

**COMMISSION FOR THE NEW ECONOMY**

**BOARD MEETING**

**14 JANUARY 2010**

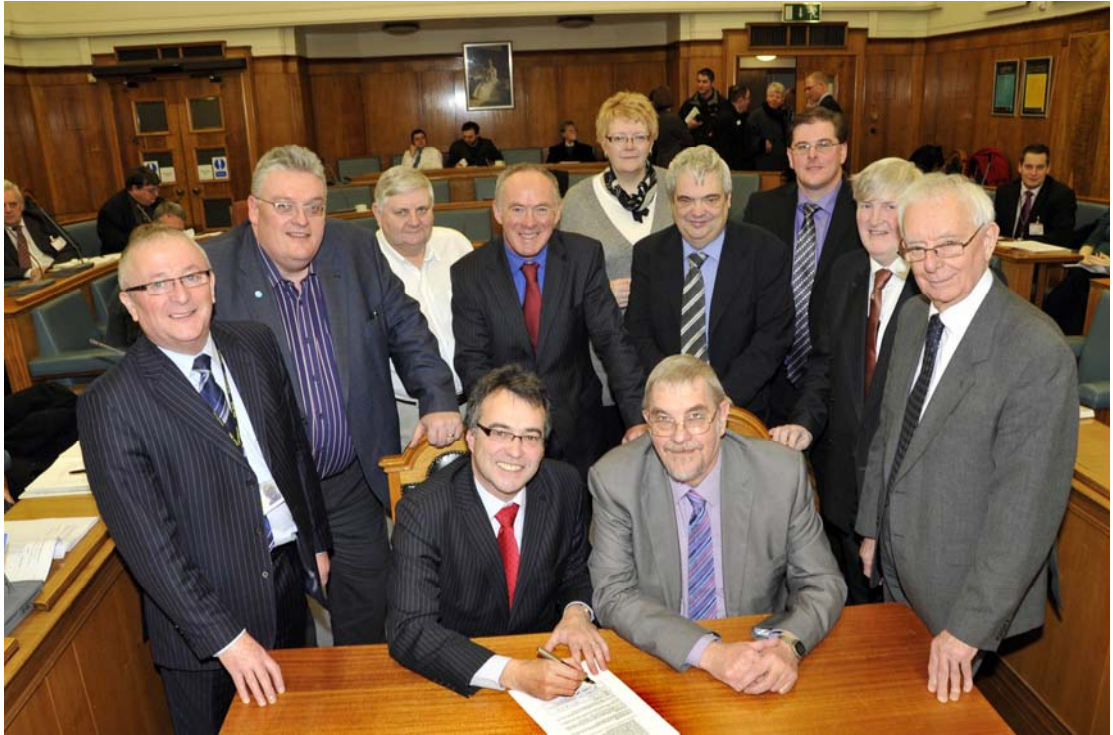
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<b>PAPER TITLE:</b>	<b>STATUTORY CITY REGION AGREEMENT</b>						
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<b>Purpose of Paper</b>	<b>For Info (Y/N)</b>	<b>Y</b>	<b>For Discussion (Y/N)</b>	<b>Y</b>	<b>For Decision (Y/N)</b>	<b>N</b>	
<p>This paper briefs the Board on the Statutory City Region (SCR) Agreement signed by the Government and Greater Manchester's ten Leaders on 18 December 2009. It then elaborates on some of the consequences of the city region's move towards becoming a Statutory City Region, both generally, in terms of governance, and particularly in terms of New Economy's Board becoming a Statutory Employment and Skills Board.</p>							
<p><b>Recommendation</b></p> <p>The Board are requested to note this report and discuss any key issues raised, in particular as to how the Board's members see its new role as an Employment and Skills Board being taken forward, which will be the subject of a separate presentation.</p>							

## 1. Background

Further to the 9 December 2009 Pre Budget Report, on 18 December 2009, government (represented by Phil Woolas MP, the Regional Minister) and Greater Manchester's ten authorities (represented by the ten Leaders) signed a detailed Agreement between the government and the Manchester city region that laid the foundations for Greater Manchester to become the UK's first Statutory City Region. The full Agreement, which New Economy has been instrumental in negotiating over the last 9 months, is attached as Annex 1.

