds (and we are discussing the post-Brexit Shared Prosperity Fund with Government), Spatial Planning, and (some) transport planning



### Collaboration, co-design & public engagement

- Collaboration between places, organisations, and sectors across GM is now standard practice
- Co-design, across sectors, with the VCSE and with citizens is increasingly shaping our work
- Public engagement in shaping the future of GM is increasing. There is a growing recognition that we all have our roles to play in making GM the best place it can be

The first devolution deal included agreement that an election would take place for a **Mayor for GM**. The Mayor would become Chair of the GMCA and take on some of the responsibilities it had been agreed would be devolved. As well as Mayoral powers, a range of powers were also devolved to the GMCA.

It was agreed the Mayor would be required to consult GMCA on general mayoral spending plans, which can be rejected or amended if two-thirds of members approve such action. The impact of this agreement has meant devolution to GM has continued the long-history of collaborative decision making. It requires policy to be subject to detailed discussion and refinement to ensure consensus is reached. Unlike other Mayoral models, the GM model ensures all places across GM are engaged in the decisions that are made.

While the GM Mayor has a range of formal powers, the impact of this new role in Greater Manchester stretches beyond the contents of the devolution deals. The Mayor has effectively used his position to convene people, focusing attention on issues that will be vital to achieving the ambitions of the GM Strategy and on issues that are limiting progress. The Mayor has appointed a range of advisors, convened summits<sup>20</sup>, and made use of the media to shine a light on challenges GM faces. The use of these informal, softer powers has had

<sup>20</sup> GMCA, 2018, Green Summit, [https://www.greatermanchester-ca.gov.uk/info/20005/green\\_city\\_region/117/green\\_summit/1](https://www.greatermanchester-ca.gov.uk/info/20005/green_city_region/117/green_summit/1)

impact. The Mayor has focused on delivering greater transparency in how decisions are made in GM, regularly holding public meetings and encouraging public engagement across a wide range of policy development.

The election of the Mayor added a new dimension to the GM governance landscape. However, devolution has also served to rationalise GM governance and strengthen scrutiny. Devolution brought the **abolition of a separate Police and Crime Commissioner** for GM, with this role being taken up by the Mayor. The Mayor has also assumed **responsibility for the Fire and Rescue Service**. The Fire Authority was abolished (the Fire Committee was subsequently agreed by Mayor but never functioned). These changes have enabled the abolition of a stand-alone Fire Committee, bringing together scrutiny arrangements with those that provide oversight for policing and criminal justice. This streamlining allows for efficiencies but also enables a more rounded approach to scrutiny, bringing together oversight on areas that have common areas of focus.

Following the election of the Mayor in May 2017 GMCA also established three **overview and scrutiny committees**. The new structures give increased capacity and specialisation to address the increased volume of work flowing through the GMCA and enable it to meet new legislative requirements for combined authorities (around political balance, chairing and access to information). The three scrutiny committees<sup>21</sup> meet monthly and, in the interests of transparency, their proceedings are livestreamed.

The way decisions are taken in GM has also changed due to **GMCA taking on Intermediate Body Status** from May 2017. This development meant that decisions in relation to European Funds that were previously taken by Government are now taken within GM, enabling a closer strategic fit with broader funding decisions across GM.

Devolution has also enabled an **increased level of public engagement** in the decisions that are taken about how Greater Manchester develops. Across a wide range of areas, ideas for reform and investment are being co-produced with the public, community and voluntary sector organisations, and representative bodies. This approach has ensured a wide range of views are heard in the policy making process.

A key area where public consultation will play an important role in shaping the impact of devolution is **bus reform**. The Bus Services Act 2017 provides the Mayor with new powers to reform the bus market. The options available include different types of partnerships and franchising, which is the system used in London and other cities globally. These new powers have the potential to bring significant benefits, such as improved routes, frequencies, timetables, fares, ticketing, network integration and quality standards. On behalf of the GMCA, TfGM is currently preparing an assessment of a proposed bus franchising scheme, which also includes consideration of other realistic options to reform the bus market. Following the completion of this assessment, and subject to the GMCA deciding to undertake an independent audit of the assessment, the GMCA will decide whether to proceed with a consultation on any proposed franchising scheme. Following the consultation, the Mayor will be able to use the powers provided by the Bus Services Act to make a decision on how best to reform the market.

---

<sup>21</sup> Corporate Issues and Reform (GMCA as a corporate entity & public sector reform); Economy, Business Growth and Skills; Housing, Planning and Environment (including transport).

A number of areas included in devolution agreements highlighted **that Government representatives would join GM committees and boards** to help drive collaborative decision making and help unblock barriers to change that might sit within Whitehall. For example, it was agreed in November that the Department for Business, Energy and Industrial Strategy (BEIS) would sit on the GM Low Carbon Hub Board. Government representatives will also sit on the GM Employment & Skills Advisory Panel, which will meet for the first time in autumn 2018. This approach to collaboration has ensured that Government officials are regularly engaged in discussion with GM. As a result, both GM and Government have developed a more nuanced understanding of the challenges and opportunities of reform.

