

GMCA

GREATER MANCHESTER
COMBINED AUTHORITY

Greater Manchester City Deal

Foreword

On behalf of the Greater Manchester Combined Authority and with the full support of our LEP I welcome and endorse the City Deal which has been agreed with Government.

We see this as a strong platform for growth and a significant first step in the devolution of powers and responsibilities to Greater Manchester with further engagement later this year on a wider reform agenda. The City Deal is based on robust economic analysis for growth and includes innovative new approaches which will enable Greater Manchester to unlock its full economic potential.

We look forward to working with Government to rapidly implement this package.

A handwritten signature in black ink, appearing to read 'Peter Smith', written in a cursive style.

Councillor Peter Smith, Lord Smith of Leigh

Chair Greater Manchester Combined Authority

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1. Executive Summary

The Government is in the process of negotiating a series of tailored 'city deals' with the eight core cities that will enable them to drive local economic growth. Greater Manchester's strong private sector, coupled with the stable and accountable governance provided by the Greater Manchester Combined Authority, provides a compelling platform for radical devolution of powers from central Government.

In summary, the Greater Manchester City Deal will:

- Create a **revolving Infrastructure Fund** by allowing Greater Manchester to 'earn back' a portion of additional tax revenue from GVA increases resulting from local investment in infrastructure
- Establish a **Greater Manchester Investment Framework** to align core economic development funds
- Create a **City Apprenticeship and Skills Hub** to place apprentices with SMEs, as well as piloting a skills tax incentive and locally determined outcome payments to providers
- Strengthen Greater Manchester's **Business Growth Hub**, which integrates trade, investment and businesses advice
- Develop Manchester's role as a **beacon for high value inward investment**
- Establish a **Low Carbon Hub**, with a plan to reduce emissions by 48% by 2020
- Establish a **housing investment fund** to use local and national investment to develop new housing
- Work with DfT on a broad **package of transport proposals** encompassing devolution of the Northern Rail franchise, bus improvement measures and devolution of local transport majors funding

Greater Manchester Combined Authority and Local Enterprise Partnership will be working with Government departments to implement these proposals in the coming months.

2. The Greater Manchester City Deal in context

2.1. Greater Manchester's Economy

Greater Manchester has a critical and essential contribution to make to drive the Government's commitment to overall growth at a national level, alongside its focus on economic rebalancing across the country.

Greater Manchester is home to five universities, a world class business school, and the largest airport outside the South East. It has made economic progress through major commercial developments, such as the Bank of New York locating to the city in 2006, the redevelopment of the Manchester Central conference venue, the growth of Manchester Science Parks and the emergence of Media City UK.

The Greater Manchester Chamber of Commerce, with 5000 members, is the largest Chamber in the UK and among its most active. The Greater Manchester Local Enterprise Partnership, chaired by Mike Blackburn (BT's Regional Director for the North West), has widespread private sector involvement and a clear line-of-sight to Greater Manchester's Combined Authority.

Building on this combined economic and institutional architecture in the decade before the recession Greater Manchester was the only area in the UK to experience growth comparable to London and the South East. In 2008 alone Greater Manchester generated £48billion of GVA, representing 5% of the national economy. Greater Manchester accounted for almost 20% of the North of England's economic output.

Manchester is well placed to make even further progress because of the density and complexity of its talent, capital, transport, educational and knowledge assets:

- It is populated by 2.6m people, with an additional 4.4m living within an hour's drive. Labour markets and supply chains stretch across the whole of the North and are supported by an improving transport infrastructure
- A third of all its jobs are within large businesses but these are spread across a wider variety of sectors , including 85k in creative industries; 57k in ICT; 199k in life sciences and healthcare; 240k in finance and professional services; and 185k in manufacturing
- Major employers include household names such as iAegis, Adidas, BASF, Bank of New York, BetFred, BBC, BT, Co-Operative Group, JJB Sports, Kellogs, Pataks, PZ Cussons, Siemens, Talk Talk and TNT with the potential to attract further investment nationally and internationally
- With the largest student population in Europe (100,000), and with Universities accounting for £1.4bn of income and 18k jobs the educational sector is a source of invention (graphene), export and enterprise development

2.2. Greater Manchester's Governance

Greater Manchester is leading the way amongst the core cities, with strong, stable and effective governance across its economic area following the establishment of the Greater Manchester Combined Authority in April 2011¹. This strategic, corporate body has powers in its own right, so is not dependent on delegations from its constituent authorities, and decisions to pursue a particular policy are binding, providing long-term stability. This provides a stable and accountable platform for Government to devolve powers and functions as part of the City Deal process.