*Fig 1: the signing of the Statutory City Region Agreement*



The Agreement recognises the role Greater Manchester plays in the national economy and its potential to act as an economic powerhouse which significantly increases national growth rates. The specific measures set out in the Agreement are designed to help the city region realise that potential.

The Agreement contains substantive powers and responsibilities with regard to public service reform, skills, transport, data sharing, creating a low carbon economy, and reinforcing Greater Manchester as a place for science and dynamic international firms. In particular, the city region receives new powers to deliver on local skills requirements, both for adults and post-16, assuming powers comparable to Transport for London and sees real gains in relation to heavy rail, bus and highways. The government and Greater Manchester have made very significant strides in integrating and developing work on better life chances in the city region's most deprived areas. Greater Manchester also becomes the UK's fourth low carbon economic area, which is significant in the move to a low carbon economy, especially with regard to the built environment. Investment and various powers are also brought to the city region where housing is concerned.

## **2. Details of the Agreement**

The Agreement represents a significant milestone in Greater Manchester realising its aspirations to become an economic powerhouse, and the machinery is in place for developing, monitoring and evaluating the actions that have been agreed with partners to progress towards the vision and goals of the Greater Manchester Strategy, agreed by AGMA earlier in 2009. The SCR process has built on and now incorporates the Multi Area Agreement that was signed by Ministers and Greater Manchester Leaders on 14 July 2008.

### **2.1 Transport Protocols**

The Agreement evidences a commitment to examine how Manchester, as a city region, can assume responsibilities and influence comparable to Transport for London. For heavy rail, a series of protocols will provide a basis for a close working relationship between Greater Manchester and DfT. In respect of highways, there will be a more joined-up approach between the Highways Agency and local authority road networks to managing the interface through a series of protocols. On bus, it has been agreed that, through the pilot, DfT and Greater Manchester will undertake a joint piece of work on the issues currently being faced by bus users in the city region which will provide the basis for a range of joint workstreams to deliver the required step change in the quality and capacity of the bus network across key corridors.

### **2.2 The Spatial Pilots**

A series of geographical pilots with specific boundaries have been agreed within the workstream areas on Early Years, Better Life Chances, Housing and Low Carbon Economy. A management structure is being established to oversee this work including a 'Place Board' in each District and a steering group for each workstream. The pilots will also continue to be overseen and evaluated by the Joint Commissioning Board and the Senior Officials Steering Group, and the agreed broad framework for evaluation incorporates the work being done within Greater Manchester through the Total Place initiative.

### **2.3 Integrated Neighbourhood Delivery Pilots**

The pilots in the area of Better Life Chances in the Most Deprived Areas centre on integrated public service delivery teams. Key partners including local Jobcentre Plus will work on the creation and delivery of these teams, which can task and coordinate delivery on key drivers of deprivation in the pilot neighbourhoods. These pilots will test the impact of a highly integrated public service delivery approach. The aim is to create a scale and pace of change and different ways of working that previous approaches to tackling deprivation have not sufficiently fostered. This work will be complemented by the joint activity that will take place between Greater Manchester and DWP on an Invest to Save pilot, and with DWP, Business Link and the LSC around increasing the number of jobs advertised through Job Centre Plus.

### **2.4 Data Sharing**

Several of the interventions outlined in the Agreement are focused on strengthening the flow of data and enabling an effective integration of services (with the appropriate safeguards) which is recognised as a key priority by Ministers and Leaders. The various government departments involved, including in particular DWP, the Department of Health and CLG have all committed to establish absolute best practice across the public sector as a minimum, within existing legislative frameworks as a starting point, and will enable specific data shares in order to secure clear operational benefits for delivering the GMS

