

**GREATER MANCHESTER COMBINED AUTHORITY**

**DATE:** Friday, 26 February 2016  
**TIME:** 11:30am  
**VENUE:** Banqueting Suite  
Leigh Sports Village  
Leigh Stadium, Atherleigh Way  
Sale Way, Leigh  
WN7 4GY (sat nav)

**AGENDA**

1. **APOLOGIES** - attached
2. **CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS**
3. **DECLARATIONS OF INTERESTS** - attached  
To receive declarations of interests in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the GMIST Officer at the start of the meeting.
4. **MINUTES OF THE GMCA MEETING HELD ON 29 JANUARY 2016** - attached  
To consider the minutes of the GMCA meeting held on 29 January 2016 as a correct record.
5. **FORWARD PLAN OF STRATEGIC DECISIONS OF GMCA** - attached  
Report of Julie Connor, Head of the Greater Manchester Integrated Support Team.
6. **GMCA PORTFOLIOS**  
To consider changes to portfolio arrangements following the resignation of Jim McMahon, Oldham MBC – verbal report of Tony Lloyd, GM Interim Mayor.
7. **NORTHERN POWERHOUSE – INDEPENDENT ECONOMIC REVIEW** attached  
Report of Councillor Sir Richard Leese, Portfolio Lead for Economic Strategy AND Sir Howard Bernstein, Lead Chief Executive for Economic Strategy.
8. **EMPLOYMENT AND SKILLS UPDATE**

Report of Councillor Sean Anstee, Portfolio Lead for Skills, Employment and Worklessness and Theresa Grant Portfolio Lead Chief Executive for Skills, Employment and Worklessness.

9. **EUROPEAN UNION FUNDING ISSUES UPDATE** – attached  
Report of Councillor Kieran Quinn, Portfolio Lead for Investment Strategy and Finance. Eamonn Boylan, Lead Chief Executive for Investment.
10. **GM HOUSING INVESTMENT FUND – INVESTMENT APPROVAL RECOMMENDATIONS** - attached  
Report of Councillor Sue Derbyshire, Portfolio Lead for Planning and Housing and Eamonn Boylan, Portfolio Lead Chief Executive, for Planning and Housing.
11. **GM INVESTMENT FRAMEWORK AND CONDITIONAL APPROVAL** - attached  
Report of Councillor Kieran Quinn, Portfolio Lead for Investment Strategy and Finance and Eamonn Boylan, Portfolio Lead Chief Executive for Investment Strategy and Finance.
12. **EXCLUSION OF PRESS AND PUBLIC** - attached

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following item of business on the grounds that this involves the likely disclosure of exempt information, as set out in paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Combined Authority is recommended to agree the attached resolution excluding the public from the meeting during consideration of this item.

#### **PART B**

13. **GM HOUSING INVESTMENT FUND – INVESTMENT APPROVAL RECOMMENDATIONS** - attached  
Report of Councillor Sue Derbyshire, Portfolio Lead for Planning and Housing and Eamonn Boylan, Portfolio Lead Chief Executive, for Planning and Housing.
14. **GM INVESTMENT FRAMEWORK AND CONDITIONAL APPROVAL** - attached  
Report of Councillor Kieran Quinn, Portfolio Lead for Investment Strategy and Finance and Eamonn Boylan, Portfolio Lead Chief Executive for Investment Strategy and Finance.

Agenda Contact:  
Paul Harris/Kerry Bond  
Democratic Services Team  
GMIST

D.Hall,  
AGMA Secretary

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**GREATER MANCHESTER COMBINED AUTHORITY**

**26 FEBRUARY 2016**

**APOLOGIES**

Part 5A, sections 3.1 and 3.2 of the constitution of the GMCA states that:-

- 3.1 *Each Constituent Council shall appoint one of its elected members to be a Member of the GMCA.*
- 3.2 *Each Constituent Council shall appoint another of its elected members to act as a Member of the GMCA in the absence of the Member appointed under sub-paragraph 3.1 above ("the Substitute Member")*

The following members and substitutes were confirmed at the Annual General meeting of the Authority on 26 June 2015.

Any substitute attending today is requested to confirm his/her attendance under this item.

	GMCA Member	GMCA Substitute
Bolton	Cllr C Morris	Cllr L Thomas
Bury	Cllr M Connolly	Cllr R Shori
Manchester	Cllr R Leese	Cllr S Murphy
Oldham	Cllr J Stretton	Cllr A Jabbar
Rochdale	Cllr R Farnell	Cllr P Williams
Salford	Mr I Stewart	Cllr D Lancaster
Stockport	Cllr S Derbyshire	Cllr I Roberts
Tameside	Cllr K Quinn	Cllr J Taylor
Trafford	Cllr S Anstee	Cllr M Young
Wigan	Cllr P Smith	Cllr D Molyneux

Donna Hall  
AGMA Secretary



## GMCA Meeting on 26 February 2016

### Declaration of Councillors' Interests in Items Appearing on the Agenda

**NAME:** \_\_\_\_\_

Minute Item No. / Agenda Item No.	Nature of Interest	Type of Interest
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary



**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY MEETING HELD  
ON FRIDAY 29 JANUARY 2016 AT GUARDSMAN TONY DOWNES HOUSE,  
DROYLSDEN**

GM INTERIM MAYOR	Tony Lloyd (in the Chair)
BOLTON COUNCIL	Councillor Cliff Morris
BURY COUNCIL	Councillor Mike Connolly
MANCHESTER CC	Councillor Richard Leese
OLDHAM COUNCIL	Councillor Jean Stretton
ROCHDALE MBC	Councillor Richard Farnell
SALFORD CC	Councillor David Lancaster
STOCKPORT MBC	Councillor Iain Roberts
TAMESIDE MBC	Councillor Kieran Quinn
TRAFFORD COUNCIL	Councillor Sean Anstee
WIGAN COUNCIL	Councillor Peter Smith

**JOINT BOARDS AND OTHER MEMBERS IN ATTENDANCE**

GMFRA	Councillor David Acton
GMFRA	Councillor John Bell
GMWDA	Councillor Nigel Murphy
TfGMC	Councillor Andrew Fender

**OFFICERS IN ATTENDANCE**

Margaret Asquith	Bolton Council
Mike Owen	Bury Council
Howard Bernstein	Manchester CC
Carolyn Wilkins	Oldham Council
Steve Rumbelow	Rochdale MBC
Jim Taylor	Salford CC
Eamonn Boylan	Stockport MBC
Steven Pleasant	Tameside MBC
Theresa Grant	Trafford Council
Donna Hall	Wigan Council
Andrew Lightfoot	GM Director of Public Service Reform
Mark Hughes	Manchester Growth Company
Simon Nokes	New Economy
Adam Allen	Office of the Police & Crime Commissioner
Clare Regan	Office of the GM Interim Mayor



Pete O'Reilly	GM Fire & Rescue Service
David Taylor	GM Fire & Rescue Service
Andrea Hefferan	GM Fire & Rescue Service
Jon Lamonte	TfGM
Steve Warrener	TfGM
Liz Treacy	GMCA Monitoring Officer
Richard Paver	GMCA Treasurer
Julie Connor	) Greater Manchester
Sylvia Welsh	) Integrated Support Team
Bridget Aherne	) Integrated Support Team
Ben Pugh	)
Nicola Ward	)
Rebecca Heron	)

**01/16 APOLOGIES**

Apologies for absence were received on behalf of Ian Stewart (Salford) and Sue Derbyshire (Stockport)

**02/16 DECLARATIONS OF INTERESTS**

None received.

**03/16 MEMBERSHIP OF AGMA – OLDHAM COUNCIL**

Donna Hall, Secretary informed the meeting of the resignation of Councillor Jim McMahon from the GMCA and the appointment of Councillor Jean Stretton and substitute member, Councillor Abdul Jabbar, representing Oldham Council on the GMCA.

The GM Interim Mayor welcomed Councillor Jean Stretton to her first official meeting of the GMCA.

**RESOLVED/-**

To note the resignation of Councillor Jim McMahon from the GMCA and the appointment of Councillor Jean Stretton and substitute member, Councillor Abdul Jabbar, representing Oldham Council on the GMCA

**04/16 APPOINTMENT TO THE GMCA STANDARDS COMMITTEE**

The GM Interim Mayor requested the GMCA members consider the appointment of a labour member to fill the vacancy on the GMCA Standards Committee, with a view to making an appointment at the February 2016 meeting of the GMCA.

**RESOLVED/-**

To revisit the appointment of a GMCA labour member to the Standards Committee at the February 2016 GMCA meeting.

**05/16 MINUTES OF THE JOINT GMCA AND AGMA EXECUTIVE BOARD MEETING HELD ON 18 DECEMBER 2015**

The minutes of the GMCA meeting held on 18 December 2015 were submitted for consideration.

**RESOLVED/-**

To approve the minutes of the GMCA meeting held on 18 December 2015.

**06/16 FORWARD PLAN OF STRATEGIC DECISIONS OF THE GMCA**

Consideration was given to a report of Julie Connor, Head of the Greater Manchester Integrated Support Team, which set out the Forward Plan of those strategic decisions to be considered over the next four months.

**RESOLVED/-**

To note the Forward Plan of Strategic Decisions as set out in the report.

**07/16 MINUTES OF THE GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING HELD ON 18 JANUARY 2016**

**RESOLVED/-**

To note the minutes of the Greater Manchester Local Enterprise Partnership Board meeting held on 18 January 2016.

**08/16 TRANSPORT FOR GREATER MANCHESTER COMMITTEE MEETING HELD ON 15 JANUARY 2016**

**RESOLVED/-**

To note the minutes of the Transport for Greater Manchester Committee meeting held on 15 January 2016.

**09/16 LOCAL AUTHORITY RECOVERY GROUP – UPDATE ON BOXING DAY FLOODS**

Councillor Mike Connolly presented a report providing information on the extent of the impact of storm Eva across Greater Manchester and to up-date the Combined Authority on the Greater Manchester response and on recovery activity.

Councillor Connolly thanked the all teams involved for their outstanding efforts in responding to the recent floods and coordinating recovery activity.

Conversations with Central Government are continuing, with Ministers provided with a prioritised list of local authority infrastructure repairs, together with estimated costs, timescales for completion. Meetings are also being sought with the Environment Agency to discuss the issue of flood defences to better protect local communities going forward.

The GM Interim Mayor recognised the impact and suffering caused to residents, he thanked all those involved including communities for their work during the flood and recovery period.

**RESOLVED/-**

To note the report and to record the appreciation and thanks for the excellent work undertaken by all agencies in the response to the recent floods. The Authority also sends its sympathy to all residents and businesses that were affected by the floods.

**10/16            GREATER MANCHESTER DEVOLUTION IMPLEMENTATION PLAN**

The GM Interim Mayor presented the devolution implementation plan which brings together all elements of the three devolution agreements and sets out the work required to implement the devolution settlement, highlighting key milestones and tasks, timescales, requirements of Government and risks.

He also reported that he had been received a letter from Rt Hon Patrick McLoughlin providing assurance that Government remained committed to the delivery of franchising powers via the Buses Bill.

A meeting has been held with the Housing and Planning Minister regarding the establishment of the Greater Manchester Land Commission, where it had been confirmed that individual local plans are not required for those Local Authority areas covered by the Greater Manchester Spatial Framework.