The Local Enterprise Partnership (LEP) is a key component of Greater Manchester's governance arrangements. Building on existing public and private partnerships, it provides a forum to have a single conversation with business leaders, enabling them to play an even more active role in securing economic growth. Political leadership is secured through the Combined Authority and decisions are cleared by the LEP. The Combined Authority is the accountable body for LEP funding, as opposed to having to nominate a local authority to take on this role, as is the case in other LEP areas. This provides coherence and a truly joined-up approach across all ten local authorities.

A key advantage of the Combined Authority model is its joint governance arrangements for transport, economic development and regeneration, which allow for strategic prioritisation across the functional economic area. Sub-groups lead on different work-strands, with relevant partners represented on the Boards. Furthermore, the establishment of Transport for Greater Manchester facilitated much greater integration and closer working relationships with the Highways Agency and the ten local authorities on the operation and development of the road network.

Not only does the Greater Manchester Combined Authority provides a stable and strong governance structure enabling it to take on new powers and functions, it also has the gravitas to engage with central government and national agencies successfully. This will enable Greater Manchester to secure future devolution and resource prioritisation.

¹ Background on Greater Manchester's governance: the Association of Greater Manchester Authorities was created in 1986 as a voluntary association to represent the 10 Greater Manchester local authorities. In 2008, a new legal framework was introduced to better manage strategic development and pooled financial resources. The Executive Board became the focus for coordinating economic development, transport, planning and housing policies, with the support of seven Commissions. In 2009 the city agreement was signed which included: Government endorsement for the Greater Manchester Strategy; a statutory Employment and Skills Board; a single revenue pot for post-16 skills provision in Greater Manchester; and a commitment from Government to examine how transport powers could be devolved to Greater Manchester consistent with TfL, subject to the agreement on new governance arrangements.

2.3. Greater Manchester's Strategy

Greater Manchester has developed a clear understanding of the drivers of its economy, its strengths and challenges and the levers it needs in order to achieve its growth potential.

This has been developed through a robust process, including analysis led by an independent panel of world-class experts. The Greater Manchester Strategy sets the priorities to drive growth through both supply-side and demand-side action. The Strategy, supported by both the Combined Authority and the LEP, recognises the need to create new jobs in the economy and increase productivity through raising the skills of our workforce and reducing dependency on the state.

The strategy demonstrates the critical link between economic growth and competitiveness and public sector reform: without addressing the latter and reducing the economic drag of dependency Greater Manchester will not achieve its full potential. The priorities identified in the strategy form the basis of the proposals for this City Deal.

Greater Manchester is a national pilot for Community Budgets - a place-based approach to align central and local priorities, funding and public service delivery. The pilot will test new interventions and service re-design, with the objective of delivering more for less with a priority to reduce dependency and worklessness, increase skills and to support growth. The outcome of the Community Budget pilot will inform the development of the next phase of City Deals.

3. Greater Manchester’s City Deal

3.1. Earn Back

The Earn Back Model builds on the GM Transport Fund established in 2009. This was developed from a history of increasing self-sufficiency in delivering infrastructure investment, and brings together central and local funding (and some third party contributions) to create a combined £2bn-plus programme. This programme is unique in two respects: investment is prioritised on the basis of net GVA impacts at the GM level; and most of the £1.2bn programme finance is being provided locally through Prudential Borrowing against revenues and a levy on the local authorities, pro-rated to population.

The Earn Back Model uses a formula, linked to changes in rateable values over time at the GM level, to provide a revenue stream to GM over 30 years if additional GVA is created relative to a baseline. Earn Back provides an additional incentive for GM to prioritise local government spending to maximise GVA growth. If successful in driving economic growth, under Earn Back Manchester will receive a larger proportion of resultant tax take generated from this growth than would otherwise be the case under business rate retention. The ‘earned back’ resources would be used for further investment, similarly prioritised on net GVA impact at GM level. This will create a genuinely revolving Fund which rewards GM for delivering growth.

Investment would be funded up-front by GM; and Government would only surrender revenues once GM’s investment has generated value above an agreed baseline from 2015-16.

GM is well positioned to trail-blaze this approach to local economic growth because it meets a set of critical success factors:

- **A sizeable local investment fund** – GM is pooling resources to generate a £1.2bn local investment fund that is big enough to drive above average growth;
- **The right economic geography** – earn back will operate across the function economic area to reduce displacement locally;
- **Track record of GVA prioritisation** – GM has demonstrated the ability to prioritise investment decisions based on impact on GVA through its Transport Fund; and
- **Strong governance across the economic area** – through its Combined Authority, GM has a track record of multiple authorities pooling resources, sharing risks and benefits, agreeing strategic investment programmes and working together to deliver

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Invest £1.2bn of locally-funded resource upfront in infrastructure • Prioritise up-front and recycled funding for infrastructure investment on the basis of GVA impact • Continue to operate earn back at GM level, 	<ul style="list-style-type: none"> • Agreement in principle to the Earn Back Model, allowing Greater Manchester to recover a share of the central Government’s proceeds from economic growth funded by GM • Agreement that Earn Back will operate for