Devolution is still in its infancy, as devolved powers continue to evolve, the way decisions are made in GM will continue to develop.

## 7. Challenges: Scope and Scale of Reform

Devolution has enabled a wide range of positive impacts in GM. However, progress in implementing the contents of the deals has not been uniform. There are areas of devolution that have progressed more slowly than expected, areas where it has not been possible to agree devolution, and areas where national decisions have superseded the content of devolution deals.

Areas of devolution that have not progressed as quickly as expected include:

- **Services for children:** It was agreed in July 2015 that Government and GM would carry out a fundamental review of services for children, exploring how integrated and more efficient ways of working could be achieved. GM developed a comprehensive transformation plan, making the case for one off innovation investment of £30 million to implement change. After a significant period of discussion, Government agreed to invest £7.4 million. While welcome, this meant only part of the plan could be funded, diminishing the potential impact of this work. Government funding was made available for specific purposes, limiting flexibility in GM. As funding was received in late March 2018, impact has not yet been felt.
- **Adult skills and education:** Despite being included in each devolution agreement that has been reached between GM and Government, progress in implementing reform to the adult skills landscape has been limited to date. Early agreements did not include wording on specific funds that would be devolved. Despite this, GM continued to make the case for closer control of decisions on how skills funding was used across the city region. It was eventually agreed the Adult Education Budget (AEB) would be devolved to GM in the 2018/19 academic year. This was then deferred to 2019/20 due to changes at the Department for Education. Legal barriers to the transfer of budgets have now been addressed and AEB will transfer to GMCA in 2019. AEB is just one element of the skills landscape (and is a diminishing funding line). Greater Manchester continues to make the case for broader devolution, co-design and co-commissioning to enable the realisation of ambitions for an integrated and responsive education, employment and skills system.
- **Apprenticeships:** Devolution of the Apprenticeship Grant for Employers (AGE) was agreed in the November 2014 deal. The agreement enabled GM to vary levels of financial support available. While it was agreed this responsibility would be devolved from April 2015, clarity over funding was only achieved relatively close to that start date, limiting the ability of GM to any major changes to the national eligibility criteria. This area of devolution was subject to annual review and renewal, further limiting the ability of GM to develop longer-term plans. This area of devolution was further hindered by poor quality data, which limited the ability to understand where options for reform might have impact. Despite the barriers, evaluation of the devolved grant did find that the majority of employers that received grants had either not previously employed an apprentice, or had not done for over five years. However, the evaluation also concluded there was no evidence that the GM AGE scheme led to a net increase in apprenticeship starts. The experience of the AGE scheme highlights the importance of both GM and Government agreeing reasonable parameters for devolved responsibilities if tangible impact is to be achieved.

- **Criminal Justice:** The March 2016 devolution agreement included the agreement for the GM Mayor to assume the role of the Police and Crime Commissioner. Beyond this, a range of broader freedoms and flexibilities were set out in relation to work around offender management, victims of crime, and the court estate. As with skills reforms, progress in this policy area has partly stalled due to significant changes in ministerial and official personnel within the relevant Government department. It is also notable that, as with skills reforms, final wording within devolution agreements focused on 'engaging with', giving GM 'greater involvement' and 'considering options' for devolution. Without firm agreement for a change in approach, progress has been slow. A further commitment to collaboration in relation to offender management was included in the November 2017 devolution agreement. It remains to be seen whether the pace of progress improves with this additional commitment.
- **GM Land Commission:** The establishment of a GM Land Commission was announced in July 2015. The Commission was intended to oversee the effective utilisation of publicly owned land, addressing barriers to land being brought forward for development. Discussion on the technical rules applied to improve land utilisation saw this area of devolution stall. Discussion between GM and Government has continued but 'devolution' in this area has not resulted in any significant change to date.
- **Transport:** The 2014 devolution deal, and confirmed by the 2015 Spending Review, stated that GMCA and HMG would explore the opportunities for devolving rail stations across the Greater Manchester area. In response TfGM made an initial submission to government based on devolved of all stations in GM, but this was rejected, as was a follow up proposal for a smaller group of 12 stations to be an early phase. The Secretary of State for Transport has requested that we develop a partnership approach instead, and GMCA are currently developing options.

Slow progress in these areas of devolution has limited some of the impact that might have already been achieved in these policy areas. But slow progress in individual policy areas has a broader impact. No area of devolved powers operates in isolation. All responsibilities that now sit with GM are being used in collaboration to deliver on the ambitions of the GM strategy. Slow progress is therefore limiting the ability of GM to deliver on the ambitions that were set for the devolution experiment.