The GMCA Monitoring Officer informed the meeting that a letter has been received from Department for Communities and Local Government advising that Ministers are minded to lay the GMCA Draft Order 2016 before Parliament on Monday 1 February. The Draft Order does provided for a directly elected Greater Manchester Mayor, with the first election to be held on 4 May 2017 and the second election on the normal election day in 2020 and subsequent elections every fourth year thereafter. Copies of the draft Order had been circulated to Local Authorities.

The meeting was also advised that before laying the Order, agreement must be obtained from all Greater Manchester Local Authorities, alongside GMCA, to the making of the Order before the end of this day on 29 January 2016 and requested that Local Authority members present in attendance agree to the laying of the Order on behalf of their respective Local Authority. Local Authority Leaders indicated their agreement to the Order.

**RESOLVED/-**

1. To endorse the GM Devolution Integrated Implementation Plan.
2. To agree to the GMCA Order 2016 and to note that Greater Manchester Local Authorities have also all agreed to the making of the Order.

**11/16            AREA BASED REVIEW**

Councillor Sean Anstee presented a report updating members on the Area Based Review progress following the meeting in November 2015. He added that the outcome of the Review does needed to aspirational and link to the public service reform agenda to ensure all residents of Greater Manchester receive the benefit. The Skills and Employment

Partnership includes representation from employers and Further Education providers to ensure engagement across the board.

**RESOLVED/-**

To note the report.

**12/16            GREATER CREATORS: LINKEDIN ANALYSIS OF GREATER  
MANCHESTER'S LABOUR MARKET**

Councillor Sean Anstee presented a report detailing the work undertaken between Greater Manchester and LinkedIn to explore how LinkedIn can contribute to Greater Manchester's skills agenda and the growth of Greater Manchester's economy. A central part of this collaboration was LinkedIn's commitment to provide new information on Greater Manchester's labour market, which is now complete, with the findings to be launched in a report entitled 'Greater Creators'.

**RESOLVED/-**

To note the completion of the key findings of the research and the launch of the report 'Greater Creators'.

**13/16            METROLINK 2017**

The GM Interim Mayor presented a report providing members with an update on the progress of the Metrolink 2017 project to procure a contract for the operation and maintenance of Metrolink from July 2017, when the current contract expires. The report also seeks the GMCA's endorsement of the proposed service pattern for inclusion in the contract specification for the purpose of the bidding process.

Members welcomed the way forward and the importance of creating transport links across Greater Manchester, with a view to the introduction of service improvements as quickly as possible. They also commented that provision does need to be made for improved frequencies as patronage levels increase, together with increased capacity, particularly at peak times. Intelligence around employment sites and shift patterns and integrating with other transport modes does need to be built into the service planning mechanism, in addition to access to health and education facilities.

It was also recognised that transport provision does need to be looked at in the round, investment in the heavy rail network is imperative to an integrated transport system, with specific issues impacting on the north of the conurbation and Airport City and the delay of work on the Northern Hub. Greater Manchester should need to lobby Network Rail regarding the timetable for the completion of works.

The Chief Executive, Transport for Greater Manchester confirmed that the service pattern described in the report is indicative and for bidding purposes only and for inclusion in the service specification. Work is also underway on developing a 2014 Transport Strategy, individual Local Authorities will be invited to comment on the Strategy with a view to consideration by the GMCA in due course.

**RESOLVED/-**

1. To note the current position of the project.

2. To note the proposed indicative service pattern as detailed in the report for inclusion in the specification, and to agree that issues of frequency and capacity, as outlined above, be reflected in the final specification to be submitted to a future meeting of the GMCA for approval.

#### **14/16 GMCA TRANSPORT REVENUE 2016/17 AND BUDGET UPDATE 2015/16**

Councillor Kieran Quinn presented a report setting out the transport related GMCA budget for 2016/17 and transport related forecast outturn position for 2015/16. The proposed Transport Levy to be approved for 2016/17 is included within the report together with the consequent allocations to the Local Authorities of Greater Manchester.

#### **RESOLVED/-**

1. To note the forecast outturn for the year ending 31 March 2016 is in line with budget after transfers to earmarked reserves £19.861 million.
2. To note the report and the current TfGM revenue outturn forecast for 2015/16 which is projecting an underspend of £500,000.
3. To approve the GMCA budget relating to transport functions for 2016/17, as set out in the report.
4. To note the issues which are affecting the 2016/17 transport budgets, as detailed in the report.
5. To note the consultation process which has been undertaken by officers with the Transport Levy Scrutiny Panel; and that the outcome of the consultation is a proposal that will result in a total levy for 2016/17 of £195.123 million, less a one-off adjustment of £5.8 million taking the levy to be charged to £189.323.
6. To note that the £5.8 million levy decrease will be charged in addition to the 2016/17 non transport contribution in order to meet revenue commitments.
7. To note that the planned increase of 1.8% with respect to the Greater Manchester Transport Fund will be deferred to futures years.
8. To approve a Transport Levy on the district councils in 2016/17 of £189.323 million apportioned on the basis of mid year population as at June 2014, as detailed in paragraph 5.3 and Appendix 1 to the report.
9. To approve the use of reserves in 2016/17 as detailed in paragraph 7 of the report.
10. To note and approve the position on reserves as identified in the report.
11. To note the recommendations of the report on the Treasury Management Strategy Statement Borrowing Limits and Annual Investment Strategy 2015-16 - 2016/17 as detailed at item 16 on the agenda.

**15/16 GMCA CAPITAL PROGRAMME 2015/16 - 2018/19**

Councillor Kieran Quinn presented a report updating members on the Greater Manchester Combined Authority capital expenditure programme.

**RESOLVED/-**

1. To approve the revisions to the capital budget as set out in appendix A and detailed within the report.
2. To note the year to date expenditure, to November 2015, and the current 2015/16 full year forecast expenditure compared to the revised 2015/16 capital budget.
3. To approve the capital programme budget for 2016/17 and the forward commitments as detailed in and at Appendix A of the report.
4. To note that the capital programme is financed from a mixture of grants (including from DfT), external contributions and long term borrowings.
5. To note that provision has been made in the revenue budget for the associated financing costs of borrowing.
6. To note that the capital programme will continue to be reviewed, with any new schemes which have not yet received specific approval added into the programme at a later date once approval has been sought.
7. To note that revised Treasury Management indicators will be reported at item 16 on the agenda to reflect the approved capital programme and updated cash flows.

**16/16 GMCA TREASURY MANAGEMENT STRATEGY STATEMENT, BORROWING LIMITS AND ANNUAL INVESTMENT STRATEGY 2015/16 – 2016/17**

Councillor Kieran Quinn presented a report setting out the proposed Treasury Management Strategy Statement and Borrowing Limits for 2015/16 - 2016/17 and Prudential Indicators for 2016/17 to 2018/19.

**RESOLVED/-**

1. To approve the Treasury Indicators listed in Appendix A of the report.
2. To approve the MRP Strategy outlined in Appendix B of the report.
3. To approve the Treasury Management Policy Statement at Appendix C of the report.
4. To approve the Treasury Management Scheme of Delegation at Appendix D of the report.
5. To approve the Borrowing Requirements listed in Section 4 of the report.
6. To approve the Borrowing Strategy outlined in Section 7 of the report.

7. To approve the Annual Investment Strategy detailed in Section 8 of the report.

#### **17/16 ESF – CO-FINANCING ORGANISATION**

Councillor Kieran Quinn presented a report informing Members of the latest developments on the Greater Manchester Combined Authority becoming an ESF Co-Financing Organisation (CFO).

#### **RESOLVED/-**

1. To approve that GM proceeds with becoming an ESF Co-Financing Organisation.
2. To note the phased structure that will enable GM to secure ESF funding to commission activity as and when eligible match funding can be confirmed.
3. To note the immediate need to progress the CFO bid in order to ensure ESF match funding can be used to fully support the Working Well Expansion programme.
4. To note the financial / legal risks associated with becoming a CFO and in particular the capacity and resources required to establish and operate the functions required of a CFO.
5. To note the intention to develop the full bid for the Phase 1 proposal in conjunction with the GMCA Finance / Legal Teams over the coming weeks with the final bid submitted on behalf of the GMCA.

#### **18/16 GREATER MANCHESTER CITY DEAL: HOMES FOR COMMUNITIES AGENCY RECEIPTS**

Councillor Kieran Quinn presented a report seeking approval to proposed changes to the strategy for investment of receipts to the Homes & Communities Agency (HCA) from disposal of its land and property in Greater Manchester.

#### **RESOLVED/-**

1. To approve the strategy to use those HCA City Deal receipts received to date which have not yet been invested, and all future HCA City Deal receipts, to make equity investments in residential developments alongside loans from the Greater Manchester Housing Fund.
2. To request that Manchester City Council, which has agreed to manage the funds on behalf of Greater Manchester on the basis of the original investment strategy, approves the new strategy.
3. To note that no changes to the existing tri-partite agreement between GMCA, Manchester City Council and the HCA which governs the arrangements around HCA City Deal receipts are required as a result of the revised strategy.
4. To note that if the new strategy is approved, Officers will bring back a report setting out a more detailed strategy for equity investments, to be developed in close

consultation with appropriate Leaders, and following the endorsement of the Housing Investment Board and GM Investment Board.

5. To note that specific investments of HCA City Deal receipts will require the approval of GMCA and HCA.

#### **19/16 GREATER MANCHESTER PLACE**

Eamonn Boylan presented a report setting out the broader scope of work Greater Manchester Place is undertaking with the ten Local Authorities within Greater Manchester in terms of:

- i) work which is carried out consistently across all ten Greater Manchester local authorities;
- ii) individual priorities agreed with each local authority;
- iii) opportunities for further investment and activity following the recent Spending Review announcements.

#### **RESOLVED/-**

1. To note progress against the key activity areas of Greater Manchester Place.
2. To note the programme of works agreed across all ten authorities which will form the Greater Manchester Place Business plan 2016/17.
3. To agree to receive a further report detailing an approach/strategy to maximise the opportunities and resources outlined in the Spending Review and Autumn Statement 2015 to support the City Region's aspiration for Growth and to accelerate delivery of the residential growth strategy.

#### **20/16 GREATER MANCHESTER HOUSING FUND AND LOW CARBON PROJECT DEVELOPMENT UNIT – RECRUITMENT UPDATE**

Councillor Kieran Quinn introduced a report seeking approval to the recruitment and appointment of additional posts within the GMCA's Core Investment Team to support operation of the £300m GM Housing Fund and GMs Low carbon Development Unit.

#### **RESOLVED/-**

1. To approve the establishment of 5 x Transactional Managers at a salary of £60k to £65k each.
2. To note that external recruitment to these posts will be required.
3. To delegate to the Lead Chief Executive for Investment, in consultation with the GMCA Portfolio Holders for Investment and Housing, and in conjunction with the Chief Investment Officer and with the support of the Greater Manchester Integrated Support Team, to progress external recruitment and subsequent appointments to these new posts.