<p>to ensure accountable governance and private sector involvement</p> <ul style="list-style-type: none"> • Continue to operate earn back at GM level, to eliminate intra-GM displacement • Consult Government on the proposed pipeline of infrastructure investments. This will enable the earliest possible commitment to GVA enhancing interventions including SEMMS and the Metrolink extension to Trafford Park 	<p>30 years</p> <ul style="list-style-type: none"> • Commit to a maximum funding envelope of £150m of resource between 2015/16 and 2020/21, with up to £30m available per annum • Commitment that the maximum liability of £30m pa could be earned back in full over a 30 year period, subject to GM's growth performance • Commitment to review the maximum liability by 2020 dependent on performance under the formula, with the option of retaining the current level or increasing it to maintain a strong growth incentive and the business case demonstrating value for money
<p>Estimated Impact²</p>	
<p>The locally funded element of the programme will deliver a short term boost to demand in excess of £2bn by 2016. In the longer term the forecast economic impact of the local contributions exceeds £1bn per annum by 2025. At least 25% of the impact comes through productivity gains and given that these benefits are net at the GM level a significant proportion of the remainder will also be net at the national level.</p> <p>In addition, operating at GM level will eliminate displacement from elsewhere in the city.</p>	

² All estimates as based on Greater Manchester's economic projections

3.2. Investment Framework

Building on the success of the Transport Fund Greater Manchester has developed an Investment Framework which aligns core economic funds from central government, ERDF, the North West Evergreen Fund and the private sector. In a similar way to the Earn Back Model noted above, the Framework identifies and prioritises a pipeline of projects according to GVA impact. There is a strong pipeline in Greater Manchester of 70 – 80 projects, spanning investment in commercial and physical developments, transport and broadband infrastructure, business growth, housing and low carbon projects. By bringing together public funding streams and the ability to make local decisions on priorities, Greater Manchester can ensure that resources are invested in ways that will have maximum impact on the economy.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Produce a clear and transparent Investment Plan, including detailed investment criteria and agreement of appraisal processes, with periodic cross-Government transparency reviews of progress • Strategic, allocative decision-making through the Combined Authority and LEP, supported by an Independent Advisory Panel, to prioritise and sequence pipeline projects based on the contribution they make to jobs and growth • Oversight and scrutiny through a re-configured Regional Investment Board • Maximise available public sector funding to de-risk projects in conjunction with the Evergreen JESSICA Funds • Devolved RGF2 funding will be allocated in line with the following principles <ul style="list-style-type: none"> (1) £30million programme would be spent to deliver employment and private sector investment outcomes, (including £4.4m for the Business Growth Hub); and (2) £30million programme will not be spent in favour of property development • Use public sector funding in an investment capacity wherever possible, so that returns can be reinvested into future projects. Based on the short-term pipeline, this would provide scope to reinvest the same £1 of public funding, up to three times in a 	<ul style="list-style-type: none"> • Endorse the framework approach based on the successful implementation of the Greater Manchester Transport Fund Single Investment Framework • Subject to a successful application RGF Round 3 to be allocated to Greater Manchester as an additional programme fund to add to the existing RGF2 Greater Manchester programme as part of the overall investment framework • RGF Round 2 programme bid to be allocated to Manchester and invested as part of their overall Investment Framework • A commitment to explore with Greater Manchester how 2014-2020 Structural funds should be designed to maximise impact in GM, including through devolved design and delivery

<p>decade</p> <ul style="list-style-type: none"> • Commit that enabling funds will be used to leverage in private sector investment and agree benchmarks with Government (to ensure that cost per job and gearing ratios are within an acceptable range), drawing on the Combined Authority's Investment Adviser to establish an investment partnership with private sector equity and debt funders • £50m earmarked from institutional investors including the GM Pension Fund • Agree with Government a robust, Green Book compliant appraisal, programme management and monitoring framework 	
<p>Estimated Impact</p>	
<ul style="list-style-type: none"> • Improved economic outcomes for the GM economy through increasing the benefits associated with agglomeration • Strategic investment to deliver growth based upon the needs of the area and of developers and investors, rather than on siloed funding streams and the timing of bidding rounds • Reduced national and local bureaucracy via a local, more efficient appraisal and due diligence process, which will take projects from concept to approval and delivery in a streamlined way, from in-principle decisions to full approval in a maximum of 10 weeks • Lower overheads for appraisal and monitoring with savings for government departments • Increased returns through enhanced recycling of funds deployed – RGF bids suggested that funding could be reused 2-3 times over a 10 year period • Increased leverage of private sector funding from a wide range of sources, including pension funds, equity houses and sovereign wealth funds 	

3.3. Skills

Skills already account for around three-quarters of the gap in productivity between GM and the South East of England, and forecasts suggest that by 2020 half of all job opportunities will require Level 3 or more advanced skills.