The devolution journey has also been impacted by subsequent Government decisions in relation to responsibilities devolved to GM. For example, the November 2014 agreement devolved national Business Growth Service funding to GM. At Spending Review 2015, Government took the decision to close the Business Growth Service.

While devolution has changed the way some decisions are made in GM and positive impact has been felt, there are additional decisions that would help deliver positive change for the city-region that remain outside the devolved landscape.

## 8. Challenges: Barriers to Implementation

Devolution agreements represent genuine change in the governance of the UK and have led to real impact in the way decisions are made in GM. However, implementing the content and the spirit of the deals has exposed a range of barriers to reform.

**In a number of areas, devolution to GM has been partial.** In almost all areas of devolution, the responsibilities that have transferred to GM have provided greater opportunity to shape impact across the city-region, but some of the levers that would enable swifter reform remain outside local control. For example, the skills landscape remains largely centrally controlled.

The implementation process has also highlighted a **range of broader reforms needed to enable devolution.** For example, the implementation of the Working Well programme highlighted the need for a range of information sharing arrangements to be put in place, enabling GM and Government to share information legally. Significant work has been done to establish legal routes to take different areas of devolution forward. While this has at times slowed the implementation process, the learning from this type of work – if appropriately shared across GM and Government - should serve to speed up future implementation.

**Government red lines in relation to some policy areas** has limited devolution. For example, despite being raised repeatedly during the deal making process, and despite strengthening working arrangements with Whitehall departments, Government has been clear it does not want to explore any form of agreement in relation to education provision. GM has presented evidence and options to support the case for reform but, to date, progress in this policy area has not been made.

**‘Transformation’, ‘innovation’ and ‘challenge’ funding remains largely tied to individual central government departments.** This approach poses challenges to devolution as it can restrict local places from joining funds up, limiting capacity to develop broader, integrated innovation plans.

**Inspection and regulation** can also act as a barrier to reform. While progress has been made, at times, inspection and reporting requirements can push individual organisations back into sector silos. This can serve to limit the integrated approach to implementing devolution GM is seeking to achieve.

Where budgets have been devolved to GM, they have largely been programme budgets with the corresponding **administrative budgets** remaining with central government. While as much funding as possible should be focused on delivery, programme management costs are required to implement change. This approach to funding has at times left GM with limited capacity to implement reform.

**Local barriers to implementing devolution** also need to be tackled. Aligning activity within individual communities and across sectors requires GM to continue innovating and using new governance arrangements to maintain a focus on driving an integrated approach to implementing its strategies.

## **9. Devolution 2.0: Moving to a Continuous Conversation**

Devolution has had impact across GM. That impact will continue to evolve and emerge over the coming years. The process of devolution itself must also evolve, addressing barriers to implementation that have been experienced.

In the next phase of devolution, Government and GM should reflect on those areas where progress has been made and consider whether the deal process should be supplemented by a stronger continuous conversation. Implementation has shown that for devolution to succeed, significant work is needed by government departments as well as local services.

The development of the GM Local Industrial Strategy (LIS) provides an example of how this approach to policy development and devolution can be taken forward. The LIS is being taken forward through a longer-term discussion with Government rather than a single deal that must be agreed at a single point in time. The LIS process is proving valuable in exploring and progressing a range of reforms with Government.

GM can aid the ongoing dialogue with Government by presenting clear options for devolution and reform, including cross-sector requirements that can more fully address the city-region's challenges. For example, to continue driving growth in the economy, there are a range of infrastructure challenges that must be addressed. Responsibility for the changes required does not sit with one organisation locally or one department nationally. An on-going collaboration across partners will therefore be required to deliver on GM's priorities.

Government can also aid progress by taking a place-based approach to the next Spending Review, considering what impact it wants to see achieved in individual places rather than by individual government departments. This approach to shaping the way future spending decisions are considered would further enable the place-based approach to reform GM has long argued for.

## Glossary

AEB	Adult Education Budget
AGE	Apprenticeship Grant for Employers
AGMA	Association of Greater Manchester Authorities
BEIS	Department for Business, Energy and Industrial Strategy
EY	Ernst and Young
GM	Greater Manchester
GMCA	Greater Manchester Combined Authority
GM Districts	The ten local authority districts which make-up Greater Manchester: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan
GMS	Greater Manchester Strategy
GMSF / GM Spatial Framework	Greater Manchester Spatial Framework
GP	General Practitioner
H&SC	Health & Social Care
MIER	The Manchester Independent Economic Review (MIER) consisted of a Commission of prominent economists and business leaders, supported by a Policy Advisory Group and Secretariat, with responsibility for commissioning high-quality evidence-based research to inform decision-makers in Manchester. The MIER reports were published in 2009.
MoU	Memorandum of Understanding
NHS	National Health Service
TfGM	Transport for Greater Manchester
UK	United Kingdom
VCSE	Voluntary, Community and Social Enterprise