4. To note that the additional costs of the Housing Fund proposals will be re-charged to Manchester City Council to be funded from income generated on investments made by the Housing Fund.
5. To note that the costs of the Low Carbon Transaction Manager in 2015/16 through to 2017/18 will be funded from ELENA funding and existing budgets.
6. To note that from 2017/18 onwards it is intended that costs will be funded from income generated from the Low Carbon Fund created under the 2014-20 ERDF programme.

**GREATER MANCHESTER COMBINED AUTHORITY**
**FORWARD PLAN OF STRATEGIC DECISIONS  
1 March 2016 – 30 June 2016**

The Plan contains details of Key Decisions currently planned to be taken by the Greater Manchester Combined Authority; or Chief Officers (as defined in the constitution of the GMCA) in the period between 1 March 2016 and 30 June 2016.

Please note: Dates shown are the earliest anticipated and decisions may be later if circumstances change.

If you wish to make representations in connection with any decisions please contact the contact officer shown; or the offices of the Greater Manchester Integrated Support Team (at Manchester City Council, P.O. Box 532, Town Hall, Manchester, M60 2LA, 0161-234 3124; [info@agma.gov.uk](mailto:info@agma.gov.uk)) before the date of the decision.

Subject	Contact Officer	Description	Anticipated Date of Decision
<b>18 March 2016</b>			
<b>Cities &amp; Devolution Bill Update</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Liz Treacy	Update following Royal Ascent of the Bill examining what secondary legislation is required	18 March 2016
<b>GMCA Portfolios – Deputy Lead Members</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Julie Connor	Confirmation of Appointments and appointment of Health & Well Being Deputy to the Health & Social Care Strategic Partnership Board Executive	18 March 2016

<b>Subject</b>	<b>Contact Officer</b>	<b>Description</b>	<b>Anticipated Date of Decision</b>
<b>Greater Manchester Growth Deal Transport Programme</b>	<b>Portfolio Lead:</b> Councillor Richard Leese  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Chris Barnes	Quarterly Update on the latest position in relation to the Growth Deal Transport Programme	18 March 2016
<b>GM Spatial Framework</b>	Councillor Sue Derbyshire  Portfolio Lead Officer: Eamonn Boylan	Results of Consultation	18 March 2016
<b>TfGM 2040 Vision</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Dave Newton	Presentation of the Draft Strategy	18 March 2016
<b>Stations Operations Strategy</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Dave Newton	Proposed approach to managing suite of stations	18 March 2016
<b>Transport for the North</b>	<b>Portfolio Lead:</b> Councillor Richard Leese  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Dave Newton	Progress Update	18 March 2016

<b>Subject</b>	<b>Contact Officer</b>	<b>Description</b>	<b>Anticipated Date of Decision</b>
<b>Rail Industry Review</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Dave Newton	Outcome of Rail Industry Review & Shaw Review	18 March 2016
<b>Key Route Network</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Peter Molyneux	Outline Business Case	18 March 2016
<b>Internationalisation Strategy</b>	<b>Portfolio Lead:</b> Councillor Richard Farnell  Portfolio Lead Officer: Jim Taylor  Contact Officer: John Steward	Progress Update	18 March 2016
<b>29 April 2016</b>			
<b>Climate Change Strategy</b>	<b>Portfolio Lead:</b> Councillor Sue Derbyshire  Portfolio Lead Officer: Steve Rumbelow  Contact Officer: Mark Atherton	Update on the progress of the Implementation Plan	29 April 2016

<b>Subject</b>	<b>Contact Officer</b>	<b>Description</b>	<b>Anticipated Date of Decision</b>
<b>Manchester Growth Company</b>	<b>Portfolio Lead:</b> Ian Stewart  Portfolio Lead Officer: Mark Hughes	Presentation of the Business Plan	29 April 2016
<b>27 May 2016</b>			
<b>24 June 2016</b>			
<b>Revenue and Capital Outturn</b>	<b>Portfolio Lead</b> Councillor Kieran Quinn  Portfolio Lead Officer: Richard Paver  Contact Officer: Amanda Fox	Year end update	24 June 2016
<b>2016/17</b>			
<b>Revenue and Capital Update</b>	<b>Portfolio Lead:</b> Councillor Kieran Quinn  Portfolio Lead Officer: Richard Paver  Contact Officer: Amanda Fox	Quarterly Update	29 July 2016
<b>Revenue and Capital Update</b>	<b>Portfolio Lead:</b> Councillor Kieran Quinn  Portfolio Lead Officer: Richard Paver  Contact Officer: Amanda Fox	Quarterly Update	28 October 2016

Subject	Contact Officer	Description	Anticipated Date of Decision
<b>To be confirmed</b>			
<b>GM Growth Deal Transport Update</b>	<b>Portfolio Lead:</b> Councillor Richard Leese  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Steve Warrener	Quarterly Update	To be confirmed
<b>Greater Manchester Energy Company</b>	<b>Portfolio Lead:</b> Councillor Sue Derbyshire  Portfolio Lead Officer: Steve Rumbelow  Contact Officer: Julian Packer	Preferred Model for Greater Manchester	To be confirmed
<b>New Rail Franchise and Electrification Programmes</b>	<b>Portfolio Lead:</b> Councillor Richard Leese  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Dave Newton	Overview of projects across the region to enable electrification	To be confirmed
<b>Intermediary Body Status</b>	<b>Portfolio Lead:</b> Councillor Kieran Quinn  Portfolio Lead Officer: Simon Nokes  Contact Officer: Alison Gordon	Update on progress of discussions with Government	To be confirmed

<b>Subject</b>	<b>Contact Officer</b>	<b>Description</b>	<b>Anticipated Date of Decision</b>
<b>Metrolink</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Steve Warrener	Final Service Specification	To be confirmed
<b>Metrolink Trafford Park Line</b>	<b>Portfolio Lead:</b> Tony Lloyd  Portfolio Lead Officer: Jon Lamonte  Contact Officer: Steve Warrener	Outcome of the Procurement of the Works Contract	To be confirmed
<b>Greater Manchester City Deal : Homes for Communities Agency Receipts</b>	<b>Portfolio Lead:</b> Councillor Sue Derbyshire  Portfolio Lead Officer: Eamonn Boylan  Contact Officer: Bill Enevoldson	Proposed Strategy for equity investment	To be confirmed
<b>Greater Manchester Spatial Framework</b>	<b>Portfolio Lead:</b> Councillor Sue Derbyshire  Portfolio Lead Officer: Eamonn Boylan  Contact Officer: Chris Findley	Intellectual Property Map/ Future Cities Catapult Center	To be confirmed

Date: 26<sup>th</sup> February 2016

Subject: Northern Powerhouse Independent Economic Review

Report of: Sir Richard Leese, Portfolio Lead for Economic Strategy and  
Sir Howard Bernstein, Lead Chief Executive for Economic  
Strategy

## PURPOSE OF REPORT

To update to GM Leaders on the Northern Powerhouse Independent Economic Review and the development of a Northern Powerhouse Economic Narrative. It also updates on wider developments with the Northern Powerhouse – including initiatives from UKTI, the National Infrastructure Commission, HMT, and Business North

## RECOMMENDATIONS:

It is recommended that Leaders:

- Note progress with the development of the Northern Powerhouse Independent Economic Review and that they will be asked to feed into the development of the Northern Powerhouse economic narrative.
- Note the wider developments with the Northern Powerhouse

## CONTACT OFFICERS:

Jessica Bowles ([j.bowles@manchester.gov.uk](mailto:j.bowles@manchester.gov.uk))

John Holden ([john.holden@neweconomymanchester.com](mailto:john.holden@neweconomymanchester.com))

## BACKGROUND PAPERS:

SQW Presentation to Northern Leaders and LEP Chairs, 9<sup>th</sup> February 2016

<b>TRACKING/PROCESS</b>		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
n/a	n/a	n/a



## **1. BACKGROUND TO THE NORTHERN POWERHOUSE INDEPENDENT ECONOMIC REVIEW**

- 1.1. In July 2015, Sir Richard Leese wrote to all Leaders of Northern local authorities and the Chairs of Northern LEPs proposing a meeting to discuss how to shape a Northern economic narrative to underpin the Northern Powerhouse concept. There was a very positive response to this invitation and, on the 7 September 2015, Local Authority leaders and LEP Chairs from across the North met with Lord O'Neill, the Commercial Secretary to the Treasury and Northern Powerhouse minister.
- 1.2. The discussion clearly identified a real appetite for Leaders / LEP chairs to work together to identify the collective strengths of the North and engage with Government on this to develop a strong economic narrative to underpin the Northern Powerhouse. It was felt this would be essential if the Northern Powerhouse was to have the impact that it needed and to secure the right investment - from the private sector and government.
- 1.3. At this meeting Leaders / LEP Chairs agreed that:
  - an independent economic analysis was needed to inform an economic narrative for the Northern Powerhouse;
  - this should focus on pan-Northern, globally significant sectors and those that had the potential to become so;
  - the analysis should be commissioned as part of the work that Transport for the North (TfN) were already undertaking to create a robust economic evidence base for the Northern Transport Strategy; and
  - the governance of TfN included all areas of the North and this would be used to steer the work.
- 1.4. A specification was issued in late-September requesting bids come forward to provide an independent, robust economic review of the North's economy. Given the relatively short time scales to complete the work prior to the budget the review focuses on (1) providing the data and evidence to support TfN's specific transport proposals; (2) providing the analysis to articulate the wider Northern Powerhouse narrative; and (3) giving a solid analytical bedrock on which to build going forward.
- 1.5. SQW working with Cambridge Economics and leading academics from the University of Cambridge successfully tendered for the work. Their approach is to undertake:
  - Analysis of the economic performance and productivity "gap" of the North and the contribution of different economic drivers to this (e.g. poor transport connectivity, skills etc).
  - Analysis of distinctive sectoral strengths, capabilities and opportunities of pan-Northern significance, and the role of agglomeration and transport in influencing growth trajectories.
  - Modelling of the future economic prospects for the North, including future scenarios of growth consistent with the Northern Powerhouse aspirations

and the development of a strategic growth narrative which sets out the role of different economic drivers in delivering the North's ambition.

## **2. NORTHERN POWERHOUSE INDEPENDENT ECONOMIC REVIEW**

2.1. The first phase of the Independent Economic Review reported its emerging conclusions at the second meeting of Northern Leaders and LEP chairs in December. The key findings presented were:

- there is a significant productivity 'gap' between the North and the rest of the UK (including or excluding London). GVA per capita is 25% lower in the North compared to the UK and 15% lower compared to the UK excluding London.
- the gap reduced in the 1997-2007 period, but has started to open again since the recession.
- the two main contributors to the gap were low levels of Gross Value Added (GVA) per worker and low employment rates (accounting for around 70% and 20% of the gap respectively). Closing the gap would therefore be through a combination of increasing high value activity and creating more jobs.
- a "top down" analysis of the North's sectoral specialisms sectors has been undertaken and those that were strengths across the full Northern geography identified. A "bottom-up" exercise has been carried out by SQW to look at the strengths and assets of each of the 11 LEP areas forming the Northern Powerhouse.
- Four prime capabilities have been identified which are pan-Northern and critical to investment, exports and growth. The capabilities are wider than just sectors since they include university assets, supply chains and other economic assets. These are Advanced Manufacturing, Energy, Health Innovation and Digital. There are strong interconnections between the capabilities. The IER stresses that these are only pan-Northern specialisms and that other capabilities exist in individual LEP areas that are also important for growth.
- Three enabling capacities have also been identified – Financial and Professional Services, Logistics and Education (especially HE) – which also support growth. Quality of Life and image is an additional important thread.
- Transport is a key economic driver but it is only part of a wider economic 'ecosystem' and there is a need to consider wider drivers alongside transport (especially skills and innovation).