The Government currently spends over £500m a year on non-university skills provision in GM. This is largely driven by demand of employers and learners, but there is a well-evidenced need to ensure a better match between the supply of courses and the wider skills demands of the local economy, both currently and in the future. Weakest of all is private employers' ability to shape provision, with consequent impacts on the employability of GM residents.

In this context the Greater Manchester Skills and Employment Partnership has been formed. Accountable to the Combined Authority and LEP, this voluntary partnership brings the LEP together with providers and Government Agencies. The Partnership will be critical in marshalling skills delivery to meet the needs of employers and communities.

Through the Partnership our proposition to Government seeks greater ownership of skills by employers, and particularly SMEs, in GM; and more effective alignment of the skills system with economic opportunities through:

- Getting 6,000 new apprentices into SMEs
- Piloting a tax incentive-style approach, based in the Enterprise Zone, to draw 100 employers into funding Skills training
- A local outcomes pilot for the Skills Funding Agency to address priorities identified by the LEP

In addition to the skills partnership, Greater Manchester also has unique status as a pilot for Community Budgets - the only city region to have one. This is a Government-driven initiative which was awarded following a national competition and which GM will use to drive public sector reform. It's role in the context of the city deal is of vital importance. Skills and employment policies, in addition to driving our labour market will, working with and helping to deliver the community budget, help us make a step change in labour market participation, driving down welfare dependency.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • To create a City Apprenticeship and Skills Hub. In line with emerging Government policy on employer ownership, the hub will channel skills participation funding for Apprenticeships and other skills provision funded by the state direct to employers, particularly SMEs. This will empower SMEs in the skills system and deliver higher levels of employer engagement and investment in skills. The Hub will also act as a channel 	<ul style="list-style-type: none"> • Government supports the City Region's development of an employer ownership proposal to engage SMEs in delivering 6,000 new apprentices, subject to the development of a business plan and approval by the Minister for Further Education, Skills and Lifelong Learning. Funding will be routed direct to SMEs in order to support 6,000 apprentices in the

<p>for other incentives to SMEs (eg incentives to recruit young people) to enable the Government to leverage the GM Community Budget pilot to drive rapid change in the skills system to better align the skills offer with the needs of unemployed and low skilled workers, driving inclusion and productivity. This is critical to drive public sector reform</p> <ul style="list-style-type: none"> • To working with NAS, to provide support to SMEs (information, contracting etc) through the Hub, where there are capability or information gaps that prevent SMEs from functioning as effective customers for skills. The Hub will also be used to make or broker 'deals' between groups of SMEs and skills providers which secure a better return on the state's investment in skills • Manchester will invest £4m of its own resources to incentivise SMEs to recruit unemployed and NEET young people as apprentices • The Skills and Employment Partnership will draw on their comprehensive understanding of the labour market, to set skills priorities and agreed outcomes for the local economy • The Skills and Employment partnership, including colleges and providers will work with the SFA to agree how local outcomes can be supported through the SFAs national funding framework • Based on its understanding of the Labour Market, the Skills and Employment Partnership will articulate Greater Manchester skills priorities and desired local outcomes and secure agreement with providers as to how these will be addressed and delivered • Manchester will convene employers, universities, schools and FE to develop an 11-18 science academy that delivers the 	<p>next two years</p> <ul style="list-style-type: none"> • Government support piloting an approach that mimics tax incentives for skills, , subject to the development of a business plan and approval by the Minister for Further Education, Skills and Lifelong Learning. The proposal is to work with a population of up to 100 employers over 2 years, at a cost of £2.8m, subject. The pilot will encompass the Airport City Enterprise Zone / Manchester Airport, the biggest Airport outside of the SE • Seek funding to support the Skills and Employment Partnership through £0.5m City Skills Fund, in developing a robust understanding of the skill needs of the labour market. As part of this, the FE Data Service will share post-19 learner data with the Combined Authority • Agree to pilot in Greater Manchester locally determined outcome measures into the SFA national funding framework. The SFA will work with the Partnership, including colleges and providers, to implement an approach to setting outcomes which address gaps and priorities identified by the LEP • Support the development of agreements between providers and the LEP, to deliver LEP Priorities. These agreements should cover all of the budget deployed in the City Region that is received by providers from Government • Agree with the LEP the actions to be taken if the local skills system cannot or does not respond to LEP priorities, and agree with the LEP that priorities are being addressed where new investments in skills are to be made (including through ESF) • Support the development of a new 11-18 Science Academy
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curriculum and opportunities to link tomorrow's workforce to GM's current strengths in Science and Technology. Discussions regarding sponsorship are already underway with the University of Manchester and the National Science Museum amongst others

