

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 19 June 2013
Subject: Greater Manchester City Deal
Report of: Sir Howard Bernstein, Chief Executive

Summary

This report updates the committee on the implementation of the City Deal. Progress overall has been good although in some areas securing agreement from Government to detailed implementation arrangements has been slower than anticipated.

Recommendations

Members of the Committee are invited to note the progress and the approach to implementation.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to Economy Scrutiny September 2012: Greater Manchester City Deal

1.0 Background

- 1.1 The Greater Manchester City Deal was agreed at the Budget 2012 and an implementation plan produced in September setting out high level actions to be taken by Government and Greater Manchester partners to deliver the Deal.
- 1.2 Overall good progress has been made on implementing the City Deal. However, there are some areas where securing Government agreement to the detailed arrangements has been slower than anticipated. This report provides an update on the progress that has been made. The City Deal was used as a vehicle to progress, and where possible accelerate delivery of, strategic priorities for Greater Manchester. It has been successful in achieving this but it was always recognised that it was one step of a longer term process of devolution and reform.

2.0 Progress on elements of the Greater Manchester City Deal

Earnback

- 2.1 The innovative Earnback agreement was designed to allow Greater Manchester to earn back the £1.2 billion invested up front in transport infrastructure as the Greater Manchester economy grows. The City Deal included a commitment to allow a maximum of £30m a year to be earned back over a 30 year period, subject to our growth performance. The Deal included the commitment that 'earned back' funds would be reinvested in further gva enhancing infrastructure improvements to allow Greater Manchester to reach its economic potential.
- 2.2 The City Deal included a commitment to work on the detailed formula to underpin this model and for this to be agreed by October 2012. Progress with Government on progressing this element of the Deal has been far slower and more complex than anticipated. However, we expect to be able to conclude the detailed negotiations shortly allowing Greater Manchester to commit to further infrastructure delivery.

Investment Framework and housing

- 2.3 The endorsement of the Greater Manchester Investment Framework represented a major shift towards local decision-making. It allows the alignment funding and assets – including HCA assets - to deliver a pipeline of projects that are prioritised according to their economic impact.
- 2.4 The Investment Framework is operational. Since the agreement of the Deal Greater Manchester have successfully bid for a Regional Growth Fund Round 3 programme which focused on providing tailored packages of support for businesses looking to expand or locate in Greater Manchester. This is incorporated within the Framework along with previous Regional Growth Funding and Growing Places Funds. In total these funds are £102.5m. Projects totally £33m have been approved with more currently being taken through the approval stages. The approved projects will create over 1,400 jobs with a further 900 safeguarded plus deliver over 1,300 homes. The remainder

of the funds are expected to be committed by Spring 2014. The Framework has also been used to help identify gaps in investment funding available and formulate bids for new programmes, such as RGF4. The GM programme for EU structural funds for 2014-2020 is being developed to align with the Framework.

- 2.5 A Housing Investment Board has been established led by the HCA and operates within the Investment Framework. A business plan setting out the strategy for delivering additional housing and a revised Local Investment Agreement is in place.

Skills and the local economy

- 2.6 The City Deal included commitments to deliver pilots for an Apprenticeship Hub and Training Tax Credits. There was also a commitment that the Local Employment and Skills Partnership, New Economy and the Skills Funding Agency would develop arrangements for linking skills provision to the needs of the local economy.
- 2.7 Business cases for the pilots were completed in September 2012 with final agreement from Government in February 2013. Delivery is now underway and there is a separate report on this agenda that covers this issue. The progress on linking mainstream skills funding to local priorities is also covered in that report.

Low Carbon

- 2.8 The City Deal incorporated a range of proposals to establish Greater Manchester as a 'pioneer city' for low carbon initiatives and to deliver this through a new GM low carbon hub. In addition the City Deal included commitments to work with the Green Investment Bank to establish a joint venture.
- 2.9 The Low Carbon Hub has been established with Sir Richard Leese as chair of the Hub Board. An Memorandum of Understanding was signed between GM and the Department of Energy and Climate Change which set out a shared work plan to support delivery of carbon reduction objectives. Work is at an earlier stage with other departments to establish similar arrangements but will continue.
- 2.10 The Low Carbon Hub and GM Core Investment Team are working with the Green Investment Bank to develop a pipeline of investable projects that would form the basis of the joint venture. More detailed reports on these issues were received at the last meeting of the Committee.

Business support, trade and investment

- 2.11 The City Deal included a commitment to support the expansion of the business growth hub through RGF2 programme funds for the period to 2015. The business case for this has been developed and is currently being taken through the necessary approvals within GM. The results of a major business survey have contributed to the development of the business growth hub.

- 2.12 Greater Manchester have developed and agreed an Internationalisation Strategy. This has provided the framework and evidence base for joint work between MIDAS and UKTI and to identify specific areas for projects. MIDAS and UKTI have identified areas where Greater Manchester has key strengths and agreed that they would collaborate on a project to promote digital healthcare. This could provide a model for further specific sector propositions.
- 2.13 A Group Chief Executive is now in place to bring together the organisations involved in business support, trade and investment activity across Greater Manchester.

Transport

- 2.14 The City Deal included proposals for further improvements and devolution related to rail, buses and highways. It also sought to ensure that new transport funding streams were part of the Investment Framework.
- 2.15 Progress on the rail aspects of the Deal have been particularly good. Commitments have been made to deliver the Northern Hub investment in full and for HS2 to be extended to Manchester with stations at Piccadilly and the Airport. Proposals have been developed by Greater Manchester, West and South Yorkshire working with the other transport authorities across the north of England that would see responsibility for rail franchising transferred from central government.
- 2.16 The GM bid for Local Sustainable Transport Funding was successful and over £34m awarded. Work is progressing to support the devolution of local transport major schemes funding.

3.0 Next steps

- 3.1 The City Deal commitments will continue to be implemented across Greater Manchester. They will form part of the Greater Manchester Strategy implementation arrangements and therefore individual elements will be overseen by portfolio holders and lead Chief Executives. Proposals for further devolution building on the Community Budget Pilots and Heseltine proposals for Local Growth Funds are being developed.