2.2. The prime capabilities and enabling capacities identified align well with the GM key strengths and growth opportunities that have been identified by the 'deep dive' research currently being undertaken by New Economy.

2.3. Northern Leaders met again in February to discuss draft future scenarios and agree the scope of the strategic narrative. Lord O'Neill, representatives of UKTI and the Chair of Transport for the North also attended. Under a "business as usual" scenario the growth of the North would lag that of the UK

and the productivity gap would extend, representing significant missed opportunity. A draft transformational scenario was presented that models improved skills performance, improved innovation, and improved connectivity (within North and promoting agglomeration; between North and South; and between North and global markets) has been developed. This scenario shows increased level of jobs creation and the productivity gap being partly closed due to the North growing faster than the rest of the UK. Further work is being undertaken to finalise this scenario, but it highlights that through the Northern Powerhouse there is the opportunity to significantly enhance growth rates. This will require investments that go beyond just transport, with skills and innovation being particularly important.

- 2.4. Based on the IER, a strategic narrative for the Northern Powerhouse is now being developed by officers from the IER steering group (which includes GM representation). It aims to do three things: (1) set out the opportunity of the Northern Powerhouse and what it means for the North; (2) enable partners to communicate and sell a consistent story about the Northern Powerhouse; (3) form the basis of engagement with Government for investment and action. The narrative will be short (around 5-6 pages) and grounded in the IER analysis. It is intended that this will be owned by leaders and LEPs across the North. A draft is due to be circulated to Northern Leaders / LEP Chairs by the end of February for them to comment. The intention is for the narrative to be agreed in time so it can influence Budget decisions.
- 2.5. Proposals are also being developed for an independent panel to act as guardians of the evidence going forward, safeguard the integrity of what has been done and advance the North's evidential base further. The Panel will not provide a governance role for the Northern Powerhouse but would sit alongside and add value to other structures. The Panel proposals are currently at an early stage and will be developed further prior to them being presented to Northern Leaders and LEP Chairs in March.
- 2.6. The next meeting of Northern Leaders and LEP Chairs will be held in March to agree the strategic narrative and proposals for the independent panel. All GM leaders will be invited to attend this meeting.

### **3. WIDER NORTHERN POWERHOUSE DEVELOPMENTS**

- 3.1. There are a number of wider developments relating to the Northern Powerhouse that Leaders should be aware of.
  - **UKTI Investment Taskforce and Sector Propositions.** UKTI is currently working across the North to look at how best to develop their investment capability and respond to the Northern Powerhouse opportunity. Discussions are ongoing between representatives from GM and other LEP areas across the North with UKTI to discuss the remit of a potential Northern Powerhouse Investment Taskforce. An announcement from UKTI confirming proposals is expected soon.
  - **National Infrastructure Commission (NIC) Report and evidence base.** The NIC is currently undertaking an assessment of the costs and benefits of improving connectivity between cities in the north of England. TfN and GM are working closely with the NIC to ensure that the findings of this

work are informed by the Independent Economic Review commissioned by the North itself.

- **HMT Northern Powerhouse roundtables.** Based on the IER findings, more work needs to be done around education, skills, innovation and enterprise to develop the policy framework and investment proposals to support the Northern Powerhouse ambition. Lord O'Neill is leading discussions that bring together Government and partners in the North. Lord O'Neill hosted a roundtable discussion in Liverpool on the 10<sup>th</sup> February with officer representatives from Northern LEP areas, academia, think tanks, and business representative bodies to discuss these issues in more detail. It is understood that following these discussions Lord O'Neill will be developing proposals for wider Northern Powerhouse policy development for inclusion in the Budget.
- **Business leadership and collaboration:** business involvement and leadership is critical to delivering the Northern Powerhouse agenda. The CBI have worked with business to launch Business North. This attracted very senior involvement from the business community. It is intended to be an inclusive business group providing views and engagement on pan-Northern issues. The CBI will provide the secretariat. KPMG and McKinsey are offering resources, particularly to support the development of the evidence and analytical base. The intention is that there is a single evidence base for the North and that this builds on the IER and other activity. LEPs will be invited to engage however this also provides an opportunity for national and pan-northern organisations to engage with this agenda. The relationship between GM, Business North, TfN and the Northern Powerhouse is a real opportunity to create a strong northern voice and to achieve the Northern Powerhouse ambition.

#### **4. RECOMMENDATIONS**

- 4.1. Recommendations appear at the front of this report.

Date: 26<sup>th</sup> February 2016

Subject: Employment & Skills Update

Report of: Report of Councillor Sean Anstee, Portfolio Lead for Skills,  
Employment and Worklessness and Theresa Grant Portfolio  
Lead Chief Executive for Skills, Employment and Worklessness

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### **PURPOSE OF REPORT**

The purpose of this report is to update the GMCA on employment and skills related issues following the last meeting in January 2016.

### **RECOMMENDATIONS:**

That the GMCA note and discuss the information set out in the paper, in particular the ten GM work and skills priorities set out in Annex 1. Members are also requested to sign the Pledge document.

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## 1. INTRODUCTION

- 1.1 This report provides the GMCA with an update on the GM work and skills priorities that have been developed using GM's vision and ambition around creating an integrated skills and employment system, and take into account the implementation of the (various) devolution deals.
- 1.2 The report also contains information on various employment and skills activities including the Area Based Review, ESF, Work Programme co-commissioning and the Working Well Expansion.

## 2. GM WORK & SKILLS PRIORITIES

- 2.1 Greater Manchester has a huge opportunity, through devolution and the area based review process, to re-focus and re-organise the work and skills system to ensure it better delivers against the needs of the economy, individuals and GM's aspirations.
- 2.2 This is an extremely challenging piece of work, of significant scale and complexity. Leaders will remember that the Combined Authority agreed an overall vision for the Work and Skills system early in 2015. In order to ensure that we encompass all aspects of the system, and focus on areas where GM level resources will add value and maximise the impact of GM work and skills initiatives, it has been necessary to break down our vision and ambitions into ten priorities for action between 2016 and 2019. The priorities are outlined in the table below and in more detail in Annex 1.

<p><b>Priority 1: Careers Education, Information, Advice &amp; Guidance (CEIAG)</b> Based on up to date Labour Market Information, enhance high quality CEIAG across school, FE and Work provision to ensure young people, their parents &amp; teachers and adults understand the range of education, skills and employment opportunities and progression pathways available in GM and as a result make informed choices.</p>
<p><b>Priority 2: Outcome Frameworks</b> Develop outcome frameworks to ensure all work &amp; skills provision supports positive progression pathways and ultimately sustainable employment outcomes for GM's young people and adults. Embedded in the provision should be good English and maths outcomes, digital skills, meaningful work experience and those behaviours/core competencies (enterprise skills) needed in the world of work. The outcome frameworks will underpin future GM commissioning.</p>
<p><b>Priority 3: Infrastructure</b> Develop a GM work and skills infrastructure via the Area Based Review, JCP</p>

<p>estate review and One Public Estate to ensure accessible local provision for education and skills to L2 /3 with specialist/ technical provision at L3/4 and above linked to GM's economic &amp; growth needs and delivered through a discrete number of high quality centres.</p>
<p><b>Priority 4: Attainment</b>          Focused activity to support the attainment of Level 2 English, maths and STEM subjects at age 16 across GM, thereby improving Level 3 attainment at 19.</p>
<p><b>Priority 5: Employer Engagement</b>          Develop a comprehensive approach to employer engagement and investment in the work &amp; skills system working with the LEP, employer bodies and local authorities, to ensure that: (a) employers are at the heart of the system; (b) employers recognise the value of workforce development and plan and invest in their workforce development needs; (c) the higher level skills needed for economic growth are developed and commissioned by business, recognising that most of this will be funded via FE loans and employer investment; (d) that employers develop good employment practices to support people to retain employment and help people, including via work experience to (re-) enter the labour market.</p>
<p><b>Priority 6: Apprenticeships</b>          Increase the number, quality and level of Apprenticeships in core and growth sectors in GM via better CEIAG, employer workforce development and co-ordination of public sector activity in response to the Apprenticeship Levy.</p>
<p><b>Priority 7: Higher Level Skills</b>          Develop the education and skills system in GM, including via FE/HE Loans, to support young people and adults to develop the higher level (minimum level 3) and STEM skills needed by them to compete and progress in the labour market and by employers to drive productivity.</p>
<p><b>Priority 8: Universal Support</b>          Redesign services to support workless residents ensuring early assessment and rapid response for low need 18-65 year old back into work. Create a universal support offer for all jobseekers and benefit claimants, providing a personalised offer based on their needs and delivered in an integrated, co-located way with local support services, improving the customer experience, and increasing sustainable job outcomes. This will improve the functioning of the GM labour market and ensure that as residents move into and progress in work, there is a reduction in the number of GM residents dependent on in-work benefits.</p>
<p><b>Priority 9: Specialist Support</b>          Expand the Working Well Programme and design a new offer for complex 18-65 year olds who have experienced long periods outside of the labour market via Work &amp; Health programme commissioning which fully utilises complementary public services and supports more GM long-term benefit</p>

claimants to secure work.

**Priority 10: Commissioned Activity**

Commission activity that integrates work & skills, supporting the priorities above - including ESF programmes and employment outcomes in GM health (particularly mental health) commissioned programmes.

2.3 In order to deliver the priorities, an action plan has been developed for each priority. The action plans detail short, medium and long term actions. Many of the priorities are being progressed in the short term via a range of deliverables that GM has already committed to pursuing to implement the November 2014 and 2015 devolution agreements along with related work. As such, good progress is being made in a wide range of areas including:

- Undertaking the Area Based Review and ensuring conclusions are implemented in order to restructure post-19 provision. Analysis is being carried out on current curriculum, future skills demands of the economy, population trends and the financial position of providers;
- Developing a GM Outcomes Framework - influencing commissioning of the 2016/17 Adult Skills Budget (ASB) leading to potential budget responsibility in 2017/18 or 18/19. This will build on the criteria agreed at the last GMCA for the ABR. This framework can also be used to shape the new Work & Health programme;
- The expansion of Working Well up to 2017;
- The recommissioning of the Work & Health programme from 2017 to include the ongoing expansion of Working Well;
- The development of a GM approach to the Apprenticeship Levy – including a public sector ‘ring-fencing’ to ensure GM develops the skills it needs to drive growth and reform;
- Work with JCP to review and rationalise their estate linked to One Public Estate and the development of integrated local ‘early help hubs’;
- The work to commission £130m+ of ESF funding to ensure GM achieves the work and skills outcomes that it requires.
- The development of a Raising Participation Strategy that will include support for careers, education, advice and guidance through The Careers & Enterprise Company.
- Continued work with BIS & HMT on the further devolution of Adult Education Budget by 2018.
- Development of a Work & Skills newsletter to ensure communication with stakeholders.

More detailed progress on a number of these areas is outlined below.