Estimated Impact

- An average of 10% per annum increase in 16-24 apprenticeship starts over 2 years
- SMEs directly funded for 6,000 apprenticeships over 2 years
- A population of 100 employers potentially benefit from the tax incentive pilot over 2 years
- A new Science Academy for young people across Greater Manchester
- Higher levels of engagement with skills by SMEs
- Higher levels of employer investment in skills

3.4. Business Support

The Manchester Independent Economic Review showed clearly that, by international comparison, GM's private sector is punching below its weight. Growth in VAT registrations since 1996 is below the national average, and less than half the rate of London. GM is characterised by relatively high agglomeration economies. However firms do not exploit these as effectively as do firms elsewhere in the UK. Manchester's businesses are also unusually reliant on debt finance, and as such, credit-tightening in recent years has heightened the need for targeted support for investment readiness and better access to other forms of business finance. Public and private investment in ultra-fast broadband infrastructure presents huge opportunities to grow new businesses, and to expand existing ones – but getting the most out of this investment will require demand-stimulation to achieve maximum impact.

Greater Manchester has developed a tailored response to these issues, working to support and integrate with Government programmes, creating a business-led Growth Hub to include access to trade, investment and business growth services. The Hub provides good links and referral arrangements for national growth programmes, especially Business Coaching for Growth, UKTI and MAS.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Continue to fund the core functions of the Business Growth Hub and work with national and local providers to ensure that it adds value to their programmes and is easy to understand and access for local business. • Use EZ revenues from 2015 to fund the Business Growth Hub and ensure that it is on a sustainable footing. • Create a transitional funding package to 2015 to increase the offer – plugging evidenced gaps in support to GM businesses. This will deliver the following programmes: <p>1. Access to Finance</p> <ul style="list-style-type: none"> – One-to-one support, mentoring and events to improve investment readiness – Integration with mainstream financial institutions to respond to their declines including use of alternative public-private finance offers 	<ul style="list-style-type: none"> • Over the next three years a total of £4.4m transitional funding will be made available, from Manchester's existing RGF2 programme, for the existing Business Growth Hub. This will be to fund activity that supports SMEs in the following areas: access to finance and investment readiness, mentoring, effective broadband exploitation and financial capability building in mid growth start ups

<p>2. Mentoring</p> <ul style="list-style-type: none"> – Expand existing mentoring programme by 650 new pro bono mentors – Developing a targeted programme to 550 turn 33% of former mentees / generate £0.8m of pro bono mentoring from previous mentees, building the next generation of pro bono mentors into a self-sustaining mentoring programme – Match mentors and mentees through triage service <p>3. Ultra-fast broadband</p> <ul style="list-style-type: none"> – Complement roll-out of technical broadband infrastructure with demand-stimulation to enhance take-up amongst 1,500 businesses delivering £20m GVA <p>4. Mid-growth start-ups</p> <ul style="list-style-type: none"> – Targeted support for pre- or early-trading start-ups through workshops, one-to-one advice and a telephone helpline – Particular focus on developing pre-start financial capability and post-start financial viability. 	
Estimated Impact	
<p>Support to business worth £22.4m, made possible through £4.4m of RGF2, which</p> <ul style="list-style-type: none"> • leverages £2m of local money; £6m private finance; £2.05m <i>pro bono</i> mentoring and £8m European Structural Fund money • creates 3800 new jobs, and safeguards 2300, at a cost of £1425 per job created / safeguarded • generates GVA uplift of £188m, providing 21:1 return-on-investment <p>Secures a low-cost private-sector led infrastructure for business engagement, networking and growth programmes</p>	

3.5. Inward Investment

Greater Manchester is well placed to provide a gateway to the north of England: it has the largest economy and labour market outside the South East; and offers international connectivity through Manchester Airport, which services 200 destinations worldwide. Despite this, Greater Manchester does not fulfil the catalytic role for the North of England that London does for the UK as a whole.

The UK has also been weaker than other European Countries such as Germany in securing investment from BRIC countries – in particular China – and it is therefore important that the UK has a second and complementary magnet for investment from these high growth economies. The marked increase in job creation in Europe by these countries – 34% between 2008 and 2009 – means that the UK needs to adjust its structural focus to safeguard its economic outlook.

It is proposed that the Government and Greater Manchester commit to develop Manchester's role as a Beacon for Inward Investment, similar to the Dutch model. This would have a focus on investment from India, China and Brazil, in a complementary capacity to London under the UK banner. The aim would be to generate net new jobs and growth in Greater Manchester and across the whole of the north.