## **2.5 Housing and Planning**

Greater Manchester is working closely with the Homes and Community Agency and has concluded an initial "Single Conversation" for 2010-11 in the form of an agreed Local Investment Agreement for Greater Manchester. This will form the basis of other such agreements to follow in future Spending Review periods. The city region is also exploring potential new development models to underpin continued housing delivery in the more challenging economic context. The city region has worked with CLG to establish the parameters of a protocol for the fast tracking of decisions to implement landlord licensing in areas where the bottom end of the market is causing polarisation of vulnerable communities. Work is also ongoing in pilot Districts on an agreed 'local' definition of allocation priorities which would place more emphasis on employment. Finally, Greater Manchester is developing a new integrated approach to spatial and infrastructure planning. The Housing Minister has also announced that Greater Manchester will be pilot area for a new initiative which is related to the alignment of capital funding streams. This will assist in the delivery of enhanced capacity for resource prioritisation and the delivery of efficiencies. A report on this initiative will be presented to the January meeting of the AGMA Executive Board.

## **2.6 Low Carbon Economic Area**

The city region has now been designated the UK's fourth Low Carbon Economic Area, specialising in the built environment. This reflects its strengths in science and innovation, its track record of delivering major city region projects and a strong evidence base that demonstrates the supply chains and skills capabilities which can underpin robust policy interventions.

## **2.7 Economic Competitiveness**

The review of Science and Research in Greater Manchester will now be discussed with Government. Agreement has been reached on the principle of a new set of protocols relating to the activities of MIDAS, and on the available scope to improve the targeting of support for local firms in their connection to international markets. Agreement in principle has also been reached to the rapid implementation of a major project on Next Generation Broadband.

## **2.8 Post-16 Provision**

With regard to the Young Persons Learning Agency, Greater Manchester will receive a single allocation for 16-19 places in Schools and Further Education from 2011-12 (except Academies funding). In addition, Greater Manchester will secure a range of freedoms and flexibilities in relation to apprenticeships. The AGMA Executive Board will be the primary accountable body for post-16 provision, with the role discharged by the 14-19 sub regional group for Greater Manchester.

## **2.9 Governance**

Alongside the signing of the Agreement, the AGMA Executive Board also decided on 18 December 2009 that the work done so far on governance will improve economic conditions in GM and the Authorities' statutory functions related to economic development, regeneration and transport and so approved the Draft Scheme for establishing a combined Authority (attached as Annex 2 to this paper) for consultation in early 2010 and to commission work to finalise the preparation of the final scheme which is now underway.

## **3. Greater Manchester's Employment and Skills Board**

Of particular relevance to New Economy is that it is now agreed that Greater Manchester is to be given new legal powers to direct how public funding for adult

skills is spent (known as Section 4 status). These powers are to be deployed through the Commission for the New Economy being designated as a statutory Employment and Skills Board, making it responsible for developing a skills strategy with local employers.

### **3.1 Section 4 and what it means for New Economy**

At a headline level this means that the Board of the Commission for the New Economy will be designated a statutory Employment and Skills Board with 'Section 4' powers to set the strategy for adult skills for Greater Manchester. This section sets out what this means practically for the Commission for the New Economy's Board and will be the subject of a separate presentation.

Firstly, in order to gain these powers, following an assessment of the strength of New Economy's links with employers undertaken by the UK Commission for Employment and Skills, AGMA agreed the following with the Department for Business, Innovation and Skills:

- New Economy's constitution would be amended to allow for two additional private sector directors. These directors will be appointed by an AGMA search and selection committee in consultation with the Business Leadership Council and should be recruited in time to attend the 4th March 2010 New Economy Board meeting. This recruitment round will be restricted to businesses that are classified as SMEs, and AGMA will encourage and actively promote applications from candidates from diverse minority ethnic and social backgrounds.
- Going forward, as posts on the Board become vacant, recruitment of replacements will be cognisant of the need for New Economy to have strong SME representation, with a minimum of two SME directors at any one time, and to have a balance of ethnic and social backgrounds represented.
- New Economy, in consultation with the Chamber of Commerce and the Business Leadership Council, will undertake a review of existing consultation arrangements with employers in the summer of 2010. The results of this review will be presented to the September 2010 New Economy Board and AGMA Executive.

In order to implement these arrangements formally, the Department for Business, Innovation and Skills are now in the process of drawing up several Statutory Instruments to amend the relevant Acts of Parliament (2000 Learning and Skills Act, 2007 Further Education and Training Act, and 2009 Apprenticeships, Skills, Children and Learning Act).