### **3. AREA BASED REVIEW (ABR)**

#### **3.1 Progress Update**

- 3.1.1 As outlined at the last meeting, a workshop for GFE colleges was carried out on 1<sup>st</sup> February in which the financial position for each individual college for 2014/15 and 2015/16, and longer term forecasts to 2020, were presented and discussed. The forecasts were based on: national policy assumptions; assumptions around enrolment levels and demographic change; and the colleges' own assumptions around funding income, efficiency and cost reduction
- 3.1.2 The workshop provided an opportunity to openly discuss: the financial baseline of colleges along with the implications, challenges and risks arising from this; implications and opportunities arising from the assumptions on which the financial forecasts were based; and challenges and opportunities for change, covering legal structures and HR related issues.

#### **3.2 Next Steps**

- 3.2.1 Members will recall from the last meeting that the Combined Authority agreed a draft set of GM criteria against those outlined in the ABR guidance published by Government and that these criteria will be refined and used to develop an appraisal process against which all options emerging from the ABR process will be scored. This work is underway and the criteria, along with assisting the options appraisal process, will be used to feed in to the development of a GM Outcomes Framework. That framework will set a high level ambition for providers of work and skills in terms of delivery, and ultimately be used to shape GM's role in commissioning future provision.
- 3.2.2 The development of the criteria and Outcomes Framework will ensure that options proposed through the ABR process meet the current needs of GM as well as allowing the FE system to be more responsive to future demand. The criteria and draft Outcomes Framework will be brought to the next meeting of the Combined Authority for agreement.

### **4. WORKING WELL EXPANSION**

#### **4.1 Tender Update**

- 4.1.1 All three elements of the Working Well Expansion have now been out to tender:

- The Personalised Support element will be delivered by Economic Solutions across Manchester, Salford and Trafford; and by Ingeus across Bolton, Bury, Oldham, Rochdale, Stockport, Tameside and Wigan.
- Procurement for the skills (Skills for Employment Programme) element was procured via the Skills Funding Agency (SFA) and has now concluded and is at contracting stage. Economic Solutions were the successful bidder.
- Procurement for the mental health element, Talking Therapies, has now concluded and Greater Manchester West Mental Health Trust has been appointed.

## **4.2 Implementation**

4.2.1 Initial contract meetings with providers took place at the end of January with follow-on induction events during the first two weeks of February in each local authority area. In addition to this, engagement events have been also been held with JCP Adviser Managers and their adviser guidance is being updated in readiness for 'go live' in March.

4.2.2 A Pledge document has been drafted (Annex 2 to follow), which outlines how local areas can support the implementation and successful delivery of the programme, and the work and skills agenda more broadly. Local Authority Leaders are asked to sign up to the pledge which includes supporting local integration, facilitating access to job opportunities, co-location, joint case management and alignment of local services. This pledge underlines the importance of local commitment to the successful delivery of an integrated employment and skills eco-system.

4.2.3 SQW has been commissioned via Manchester City Council's framework to evaluate the programme.

## **4.3 Risks and issues**

4.3.1 It is highly unlikely that ESF funding will have been confirmed in time for go live due to delays with the Programme as a whole. However GM is entering the final stages of sign off for the Co-Financing Organisation status as discussed at the last GMCA. This mitigates the risk of ESF funding not being available, but there is provision in the contract to reduce/stop referrals if that funding does not materialise.

#### **4.4 Working Well Pilot**

4.4.1 There have been 4,517 referrals to the programme, which have resulted in 4,106 successful attachments (an attachment rate of 91%). Job start performance remains steady with 231 people having gained work, which is in line with expectations. Due to changes in circumstances, such as people moving out of GM or changing benefit, 334 people have left the programme.

### **5. WORK PROGRAMME CO-COMMISSIONING**

#### **5.1 Background**

5.1.1 Although the Work Programme will not be re-commissioned, DWP has committed to co-commissioning the new Work & Health programme with Greater Manchester from April 2017. In line with this, the following priorities have been identified by DWP for the current Parliament:

- Achieve full employment (highest employment rate in G7);
- Halve disability employment rate gap;
- Improve life chances and opportunities.

5.1.2 Early engagement with DWP has already been made - senior DWP officials and a range of GM officers working on PSR met in early January. The meeting was used to scope out options for the new programme and broader collaboration between GM and DWP. Three key areas for possible collaboration were identified:

- Place-based integration;
- Co-commissioning specialist support (e.g. Work & Health);
- Data sharing/informatics.

5.1.3 A number of key actions were agreed to take forward the development of the Work & Health Programme, including:

- A joint design team co-developing a joint project plan;
- Collaboration with other areas carrying out similar programmes (i.e. London), where appropriate;
- Collaboration in designing and shaping future integration

Key leads have been identified within DWP to progress the work and the first productive joint team session was held on 27<sup>th</sup> January 2016, focusing on the

lessons learnt from the development and delivery of Work Programme and Working Well.

5.1.4 GM would like to extend the Working Well principles into the Work & Health programme and a number of joint GM/DWP workstreams have now being established to support the commissioning process, which are:-

- Governance
- Design principles
- Performance management
- Validation, assurance and payment
- Data sharing and security

5.1.5 Although still to be agreed by Ministers, the new programme is not expected to commence referrals until October 2017, six months after referrals to the Work Programme have ceased. The expected timescales to design and launch the programme are as follows:

- Programme design developed by June 2016;
- Formal procurement process launched by October 2016;
- Contracts awarded by April 2017;
- Implementation period April 2017 – September 2017;
- Programme launch October 2017.

5.1.6 Discussions are still ongoing regarding which claimant groups will be supported by the new programme, but the focus will be on those long term unemployed out of work due to ill health. It is expected that the vast majority will be Employment & Support Allowance claimants, such as currently supported by the Working Well pilot, with a smaller proportion being other long-term benefit claimants, such as Jobseekers Allowance or Universal Credit. This is quite a shift from the current Work Programme, where some groups are referred at point of claim or within the first year of claiming, so the expectation is that JCP will be the primary provider of support during the first two years of an individual's claim. Through co-commissioning GM has an ability to influence the design of the programme, including broadening its scope and reach, by using ESF or other local funds so that it is able to support more diverse cohorts and achieve greater outcomes.

## 5.2 **Over 50's Ageing Hub**

5.2.1 The Centre for Ageing Better (CfAB) have been working with colleagues in the emerging GM Ageing Hub to develop innovative approaches to test locally, to support people in ageing better and maximise the benefits for the GM

economy. An opportunity has been identified, as part of this work, to develop a proposal to increase the economic activity rates of over 50s in GM.

5.2.2 A meeting has been held with CfAB to explain how the principles of Working Well could support their ambitions and that there are opportunities through the Work & Health Programme to test an approach to targeted support for economically inactive over 50s (who may not necessarily be claiming benefits and subject to JCP regime). CfAB have expressed interest in taking this forward and have asked GM to develop an outline business case for them to appraise over the next 2 months. If agreed, there could be the opportunity to wrap this into the specification for the Work & Health Programme.

### 5.3 **Universal Support – Jobcentre Plus Co-Location**

5.3.1 The redistribution of jobseeker support away from contracted providers back to JCP, coupled with public sector estate rationalisation, provides a real opportunity to create a new integrated Universal Support offer with JCP locally. Therefore, JCP has seconded a manager to support GM in the creation of a new offer focusing on:

- Developing a comprehensive plan for co-location of JCP services with key delivery partners;
- Identifying and maximising opportunities for the combined delivery of employment and skills services that are not dependent on estate decisions.

5.3.2 To date, there have been a number of productive meetings between JCP and local authorities to scope out options for service integration and identify potential sites for co-location. These discussions were used to form the basis of an initial options proposal, which was required by DWP for 15th January.

The initial options analysis, which included a number of options for JCP to vacate current premises and co-locate with other public services, as well as options for public services to co-locate with JCP, has been shared with DWP. This will be developed further with local areas, with a fuller options appraisal concluded by September 2016. Final options will be agreed with JCP by March 2017.

5.3.3 A work plan is currently being drafted to support the integration of JCP Work Coaches into the broader public service system (building on the Universal Support Delivered Locally pilots), to dovetail with the co-location plans. In addition, JCP has been consulting on the creation of a new JCP district. A number of options have been proposed, including one coterminous with the GMCA boundary. It is understood that the responses to the consultation have

been heavily in favour of a JCP district that is coterminous with the GMCA boundary. An official announcement on the outcome of the consultation is expected this month.

## **6. EUROPEAN SOCIAL FUND (ESF)**

6.1 Members will recall that approval to proceed with the CFO application was given at the meeting on 29<sup>th</sup> January. A full, detailed bid application is now being developed based on the Phase 1 proposal, in conjunction with the GMCA Finance / Legal Teams, with the final bid submitted on behalf of the GMCA.

6.2 A further report will be produced for the GMCA in March that will outline the definitions around roles & responsibilities under the CFO model, to ensure a clear separation of duties between the various functions of the GMCA is maintained in order to adhere to the strict conflict of interest rules that European Funding expects.

### **6.3 ESF Update: Financial and Output Allocations**

The National ESF Operational programme was signed off in September 2015 following significant delays which has impacted on the commissioning and delivery of activity across Greater Manchester (GM) and the rest of England. In October 2015, the ESF Managing Authority (DWP) wrote to all LEPs explaining that allocations would be reduced due to Euro exchange rate fluctuations, and outlining under which 'Priority Axis' the allocations would be made, many of which did not suit GM's requirements. Considerable work has therefore been undertaken to ensure that GM's allocations are in the 'Priority Axis' that can deliver a programme of activity relevant to the GM economy, with the correct level of outputs attached. These revisions now appear to have been accepted by the Managing Authority.

### **6.4 ESF Calls Update**

GM continues to work with its ESF Co-Financing Organisations - the Skills Funding Agency (SFA) and the Big Lottery Fund - to develop, agree and launch calls based on Greater Manchester's agreed priorities. To date, three calls have been launched:

- Lot C2 - £11.5m for GM Skills for Employment Pilot Programme through the SFA. Now at contract stage.
- Lot E1 - £5m for pre-employment support for marginalised groups via the Big Lottery Fund. At full application stage with 11th March deadline and delivery expected to start in early summer.
- Lot A2 - £5.7m NEET Participation & Skills Progression Programme. Launched by the SFA on 14th December. Bid submission deadline was 25th January with delivery timetabled to start in mid-April.

As reported to the last GMCA, the SFA informed all LEPs in October 2015 that due to the outcome of the Spending Review and devolution deals it will not commit activity or match funding beyond March 2018, with all call specifications launched by the end of April 2016. This has inevitably led to calls being 'standardised' to a great extent. However GM has worked hard to ensure that the specifications still maintain a GM focus. SFA has also stated that local input into the procurement process would be greatly reduced with no local involvement permissible in bid evaluation. Whilst this is not acceptable GM has been liaising with SFA colleagues to ensure the use of local content in our call specifications and that GM has at least a minimum role of 'observer' in the bid evaluation process.