Greater Manchester has already committed to a series of projects to identify how it can secure further investment from China, India and Brazil including a joint project with Lord Wei of the All Party Parliamentary China Group, to identify appropriate Chinese partners for Greater Manchester firms based on surveys of key companies in both countries.

In addition, there should be a national programme for the development of inward investment to support the commercialisation of Graphene covering a wider international market base.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Greater Manchester will continue to invest £1.37m a year in MIDAS, one of the most successful inward investment agencies in England. (It generated 176 projects and over 13,500 jobs over the last 5 years) • GM commit MIDAS staff to a joint project with UKTI to analyse GM's assets, opportunities and 'spheres of influence' including <ul style="list-style-type: none"> – Examination of GM's links to emerging economies, including China and India – Ways to leverage the National Graphene Institute 	<ul style="list-style-type: none"> • UKTI commit staff to a joint project with MIDAS to analyse GM's assets, opportunities and 'spheres of influence', including: <ul style="list-style-type: none"> – Examination of GM's links to emerging economies, including China and India – Ways to leverage the National Graphene Institute – Consultation and dialogue with UKTI's network of overseas offices • Subject to the results of this project, UKTI commit to support MIDAS to progress identified opportunities, including through

<ul style="list-style-type: none"> – Consultation and dialogue with UKTI’s network of overseas offices • Subject to the results of this project, MIDAS match UKTI commitments with equivalent local resources 	<p>secondments</p>
Estimated Impact	
<p>An investment plan based on clear analysis of Greater Manchester’s assets and inward investment opportunities that will deliver new jobs and inward investment projects to the UK.</p>	

3.6. Low Carbon

GM will integrate delivery of multiple carbon-reduction measures, combining the knowledge of GM's universities with the innovation of GM's businesses, under the governance of the GM Combined Authority. GM will work with Government to devise, pilot and measure a pathway to achieve GM's 48% carbon reduction target by 2020.

Greater Manchester has a distinctive offer on low carbon:

- a distinct and politically cohesive geographic area of sufficient scale to pilot Government's emerging low carbon programmes;
- nationally recognised strengths in the Low Carbon Environment Goods and Services (LCEGS) sector, particularly for the built environment;
- one of the highest concentrations of universities of any European city, with academic excellence in electrical engineering, building technologies and urban regeneration plus hosting of the National Skills Academy Hub for Environmental Technologies;
- over 1.1m homes within Greater Manchester, including 0.25m social houses, presents a unique economic opportunity for large-scale low-carbon domestic retrofit programme;
- nationally significant existing projects on business resource efficiency; electric vehicle infrastructure, smart grid capacity, smart meters and Green Deal Trailblazer;
- aims to host 1 TWh/year of electricity generation and 2-3 TWh/year of heat generation by 2020;
- an existing GM Environment Commission, and Thematic groups for: Buildings; Energy Distribution & Generation; Green and Blue Infrastructure; Transport; Sustainable Consumption and Production and Transport;
- strong partnerships with the private sector e.g. Electricity Northwest, United Utilities, Coop, Bruntwood, Arup, Peel Energy, Manchester Airport etc

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Greater Manchester will establish a new Local Carbon Hub which will be responsible for developing a Low Carbon Implementation Plan to reduce emissions by 48% by 2020 • GM will integrate the Hub within the network of Greater Manchester Centres of Excellence and provide strong private sector partnership support • UK Green Investments and Greater Manchester plan to establish and fund a 50/50 Joint venture Company (Greater Manchester Green Developments Ltd) responsible for developing a portfolio of 	<ul style="list-style-type: none"> • DECC will support GM to achieve a 48% carbon reduction target by 2020 by giving GM consideration in any national policies and programmes, offering ad hoc support in bidding for appropriate EU monies relating to sustainability and highlighting the success of low carbon investment in the city • As a first step in developing a strong collaboration DECC would provide contacts and guidance on how to apply for investment from government policies and schemes. Opportunities for further collaboration could be discussed after GM has incorporated existing DECC policies

investment propositions (e.g. Retrofit Housing, Retrofit Public Buildings, Heat Networks)	(such as district heating and energy efficiency grants) within its delivery plan • UK Green Investments will commit resources and expertise to the 50 / 50 JV
Estimated Impact	
<p>The desired outcome is a jointly devised low carbon and adaptation implementation plan for GM. High growth scenario analysis suggests that delivery could create:</p> <ul style="list-style-type: none"> • an additional 34,800 jobs in the built environment sector, giving a total of 68,920 new jobs in the sector. • additional GVA generated by the programme of £1.4 billion against a baseline business as usual forecast of £0.9 billion. • carbon emissions from existing buildings alone could be reduced by an additional 1.8 million tonnes, raising the total figure for carbon savings to 6.1 million tonnes; and • support the longer term achievement of GM's 48% carbon reduction target by 2020 	