It is anticipated that these will be put in front of Parliament for a statutory 21 days period in January, with the first formal meeting of the Employment and Skills Board (ESB) being New Economy's Board meeting in March.

The primary role of New Economy as the ESB will be to create an adult Skills and Employment Strategy for GM. The Skills Funding Agency (SFA), through Section 4 powers, will be required to deliver this Strategy. The Strategy will also have an important role in shaping Integrated Employment and Skills activity and DWP provision. The full remit of the ESB is outlined in the Figure 2.

## **Fig 2: Remit of the Employment and Skills Board**

New Economy's Board, as the ESB, will have the following remit:

- identify the immediate and strategic long-term skills needs and priorities in Greater Manchester, based on robust analysis and evidence;
- formulate a Skills and Employment Strategy for Greater Manchester
- lead the drive to reassess the value for money of all public investment in employment and skills in Greater Manchester;
- act as the primary body for all government departments and their agencies to deal with in relation to the development and operation of all employment and skills programmes and performance in Greater Manchester;
- engage with employers in Greater Manchester to raise the quality of, and demand for, investment in skills training, increasing the number of employers recruiting through Jobcentre Plus, and 'hiding the wiring' in the publicly-funded employment and skills system;
- analyse, monitor and publish regular reviews of the delivery of Greater Manchester's Skills and Employment Strategy, incorporating delivery reports from the Skills Funding Agency (SFA), Jobcentre Plus, Department for Work and Pensions, North West Development Agency and other delivery partners;
- produce an overall annual report, setting out milestones and progress, and updating the strategy and priorities; and
- provide feedback and recommendations to all bodies with responsibilities for skills provision in Greater Manchester on how well the employment and skills system is meeting the needs of employers, residents and long-term sustainable economic growth in the city region.

The ESB's locus over the SFA will extend to mainstream Adult Learner Responsive, Employer Responsive (Train to Gain and 19+ Apprenticeships), Information Advice and Guidance and European Social Fund funding. The ESB will have an important role in shaping Integrated Employment and Skills (IES) activity and helping to shape DWP provision - enhancing where required - and have a voice in performance management of provision to ensure alignment with local priorities. With regard to Adult Apprenticeships, the ESB will work closely with the National Apprenticeships Service to identify the level of demand from learners and employers and the requirements of national target trajectories, ensuring that suitable Adult Apprenticeship opportunities exist within each area.

### **3.2 Developing a Skills and Employment Strategy**

In the short term, New Economy will:

- develop a Skills Priorities Statement which sets out the immediate and strategic long-term skills needs and priorities of GM, to be published in February 2010;
- develop a draft Skills and Employment Strategy to be published as soon as practicable following the finalisation of the Skills Priorities Statement. It is anticipated that this draft Strategy will be sent to the March 2010 New Economy Board; and
- under an agreement reached with the NWDA, and reflecting new regionalisation arrangements, the GM Skills and Employment Strategy this will be aligned with and reflected throughout and embedded within the regional strategy and associated investment plan. The Regional Skills Strategy is due to be published in Summer 2010.

To develop its role more fully in the medium-term New Economy will:

- need to identify funding for and then establish a Skills Research and Intelligence Service to coordinate market intelligence, track skills needs and progress, and support commissioning for all skills provision; and
- develop mechanisms for keeping the Strategy under review and feeding back to the SFA on issues of performance. The guidance is light on how this function should be performed, but the experience of London suggests that the board may want to focus on maintaining an overall view of performance with a specific focus on particularly pressing issues (such as generic skills provision, or FE-HE links for example).

In the longer-term, BIS have agreed that the ESB should look to develop its role in relation to:

- developing its role in relation to employment activity;
- considering how it can best engage with higher-level skills issues;
- developing its role in relation to 'market stewardship' ensuring that GM has a competitive, effective and highly responsive market of providers; and
- developing joint targets relating to sustainable employment with progression and raised productivity, potentially encompassing enhanced co-commissioning across agencies and across both central, regional and local government funding.