## **Annex 1.**

### **GM WORK/SKILLS STRATEGY AND PRIORITIES**

#### **Introduction**

1. Greater Manchester has a massive opportunity, through devolution, to re-focus and re-organise the Work and Skills system to ensure the system better delivers against the needs of the economy, the needs of individuals and GM's aspirations. This is an extremely challenging piece of work, of significant scale and complexity. This paper outlines GM's objectives in this area (as agreed by Leaders), the current and changing nature of the work and skills system, and therefore breaks down the work that needs to be done into 10 priorities for action. For each an action plan has been developed, and the paper outlines these action plans, along with the way in which the current staff resources deployed in this area need to be re-organised in order to deliver against these action plans.

#### **Greater Manchester Work and Skills System – Vision and Objectives**

2. GM's vision is that, by 2035, the Manchester city region will be one of the world's leading regions, driving sustainable growth across a thriving North of England. It will be ever more productive, innovative, creative, known for the excellent quality of life enjoyed by our residents who are able to contribute to and benefit from the prosperity that growth brings.
3. To deliver the above vision, it is imperative that all the residents of GM contribute to and are to benefit from the growth and investment that will take place over the next decade. This requires an integrated education, skills and welfare to work system that enables GM residents to compete effectively in the labour market and access better quality and more highly skilled employment opportunities. The ability to grow, attract and retain skilled labour, build resilience and adaptability in the current and future work force is a prerequisite for future economic growth. As such, employers will play an ever more important role in investing in and co-commissioning the skills required for their current and future workforce. As a result Greater Manchester's GVA will increase by driving higher productivity and attracting new employers to our region. The Greater Manchester Work & Skills Strategy will be part of a suite of documents that sit within the GM Strategy and GM Spatial Framework.
4. Greater Manchester Leaders have agreed the following broad objectives for the future Work and Skills system in GM;



- a) GM employers will be able to grow, have access to, and invest in the skills they require from their workforce both now and in the future utilising the skills of their employees to increase productivity
- b) GM residents will have the right support to make the best choices about their employment and skills option; and once they are in-work have career and wage progression opportunities
- c) GM schools will ensure all individuals are prepared for the labour market, including higher levels of education attainment and first class CEIAG
- d) FE Providers will progress more individuals to Level 3+ qualifications in a vocational or technical area closely linked to GM's economy's core and growth sectors;
- e) Our GM employment and skills initiatives will be developed and commissioned at a local level, providing unemployed residents and those furthest from the labour market, the right integrated support required to move them closer to work;
- f) Initiatives will integrate health commissioning and help realise a health system which understands that 'good work, is good for your health'.

### **Current Position in GM (2015)**

5. The GM education, skills and work system is currently characterised by:
  - 40% of children entering school who are not 'school ready'
  - 47% of young people leaving school without English and Maths GCSEs
  - CEIAG provision is fragmented and often of poor quality
  - Reducing numbers of NEET young people but increasing numbers of 'Not Known'
  - Over 50% of Adult Skills Budget (ASB - post 19) is spent on English and Maths 'second chances' but levels of attainment are low and represent poor value for public investment;
  - Over 70% of Adult Skills Budget (post 19) is spent on Level 2 qualifications, although over 50% of the jobs being created in GM require skill level 3 and above;
  - A high volume of low skills and low volume of high skills – a reverse of what is needed in the economy and not always offering a return on public investment;
  - An 'into work' system which is broadly separate from the skills system, and a 'work and skills' system that does not integrate well with other public services;
  - An 'into work' system which is based on individuals eligibility criteria, rather than their individual characteristics or complexity of need;
  - A work and skills system that does not always incentivise the correct activities e.g. paying for progression towards the labour market in a poorly defined way rather than a short-term work focused intervention that results in a job outcome;

- Around a quarter of a million residents claiming out of work benefits, with significant numbers of adults of working age who have been economically inactive over a long period of time. This number has remained static during periods of labour market expansion;
- Over £1bn spent on In Work Tax credits, indicating a low pay economy and poor career progression for many of GM's residents;
- Low levels of productivity and innovation;
- Employers repeatedly stating that they cannot access the basic 'employability skills' they expect of people or the higher level skills they need to grow, with unfilled vacancies in key growth sectors.

### **The 'system' is changing – nationally and locally**

6. Nationally there are significant changes to the work and skills system, which GM needs to respond to and capitalise on, to help deliver Greater Manchester's priorities and Devolution ambitions for work and skills.
  - a) *Raising the Participation Age*: In GM we need to use the additional 2 years that young people spend in education or a job with training to raise attainment levels including for English and Maths and ensure that all of GM's young people have access to high quality CEIAG pre-16 so that they make informed choices about all potential routes that lead to positive education and employment outcomes. Increased links between business and education and meaningful experience of the world of work will equip more of our young people with the skills and attributes needed to succeed in the labour market.
  - b) *Devolution*: Through Devolution GM has an unprecedented opportunity to get much greater alignment between the work & skills system and the needs of businesses and residents in the conurbation. Phase one of Devolution gives GM devolved powers to reshape Adult Skills provision (including a new funding regime); expand our Working Well programme and co-commission the next phase of the Work Programme with DWP. This is complemented by the national move to 'outcome frameworks' for future funding. Using our devolved powers in GM, we need to drive a skills system that is more focused on progression, high level skills and job outcomes, rather than paying for qualifications that have limited value in the labour market. This will mean shorter work focused delivery with stronger employer engagement for high volume /entry level employment and greater specialisation and centres of excellence to deliver high level skills linked to growth sectors. Learning from the Working Well Pilot, the expanded Working Well programme and the next phase of the Work Programme should be based on an early assessment of a person's need, key worker approach for those with complex needs with wider

public services wrapped around the welfare to work provision to reduce the length of time taken to get people back to work.

- c) *Cuts to the Adult Skills Budget (ASB)*: In 2015, the Adult Skills Budget has seen a significant reduction. Although the spending review announced that the participation budget in relation to Adult Skills would be held constant in cash terms, this implies a further cut in real terms, as well as cuts to non-participation budgets – the details of which are currently emerging. Working these through, along with demographic changes, GM could be in a position that there will only be public funding for ‘entitlement’ provision (second chance English/Maths and a first Level 2 qualification). In GM we need to prioritise GM funding to support progression (into work and within work) and to provide the employability, enterprise and higher level skills the economy needs. Future L3+ provision is unlikely to be funded by the public purse, but via Apprenticeships, FE Loans and employer investment, and we need to communicate this to both individuals and employers. We need to work in a different way with employers, as co-commissioners and investors in the skills system. We need to change the criteria for FE loans to better support individuals to meet the needs of employers and ensure they are aligned with GM priorities.
- d) *Apprenticeships* – the spending review gave details of the Apprenticeship Levy for larger companies to pay for apprenticeships and a system of apprenticeship vouchers for all companies, putting the purchasing power in the hands of employers rather than providers. In response, Greater Manchester needs to facilitate ongoing and meaningful dialogue between FE and training providers and employers to ensure that their current and future workforce development needs are met and that workforce development is an integral part of business growth & support services commissioned by GM. More high quality apprenticeship opportunities and timely and well informed Careers Education Information and Advice will encourage more young people and adults to consider an apprenticeship as a credible route to acquiring the skills and qualifications needed to succeed in the labour market. We also need to work with employers to prepare them for the Levy and exploit the opportunities it provides to drive productivity/skills both for them and in their supply chains. The further devolution deal to GM in November 2015 explicitly committed Government and GMCA to working together to maximise the opportunities presented by the introduction of the apprenticeship reforms (including the levy) as well as discussing how public sector partners (including health partners) in Greater Manchester could collaborate across their joint levy funding to support new ways of working in the public sector and development of the workforce skills needed.

- e) *Area Based Review*: this national review of Post 16 sixth form and FE colleges is a once in a decade opportunity to reshape FE and develop an agile FE system to meet the needs of the economy. It is critical that the outcome of the Area Review reflects and can deliver to GM work and skills priorities. The review provides an opportunity to develop new models of delivery that are better aligned with employers needs in key growth sectors and that are capable of delivering flexibly, making the best use of technology to meet changing labour market requirements, rather than focusing on buildings. There is a need for a differentiated offer between academic 6<sup>th</sup> form colleges, general FE provision and higher level skill provision, with a local offer for the first two accessible by all GM communities. The local offer should be linked to the higher level provision in centres of excellence, which are closely aligned with employers and with good transport infrastructure to enable access for all GM residents and good progression routes. Rather than being institutionally focused and tied to large capital buildings, organisations need to collaborate and where appropriate specialise so that the system as a whole delivers Greater Manchester priorities and is resilient and equipped to shape and respond to future labour market changes. The review also provides an opportunity to better integrate the work and skills system and to co-locate community based provision with other public services including Jobcentre Plus and local authorities so that those who need it can access a comprehensive offer.
- f) *Changes to Department Work and Pension (DWP) commissioned provision*: DWP's Work Programme and Work Choice contracts expire in 2017 and further reductions in public funding, will significantly reduce the amount of funding available to future programmes, potentially by limiting access to provision or by extending the lead in time before support is made available. GM has an opportunity to shape future provision through its devolution agreement and integrate employment and skills support for those with the most complex needs into a new public service 'eco-system', to ensure that those with complex needs are getting the right support at the right time to get them back into sustainable work.
- g) *Changes to Jobcentre Plus and its estate*: Greater Manchester is currently split between 2 Jobcentre Plus districts and better spatial alignment between JCP direct delivery and DWP commissioned programmes with GM commissioned programmes would deliver better outcomes. DWP's current estate contract expires in 2018, providing an opportunity to build Jobcentre Plus provision into the new GM public service eco-system through a single public estate strategy (including FE Estate). This could enable a truly joined up universal delivery system to support jobseekers and other benefit claimants, with complementary services co-located into local hub, while increasing efficiency and reducing cost. There is also the opportunity to

consolidate and improve the effectiveness of GM's employer engagement offer, reducing duplication, creating a more coherent system for business and supporting more residents into local employment opportunities.

- h) *Maximising other funding resources*: with reducing Government funding for welfare to work and skills programmes, GM needs to maximise the impact of our ESIF programme and drive innovation in work/skills provision. We will use ESF funding to create a more integrated work & skills system that effectively moves more GM residents into work and supports their in-work progression. Where we invest significant amounts of ERDF funding we need to ensure that the local benefit is maximised with more GM residents benefitting from any employment opportunities created. There are some additional funding pots that are managed at a GM level, including City Deal, GM Commitment, the Apprenticeship Hub and Local Growth Fund, which need to be focused on delivering GM work and skills priorities and where they can add value and achieve greatest impact.

### **GM Work & Skills Priorities 2016 - 2019**

7. In Greater Manchester we need to be ambitious about the future of our work and skills system if we are to seize the opportunities that Devolution provides, capitalise on national changes and minimise the risk from reduced levels of Government investment. We also need to be realistic about the challenges we face and our baseline position. The opportunities and challenges are not uniform across GM and we recognise that there is a lot of good work at local authority level upon which we can build. Therefore we need to be focused on where we concentrate GM level resources to add value and maximise the impact of GM work and skills initiatives. The initial work programme focuses on the key priorities and levers that will drive delivery of the GM Work & Skills Strategy. The 10 priorities are:

1. **Careers Education Information Advice & Guidance (CEIAG)**: Based on up to date Labour Market Information, enhance high quality CEIAG across school, FE and Work provision to ensure young people, their parents & teachers and adults understand the range of education, skills and employment opportunities and progression pathways available in GM and as a result make informed choices.
2. **Outcome Frameworks**: Develop outcome frameworks to ensure all work & skills provision supports positive progression pathways and ultimately sustainable employment outcomes for Greater Manchester's young people and adults. Embedded in the provision should be good English and Maths outcomes, digital skills, meaningful work experience and those

behaviours/core competencies (enterprise skills) needed in the world of work. The outcome frameworks will underpin future GM commissioning.