3.7. Housing

The existing Local Investment Plan (LIP) agreed by Greater Manchester and the HCA is already providing valuable guidance and direction to investment by the HCA, local authorities, private developers and registered providers. This has already demonstrated enhanced value, acceleration of delivery and the coordination of investment to support local priorities. For example, an additional £41.3 million of NAHP was generated for Greater Manchester as a direct result of the LIP resulting in 981 additional new homes. Greater Manchester authorities, HCA and Registered Providers worked together, monitoring take-up and ensured that an additional reserve of deliverable, high priority schemes continued to be available. Greater Manchester districts were closely involved in identifying priority schemes, providing sites in many cases, and continuing to monitor delivery, keeping the pressure on development partners to ensure good progress. The HCA sought to maximise value for money through revisiting scheme costs and undertaking necessary due diligence checks. It is this effective collaboration and the consequent ability to demonstrate to HCA our collective ability to deliver that resulted in these improved outcomes.

The LIP also highlighted empty homes as a key local strategic issue resulting in a combined GM bid for £7.5 Million to bring 574 homes back into use.

Building on this good practice and the precedent set by Government in allocating resource from the Growing Places Fund to the Combined Authority and LEP, Government and Greater Manchester should establish a Housing Investment Board, which would set up an investment fund, utilising national investment streams and locally generated resources to develop new housing, both for market sale and affordable access, initially on land in public ownership. It would also identify opportunities to bring additional empty homes back into use.

Land would be invested for the first 10 years of the fund on the basis of deferred equity investment to enable the recycling of receipts to support further development. HCA would ensure that equity was managed on behalf of government departments and agencies to ensure that, at an appropriate point, value was repaid to the department or agency 'investing' the land. As future programmes and resources were made available, Government would agree an allocation of resource to the Greater Manchester Housing Investment Board to enable it to design appropriate delivery programmes that are best suited to market conditions within Greater Manchester for the delivery of housing and regeneration. The intention would be to widen the approach to include private sector sites and investment once the approach had established a clear track record of delivery.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none">• Establish a Housing Investment Board, with Government, to manage a development strategy and effectively use national funds, local investment and public assets to boost housing development. Terms of reference to be agreed in due course	<ul style="list-style-type: none">• A senior HCA representative will sit on the Housing Investment Board and exercise the HCA's power to approve schemes up to £10m, subject to existing budgets

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| <ul style="list-style-type: none"> • Housing Investment Board would set up a revolving investment fund using national funding streams and locally generated resources to develop new housing (both for market sale and affordable access) initially on land in public ownership. This will form part of the Investment Framework • Reinvest the New Homes Bonus as part of the revolving fund to support the provision of new homes for rent and sale, subject to the appropriate business cases being developed and complementary HCA funding being available and would build on the current Manchester model working with the GM Pension Fund • To ask the Housing Investment Board to develop a Business Plan and evaluation framework, developed from the current LIP to test the value for money of any up – front public investment and to identify key acquisition opportunities to support the investment model • Work with Government to produce a comprehensive register of all public land assets in Greater Manchester whose release could be accelerated and fed into the investment fund | <ul style="list-style-type: none"> • Agreement that for the first ten years of the fund, HCA land will be invested on the basis of a deferred equity investment which will enable the recycling of receipts. At the end of the ten years, the receipts will be returned to HCA • Government will work in partnership with the combined authority to ensure that local investment priorities are reflected in the design and/or allocations of investment programmes, provided that Ministerial programme objectives are achieved • To help Greater Manchester drive a coherent land and asset use strategy, HCA will help and advise on engagement with other public sector bodies, including Whitehall Departments. This will build on HCA's existing advisory role in departmental disposal strategies. |
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Estimated Impact

- Maximise the potential to deliver new homes using the 'build now-pay later' principle, leading to an estimated 5,000 – 7,000 new homes by 2017.
- Guarantee value to departments and agencies investing assets in the medium term growth of the city region. Based on current market models we would expect an annual return of between 4% and 7% and an IRR of between 8% and 10%
- Maximise the leverage of private sector investment, due to the certainty of supply provided by the Housing Investment Board and its ability to provide investors with mixed portfolios of sites.
- Transfer of risk from government and government agencies to local partners for the delivery of agreed outputs.

3.8. Transport

Greater Manchester offers some of the best growth prospects to fulfil economic potential, and thereby obtain the best value for investment. To sustain the kind of growth the economy needs means that the area will need to become more economically dense. Transport improvements focused on delivering sustainable increases in effective labour markets and business to business connectivity are therefore key factors in economic success.