3. **Infrastructure:** Develop a GM work and skills infrastructure via the Area Based Review, JCP estate review and One Public Estate to ensure accessible local provision for education and skills to Level 2 /3 with specialist/ technical provision at Level 3/4 and above linked to GM's economic & growth needs and delivered through a discrete number of high quality centres
4. **Attainment:** Focused activity to support the attainment of Level 2 English, Maths and STEM subjects at age 16 across GM, thereby improving Level 3 attainment at 19.
5. **Employer Engagement:** Develop a comprehensive approach to employer engagement and investment in the work & skills system working with the LEP, employer bodies and local authorities, to ensure that: (a) employers are at the heart of the system; (b) employers recognise the value of workforce development and plan and invest in their workforce development needs; (c) the higher level skills needed for economic growth are developed and commissioned by business, recognising that most of this will be funded via FE loans and employer investment; (d) that employers develop good employment practices to support people to retain employment and help people, including via work experience to (re-) enter the labour market
6. **Apprenticeships:** Increase the number, quality and level of Apprenticeships in core and growth sectors in GM via better CEIAG, employer workforce development and co-ordination of public sector activity in response to the Apprenticeship Levy. Apprenticeships also offer opportunities for re-skilling and up-skilling the existing workforce as they move into new roles to support in work progression.
7. **Higher Level Skills:** develop the education and skills system in GM, including via FE/HE Loans, to support young people and adults to develop the higher level (minimum level 3) and STEM skills needed by them to compete and progress in the labour market and by employers to drive productivity. Graduate retention in Greater Manchester is good but there is more to do to enable access to HE and move graduates into SMEs.
8. **Universal Support:** Redesign services to support workless residents ensuring early assessment and rapid response for low need 18-65 year old back into work. Create a universal support offer for all jobseekers and benefit claimants, providing a personalised offer based on their needs and delivered in an integrated, co-located way with local support services, improving the customer experience, and increasing sustainable job outcomes. This will

improve the functioning of the GM labour market and ensure that as residents move into and progress in work, there is a reduction in the number of GM residents dependent on in-work benefits.

9. **Specialist Support:** Expand the Working Well Programme and design a new offer for complex 18-65 year olds who have experienced long periods outside of the labour market via Work & Health programme commissioning which fully utilises complementary public services and supports more GM long-term benefit claimants to secure work.
10. **Commissioned Activity:** commission activity that integrates work & skills, supporting the priorities above - including ESF programmes and employment outcomes in GM health (particularly mental health) commissioned programmes

### **Delivering the Priorities**

8. An action plan has been developed for each of the priorities which detail short, medium and long term actions. Many of these priorities can be progressed in the short term via a range of deliverables that GM is already committed to pursuing to implement the November 2014 and November 2015 Devolution Agreements. Key amongst these are:
  - Undertake the Area Based Review and ensure conclusions are implemented – to restructure Post 19 provision analysing: current curriculum, future skills demands of the economy, population trends and the financial position of providers
  - The development of an outcomes framework - influencing commissioning of the 16/17 Adult Skills Budget leading to potential budget responsibility in 17/18. This framework can also be used to shape the new Work & Health programme
  - The expansion of Working Well up to 2017
  - The recommissioning of the Work & Health programme from 2017 to include the ongoing expansion of Working Well
  - The development of a GM approach to the Apprenticeship Levy – including a public sector ‘ring-fencing’ to ensure GM develops the skills it needs to drive growth and reform
  - Work with JCP to review and rationalise their estate linked to One Public Estate and the development of integrated local ‘early help hubs’
  - The work to commission £130m+ of ESF funding to ensure GM achieves the work and skills outcomes that it requires.

Date: 26<sup>th</sup> February 2016

Subject: European Union Funding Issues Update

Report of: Cllr Kieran Quinn, Portfolio Lead Leader for Investment Strategy and Finance and Eamonn Boylan, Portfolio Lead Chief Executive for Investment Strategy and Finance

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## **PURPOSE OF REPORT**

The purpose of this paper is to update GMCA members on;

- Progress to date and issues with the Greater Manchester European Structural Investment Plan (ESIF); and
- Progress to date on securing Intermediate Body (IB) status for Greater Manchester.

## **RECOMMENDATIONS:**

GMCA is asked to authorise the Portfolio Lead for Investment to make urgent representations to Ministers as needed in seeking early resolution of the issues, and if necessary to seek a meeting.

## **CONTACT OFFICERS:**

Simon Nokes, Managing Director New Economy

## **RISK/ FINANCIAL/ LEGAL CONSEQUENCES/DETAILS**

Risk Management – Risks to the financial management of ESIF programme are outlined in paragraphs 1 and 3-5

Legal Considerations – the report outlines legal issues in relation to the revised ESIF plan in paragraph 6 and Intermediate Body Status in paragraph

7



Financial Consequences – Revenue and Capital – financial issues around the ESIF programme are outlined in paragraphs 1 and 3-5

**BACKGROUND PAPERS: GM ESIF Plan**

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool

## **1. Introduction**

- 1.1 GMCA members will be aware Greater Manchester has a notional allocation of €415m across ERDF and ESF to deliver the Greater Manchester European Structural Investment Fund (ESIF) Plan for the period 2014-2020. This plan covers European Regional Development Funding (ERDF) and European Social Funding (ESF). The ESIF Plan sets out what Greater Manchester's priorities for the funding are and the outputs that could be delivered against these priorities.
- 1.2 There have been delays to the finalisation of the programme nationally, which has meant Greater Manchester has only recently received from Government the range and volume of outputs expected from Greater Manchester, as well as the distribution of funding across priorities expected to be delivered against the total allocation set out above.
- 1.3 The financial allocation has been impacted by Euro/Sterling exchange rate fluctuations, resulting in a reduction of 18% in the value of the overall funding at September 2015. Although this has improved recently it still remains below the original Sterling allocation in the ESIF Plan and currently stands at £323m
- 1.4 The changes in outputs and allocation distribution across the priority areas, as well as the slow start to the programme means there has been a requirement to make changes in the GM ESIF Plan, and raises a number of issues for Greater Manchester focussed particularly on ERDF.
- 1.5 There are also issues in relation to restrictions in the use of financial instruments which, if not resolved, will have a disproportionate impact on Greater Manchester as a significant proportion of the ERDF allocation will be invested in these.
- 1.6 In addition, Greater Manchester has been pursuing a greater level of control over the local ESIF funding in order to ensure alignment with devolution priorities by securing Intermediate Body (IB) status. An update on progress is contained within this report.

## **2. European Social Fund**

- 2.1 In January 2016, GMCA approved Greater Manchester applying for Co-Financing Organisation status with DWP. This is now progressing, and will give Greater Manchester an appropriate level of control over ESF funding in Greater Manchester to align with skills and employment devolution ambitions.
- 2.2 In the same month, Greater Manchester received final financial allocations and outputs for its ESF programme. Although the financial allocations reflected a reduction in funding as a result of exchange rate changes, the volume of outputs also mirrored this reduced funding. On

this basis good progress on ESF is being made. Leaders will remember that the Skills Funding Agency, the 'opt in' organisation GM is using for a number of bids/lots, has announced that it cannot run ESF contracts beyond 2018 (due to its overall budgets and increased devolution of funding streams) and therefore all contracts need to be procured in early 2016. The challenge will be to ensure SFA still allow local area flexibility in the large number of tenders that need to be issued in the next few months, and local involvement in the selection of projects to be funded.

### **3. European Regional Development Fund – financial instruments**

- 3.1 As Leaders will be aware, the GM ERDF programme is looking to the use of financial instruments (FIs) to deliver a large part of the ERDF programme to maximise the impact of the funding available. This was outlined in the GM ESIF Plan. This decision was built upon the undoubted success of the Evergreen Investment Fund both in terms of spend and outcomes and supported with independent ex-ante assessments, which were shared with CLG. The existing Evergreen fund was doubled in size from £30m to £60m due to its success and is set to support over 7,000 jobs , 20 Ha of Brownfield land and leverage around £140m of private sector funds .
- 3.2 Although the exchange rate changes mean a slight reduction in funding, it remains important for Greater Manchester to keep its use of Financial Instruments, via the Fund of Funds, at a level of c£60m. This will mean that we can retain the size and scope of a fund to give us flexibility over the lifetime of the ERDF programme. It reduces the risk of having to undertake re-procurement at a later date in the programme, as well as making a very significant contribution to the spend targets that GM will have to achieve by 2018 (known as N+3 targets). All ESIF programmes will have to achieve such targets in order to avoid losing funding in later years.
- 3.3 As a result of national negotiations between CLG and the European Commission on the English ERDF Operational Programme (OP), it has recently become apparent that the OP is more restrictive in terms of the Priority Axes (or themes) that can be used, which in turn restricts the types of investments the financial instruments can make. This is despite the fact that CLG have been aware of GM's plans for FIs at all stages, have been sighted on the ex-ante evaluations and that Evergreen is seen as an exemplar FI across Europe. The Commission is encouraging an increased use of FIs and to date the UK has led the way in Europe in its use of financial instruments., These restrictions on FIs imposed by the way the OP has been agreed have left GM in a position that it cannot replicate the highly effective and renown Evergreen investment fund. The EC has indicated it will not revise the OP this early in the programme, but that there may be a way to progress FIs within the existing OP by reassessing CLG's interpretation

of eligible activity in two Priority Axes (PAs) specifically PA1 – Science and Innovation and PA4 – Low Carbon Economy.

- 3.4 However, without realising the impact of the OP negotiations outlined above, CLG issued a funding call for GM FIs outlined in autumn 2015, to which GM responded with proposals for FIs. It then became apparent very late in December 2015, that the OP would not allow such FIs to be established.
- 3.5 Urgent engagement has taken place with senior officials at CLG, and GM is working to put in place contingency plans, which will require support from CLG. These negotiations are vital to ensure that GM can still use FIs in a way that supports the GM economic needs, was outlined in the original ESIF plan and that CLG have been aware, and supportive, of at all stages.
- 3.6 Should GM be unable to secure completed agreement soon to progress the use of financial instruments as outlined above it will be necessary to escalate the issues with Ministers, potentially requiring an urgent meeting with Leaders.

#### **4 European Regionally Development Fund – output allocations**

- 4.1 In January 2016, Greater Manchester received final financial allocations and outputs for its ERDF programme. These are at odds with what was proposed in the GM ESIF Plan, which in turn was based upon the performance of the 2007-2013 programme.
- 4.2 There are now a number of issues to resolve in order to deliver a balanced ERDF programme, especially as the outputs do not match the activity set out in the GM ESIF Plan. In particular:
  - The outputs do not take into account the significant use of Financial Instruments in PA1(science and innovation), PA3 (Competitive Business) and PA4 (Low Carbon Economy);
  - There have been increases in output target volumes against a fall in funding as a result of exchange rate changes;
  - Outputs related to direct grants to businesses are high in relation to the amount of grants that the GM ERDF Programme is planning to deliver, as a result of prioritising investment into financial instruments that will deliver loan or take equity;
  - The allocation includes outputs in investment priorities (sub-Priority Axis) areas where we will deliver no ERDF activity, particularly under PA4 and PA6 (Environment and Resource Efficiency) and;
  - CLG want LEP areas to report at an Investment Priority level. This could make it more difficult to achieve the output targets.