Working together Government and Greater Manchester can realise this potential and deliver these changes through both:

- delivering the priorities Greater Manchester share with other LEP areas and stakeholders across a wider labour market and along key business to business corridors; and
- addressing the connectivity (labour market and business to business) levels necessary, by focusing on the supply side conditions necessary for these places to deliver on their potential. This will involve decisions on both improving the way these systems operate, as well as how investment is prioritised.

Greater Manchester commitments	Central Government commitments
<ul style="list-style-type: none"> • Develop economically focused Compacts with other LEPs areas that identify shared priorities across a wider labour market • Work with Government and other stakeholders to develop robust proposals to devolve responsibility for the Northern Rail Franchise and, if the evidence base supported it, the Trans-Pennine Franchise. These proposals would deliver value for money to the taxpayer as well as benefits to passengers and contribute to the Government objective of reducing the unit cost of the railway. We would develop these proposals with neighbouring authorities within an appropriate governance framework that reflected relative benefits and the potential to drive GVA • Greater Manchester will work with Government to ensure that proposals for the development of HS2 to Manchester are dovetailed with local economic plans 	<ul style="list-style-type: none"> • Support for our approach to working across wider labour markets and to have regard to the Compacts as part of decision making processes • Continue work to ensure completion of the announced Northern Rail Hub and Trans-Pennine electrification as soon as possible within budget, and the definition of a list of capital investments to reduce the cost base of the railway in the North of England, to deliver economic and financial benefits whilst reducing the duration of disruption. • Continue work on the Statement of Funds Available including revenue funding for future franchises, taking account of the additional costs of growth, asset replacement and desirable customer-facing improvements. • Continue to develop the HS2 first hybrid bill, ensuring it contains as firm a commitment as possible towards delivering

- Develop of an integrated procurement regime for highway maintenance services, with local delivery in appropriate clusters of Authorities creating more efficient highway services within Greater Manchester

- Progress the Greater Manchester bus agenda through a dedicated working relationship with DfT, focussed on rapid progression of integration measures to the benefit of both Greater Manchester and DfT policy development, including:

(a) arrangements to increase the attractiveness of multi-operator tickets through measures that:

- secure zonal coverage of multi-operator travel cards, particularly for zones corresponding to the operating areas of the dominant bus companies;
- secure the use of a competitive pricing formula for multi-operator travel cards, similar to, but not necessarily the same as, the formula proposed by the CC; and
- secure the sale of multi-operator ticketing products on buses, in addition to the sale of these tickets at existing off-bus outlets

(b) Devolution arrangements for Bus Service Operator Grant resources, to ensure that local service provision best meets local objectives and quality standards

(c) Arrangements to ensure that bus operators provide timely and accurate market information on de-registered bus services in order to assist in effective planning of alternative service provision

the Government policy on the development and implementation of the “Y” network

- Allocate all the LSTF Key Component resources in 2011/12. Once decisions have been made on the Greater Manchester LSTF Large Project, if successful, work with Greater Manchester to route the funding through the Investment Framework to reduce bureaucracy centrally and increase flexibility locally
- Work positively with Greater Manchester to explore the potential to delegate concurrent Highway, Street and Traffic Authority powers to GMCA, to enable smoother progress to be made on initiatives such as the proposed GM Permit Scheme and Asset Protection Scheme, as well as any future Highway Maintenance procurement scheme
- Develop a dedicated working relationship with Greater Manchester in support of its bus agenda and to rapidly progress locally, once published, the Government’s response to the Competition Commission Report on the supply of local bus services and Government’s proposals for reforming Bus Service Operator Grant
- Work with Greater Manchester to identify where an appropriate relaxation of the constraints on the use of capital funding could help us provide the infrastructure necessary to support economic activity, for example by allowing us to:
 - manage devolved funding for local major schemes through the CA and Investment Framework which will involve the LEP in determining priorities for investment;
 - borrow in anticipation of a future grant, then repay the loan using the grant; and

<p>(d) Arrangements to ensure full and effective operator participation in smart-ticketing schemes, which will secure the best 'deal' for the passenger for the journeys taken</p>	<p>– borrow for highway infrastructure</p>
<p>Estimated Impact</p>	
<p>These proposals reflect:</p> <ul style="list-style-type: none"> • the significant benefits of improved interurban connectivity in the North of England, noting that improved economic links between Leeds and Manchester alone have been estimated at £2.7 billion to the city regions and £6.7 billion to the north of England as a whole; • benefits of £4 for every £1 invested can be secured through the Northern Hub investment programme; • the immediate carbon reduction and local employment support benefits offered by Greater Manchester's Local Sustainable Transport fund submissions, which include an estimated benefit of some 900 additional jobs by 2015; • the real and significant opportunities to secure improved value for public money and customer benefits, as confirmed by the recent Competition Commission review, through the delivery of the bus integration measures highlighted here; and • the opportunity to add further value to the efficiencies already being secured through the Greater Manchester highways protocols. 	