All of these issues have been addressed within GM's response to CLG in a revised ESIF plan, where GM has been explicit about the outputs that it believes it can achieve and those which it believes it cannot. GM is still awaiting a response from CLG.

## **5 European Regional Development Fund – Performance Reserve**

5.1 CLG are contracted by the EC to achieve certain output volumes against a limited number of the overall output measures within Priority Axes as part of the Operational Programme – some by 2018 and some by the end of 2023. These are reflected in Greater Manchester's output allocations, and are linked to securing a performance reserve - this is 6% of the Greater Manchester allocation, which is already in the allocation so failure to meet it will result in a reduction of GM's available ERDF. It is therefore essential that the ERDF Programme focuses on the delivery of these, rather than the longer list of outputs at this stage, to avoid a further reduction to the programme.

5.2 There will be some further work to do to ensure activity achieves the Performance Reserve targets for 2018 and that future calls can achieve the 2023 targets, but from the information gathered so far from projects that are about to be contracted it seems as though it will be possible for GM to achieve all bar one of the 2018 target on spend and outputs. The one output GM could not achieve relates to an output against which GM is not intending to deliver any activity – this point has been made clear to CLG in GM's revised ESIF plan.

## **6. European Regional Development Fund – next steps**

6.1 GM has submitted a revised ESIF plan to CLG taking into account all the issues raised above whilst still maintaining a balanced ERDF programme to deliver the output and spend targets of the Programme. GM has made clear to CLG where it cannot achieve targets that CLG had requested GM to meet.

6.2 The key changes and issues are:

- A slight reduction to the Fund of Funds Financial Instrument due to the changes in the exchange rate
- Ensuring CLG interpret eligible activity under PA1 (Science and Innovation) and PA4 (Low Carbon) flexibly in order for GM's Financial Instruments to work in the way previously agreed by CLG. If this proves not to be the case a further change to the programme would have to be considered.
- The removal of PA6 (Environment and Resource Efficiency) from the ESIF Plan as this will no longer deliver the type of ERDF financial instrument activity anticipated and;

6.3 Based on the revised ESIF plan, it is anticipated that future calls and projects will deliver against most of the revised outputs and targets within the ESIF Programme.

## **7. Intermediate Body (IB) Status update**

7.1 As part of the latest Devolution Agreement, it was confirmed that Greater Manchester would work with government to secure limited IB status by April 2016. IB status is an important tool to give Greater Manchester a greater level of control over its ESIF programme to ensure alignment of funding with devolution priorities.

7.2 To date there has been extensive discussions with CLG and DWP, including a joint delegation to the European Commission to discuss the proposal.

7.3 Although progress has been relatively slow, work is ongoing to develop a Memorandum of Understanding that will set out the tasks Greater Manchester will undertake as an IB, including writing the part of call specifications which refers to local strategic fit, influencing timing of calls to suit GM's needs, assessing applications against GM's strategic needs and possibly involvement in monitoring of performance of projects.

7.4 Leaders will recall they endorsed the securing of limited IB status for Greater Manchester as a stepping stone to securing full IB status (giving a much greater level of control from call design to project performance management). Although the negotiations to date have not given Greater Manchester as much control as hoped, the draft proposals do represent positive progress towards full IB status for Greater Manchester at a later date. Should the current negotiations not be concluded successfully, a further report will be brought to Leaders to consider an appropriate way forward.



**Date:** 26 February 2016

**Subject:** GM Housing Investment Fund – Investment Approval Recommendations

**Report of:** Councillor Sue Derbyshire, Portfolio Lead for Planning and Housing and Eamonn Boylan, Portfolio Lead Chief Executive for Planning and Housing

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### **PURPOSE OF REPORT**

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval of a GM Housing Fund loan of £42.5m.

### **RECOMMENDATIONS**

The Greater Manchester Combined Authority is requested to:

- Approve the loan as detailed in this and the accompanying Part B report;
- Recommend to Manchester City Council that it prepares and effects the necessary legal agreements in accordance with its approved internal processes.

### **CONTACT OFFICERS:**

Bill Enevoldson ([b.enevoldson@manchester.gov.uk](mailto:b.enevoldson@manchester.gov.uk))

Andrew McIntosh ([a.mcintosh1@manchester.gov.uk](mailto:a.mcintosh1@manchester.gov.uk), 0161 234 4061)

### **BACKGROUND PAPERS:**

Housing Investment Fund (report to GMCA, 27 February 2015)

GM Housing Fund – Investment Strategy (report to GMCA, 26 June 2015)

**Risk Management** – see paragraph 3

**Legal considerations** – see paragraph 4

**Financial Consequences – Revenue** – see paragraph 5

**Financial Consequences – Capital** – see paragraph 6



## **1.0 INTRODUCTION & OVERVIEW**

- 1.1 In line with the agreed governance process for the GM Housing Fund, (“the Fund”), the Combined Authority is asked to approve the loan detailed in section 2, which was recommended for approval by the Fund’s Gateway Panel and Credit Committee at their meetings in February 2016.
- 1.2 The total value of offers of loans from the Fund approved by the Combined Authority to date is £67.253m. If the recommendation set out in this report is approved, the total value of offers of loans from the Fund will increase to £109.753m.

## **2.0 LOAN APPROVALS SOUGHT**

- 2.1 WB Developments (Salford) Ltd is seeking a loan of £42.5m for the delivery of its scheme at Wilburn Street Basin, Ordsall Lane (Salford).
- 2.3 The scheme involves the construction of 491 residential units in four blocks occupying a 2.4 acre site next to the River Irwell where the cities of Manchester and Salford converge. Planning consent was obtained in November 2014.
- 2.2 Further detail of the scheme and proposed loan is included in the accompanying Part B report, to be considered in the confidential part of the agenda on account of the commercially sensitive nature of the information.

## **3.0 RISK MANAGEMENT**

- 3.1 The structure and security package proposed for the loan in order to mitigate the lending risk are given in the accompanying Part B report.
- 3.2 The loan will be conditional upon a satisfactory outcome to detailed due diligence and ongoing confirmation from a Monitoring Surveyor acting on the Fund’s behalf that the scheme is being delivered satisfactorily.

## **4.0 LEGAL CONSIDERATIONS**

- 4.1 A detailed loan facility agreement and other necessary legal documentation will be completed ahead of the first loan payment.

## **5.0 FINANCIAL CONSEQUENCES – REVENUE**

- 5.1 There is no requirement for additional revenue expenditure by GMCA / MCC in addition to the approved Core Investment Team budget.

## **6.0 FINANCIAL CONSEQUENCES – CAPITAL**

6.1 The proposed loan will be sourced from the £300m GM Housing Fund.

**7.0 RECOMMENDATION**

7.1 The Combined Authority is recommended to approve a loan of £42.5m in line with the terms set out in the accompanying report.



Date: 26<sup>th</sup> February 2016

Subject: GM Investment Framework and Conditional Approval

Report of: Cllr Kieran Quinn, Portfolio Lead Leader for Investment Strategy and Finance and Eamonn Boylan, Portfolio Lead Chief Executive for Investment Strategy and Finance

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## **PURPOSE OF REPORT**

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval for loans to Sofaworks and littleblackdress. The loans will be made from recycled RGF and Growing Places monies.

Further details of the projects are included as a more detailed report, considered in the confidential part of the agenda due to the information relating to the business affairs of the applicants.

## **RECOMMENDATIONS:**

The Greater Manchester Combined Authority is requested to:

- a) agree that the project funding application by Sofaworks, (loan of £1,250,000) be given conditional approval;
- b) delegate authority to the Lead Chief Executive for Investment Strategy and Finance and the Combined Authority Treasurer to review the recommendations of the Chief Investment Officer in relation to the commercial terms of the proposed funding of the loan at a) above and to agree the commercial terms;
- c) agree that the project funding application by littleblackdress (loan of £1,000,000) be given conditional approval and progress to due diligence;
- d) delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transactions, to sign off any outstanding conditions, issue final approvals and complete

any necessary related documentation in respect of the loans at a) and c) above.

**CONTACT OFFICERS:**

Eamonn Boylan: [eamonn.boylan@stockport.gov.uk](mailto:eamonn.boylan@stockport.gov.uk)

Richard Paver: [r.paver@manchester.gov.uk](mailto:r.paver@manchester.gov.uk)

Bill Enevoldson: [b.enevoldson@manchester.gov.uk](mailto:b.enevoldson@manchester.gov.uk)

**BACKGROUND PAPERS:**

<b>TRACKING/PROCESS</b>		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		YES
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		NO
AGMA Commission	TfGMC	Scrutiny Pool

Risk Management – see paragraph 3

Legal Considerations – see paragraph 4

Financial Consequences – Revenue – see paragraph 5

Financial Consequences – Capital – see paragraph 6

## **1. INTRODUCTION AND OVERVIEW**

1.1 The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from either the Combined Authority's Regional Growth Fund Programme or Growing Places Fund allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of GM.

1.2 This assessment incorporates:

- a) an appraisal by the GM Core Investment Team;
- b) a review by a sub group of GM Chief Executives; and
- c) a review and recommendation by the Independent Investment Advisor (KPMG).

## **2. NEW INVESTMENT PROJECTS RECOMMENDED FOR APPROVAL IN PRINCIPLE**

### **2.1 Sofaworks**

Sofaworks are a national sofa retailer headquartered in Golborne, Wigan. In February 2015 approval was received for an investment of £2.5m into Sofaworks to create 100 new jobs and safeguard over 250 jobs in the Greater Manchester area, a further £1m of funding was approved in July 2015. Both investments were matched in quantum by private sector investment.

Details for a proposal for a further investment of £1.25m are included in the confidential part of the agenda.

### **2.2 littleblackdress**

The business case in respect of littleblackdress (loan of £1,000,000) has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

littleblackdress is an occasion wear ladies fashion brand based in Ardwick, Manchester. The Company are seeking £1m to provide working capital support and investment in the overhead base in order to allow the Company to achieve its growth plans over the next three years.

The investment will create forty five new jobs in Manchester.

Summary appraisal notes on the project are included as a more detailed report, considered in the confidential part of the agenda due to the information relating to the business affairs of the applicant.

### **3 RISK MANAGEMENT**

The loans will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of the performance of the loans.

The legal funding structure proposed for the loans will mitigate risk as far as reasonably practicable utilising the standard framework of legal documents.

### **4 LEGAL CONSIDERATIONS**

The legal agreements will be based upon the existing templates for the fund, amended for the specific requirements of the individual funding arrangements.

### **5 FINANCIAL CONSEQUENCES – REVENUE**

There are no revenue implications.

### **6 FINANCIAL CONSEQUENCES – CAPITAL**

The additional £2.25m that is proposed to be lent to Sofaworks and littleblackdress will be from recycled RGF and Growing Places monies.