



Devolution in Greater Manchester: Explanations, Responses, Concerns

Kevan Nelson
Regional Secretary
UNISON North West

Public Services International Research Unit (PSIRU) Seminar:

'Future of local government'

Tuesday 24th January 2017

1. Introduction

Local politicians and leaders in Greater Manchester (GM) have moved fastest and furthest in agreeing devolution deals with central government. GM was the first area in England to create a combined authority in 2011 – some three years before any other. In November 2014, the Greater Manchester Combined Authority (GMCA) gave a commitment to have an elected mayor, a condition insisted upon by then-Chancellor George Osborne, in exchange for devolved powers in areas including transport (bus franchising), police, skills and housing. Subsequent devolution deals in 2015-16 expanded the powers of the mayor to the fire service and to introduce mayoral development corporations, a community infrastructure levy and a business rate supplement. Perhaps the most high-profile devolution moment in GM to date was the memorandum of understanding on health and social care in February 2015, and since April 2016 NHS and council commissioners and providers have been working together on a GM-level.

The government's devolution agenda has rightly been criticised: for involving secretive deals with local elites; for requiring the adoption of a directly-elected mayor (for a critique of this institutional arrangement, see Latham, *forthcoming*, Chapter 2); for encouraging greater inter-urban economic competition; and for passing down the responsibility of implementing centrally-imposed austerity (for wide-ranging critiques see: Hatcher, 2016; Tomaney, 2016; Bettany, 2016; Hudson, 2015; Nelson, 2016).

This paper considers first the reasons and circumstances that led to Greater Manchester being the frontrunner in agreeing devolution deals. There follows an account of the trade unions' response to devo manc so far, and then some ongoing concerns about the direction of public policy in Greater Manchester are outlined.

2. Why Greater Manchester?

Some specific features of the political and administrative geography of GM have aided close working relationships between the ten local authorities.

(a) GM continued to be an established scale of public service delivery after the abolition of the metropolitan county councils by the Thatcher Government in 1986. Police, Fire, Transport and Waste Disposal all continued as GM-level services. The ten councils continued to work collectively after 1986 through AGMA – the Association of Greater Manchester Authorities.

(b) GM is a well-established scale for economic strategies. In 2009, the Manchester Independent Economic Review (MIER) was published.¹ The review conceived of GM as a single travel-to-work area and a single labour market, and led to recommendations on exploring opportunities for devolution, encouraging foreign direct investment and pursuing the benefits of 'agglomeration'. Following the MIER's publication, AGMA produced strategic economic priorities for the whole of Greater Manchester (including early years, skills and transport).

(c) GM is amongst the worst-hit areas of the country by austerity, with cumulative funding cuts for councils since 2010 reaching some £1.7bn. This sustained financial pressure can be seen as a spur to consolidation and combining resources.

¹ Amongst the commissioners involved on the MIER were Jim O'Neil (then the Chief Economist at Goldman Sachs and subsequently a key member of George Osborne's team in the Treasury) and Prof Ed Glaeser (Harvard University, author of 'Triumph of the City').

(d) A key prize for Labour Council Leaders in GM is reported to have been the opportunity to re-regulate bus services. Being able to introduce a franchising system and to integrate public transport across GM was seen as a huge potential benefit.

(e) There is relative parity of size between the ten GM authorities. Manchester is the biggest locality with around 19% of the GM population, Bury is the smallest with 7%. This has been contrasted with the West Midlands where Birmingham is by far the largest authority (Talbot, 2015).

(f) Only one of the ten authorities (Salford) has an elected mayor at locality level. There is no mayor in the city of Manchester as the proposal to have one was defeated in a referendum in 2012 (53:47).

(g) Nine of the ten councils in GM are currently Labour-led with Trafford remaining the only Conservative Council. Stockport changed from being Lib Dem to Labour-led in 2016.

The combination of circumstances listed above proved conducive to GM becoming the devolution trail blazer in England. There is a coincidence in the GM scale being seen as both a travel-to-work area and a scale for public service organisation – which is not the case in other places (for example, Liverpool City Region). A different pattern of political and administrative geography (a high-profile city of Manchester mayor?, a more even split of Labour and Tory councils?) could have made joint working between councils more difficult.

3. Trade Union Response to Devo Manc

The devolution agenda in England has not been shaped by public engagement, and trade unions were not included in formulating plans. GM has been described as “exemplifying” the secretive approach to deal-making between political and business elites at the national and local levels (Tomaney, 2016, p. 5). The photos from the signing ceremony in GM - dominated by white men - demonstrated visually that this was not a deal done by the people of the city-region in all their diversity.

(a) Defend public service members

Notwithstanding concerns about the lack of democratic or labour movement involvement in GM's initial devo deals, there was an urgent need for unions with members working in public services to find ways of engaging with policy-makers at GM level. We of course have long-standing consultative and negotiating mechanisms at a national level and at a local (employer) level, but if decisions taken at a city-region level are to impact on the employment conditions of our members then it was an imperative for us to be involved.

To this end, unions have worked together through the North West TUC to agree a Workforce Engagement Protocol with the interim mayor and employers, which includes the creation of a Board which is meeting regularly to discuss Greater Manchester-level issues. A current issue that we are pursuing is protecting the continuity of employment of our members who may be affected by service re-design. We are confident of getting an agreement that will prevent members losing their entitlements accrued through working in public service. We must ensure that cross-boundary public service design does not negatively affect members who work for local councils and NHS trusts.

(b) Pursue improvements in public services

As policy-makers go through a process of serious analysis and planning of public services on a GM scale, it can show up the problems and inefficiencies caused by some key services being dominated by profit-making companies and bad employment standards.

In the Greater Manchester Health & Social Care Locality Plan (GMHSCP, 2015), councils and NHS organisations have identified “significant market failure in domiciliary, residential and nursing care... [impacting on] hospital discharge planning” (p. 6). They also identified a need for “improving high quality early education and child care and increasing the skills and qualifications of the early years and child care workforce” (p. 32). Social care and nursery care are both areas that are dominated by private sector providers – with low wages, insecure employment, and low levels of training. This is not just unfair on the workers or the people they care for. It is also a barrier to a city-region achieving its ambitions on better health and economic outcomes.

By looking at public services in a more holistic way across a city-region, the false economy of privatisation - that unions have long-highlighted, is more visible to policy-makers. In this way, GM devolution presents an opportunity where it becomes more apparent that the inefficiencies of the private sector cannot be afforded.

(c) Wider opportunities in the GM political space?

The city-region is now an important political space and the upcoming election in May gives us a chance to promote policies that we would like to see. There is an opportunity to work in our communities and to articulate the collective view of the people of Greater Manchester. We are working to influence politicians who are more willing to listen than the Tories in Westminster – and they are answerable to an electorate that is more progressive, egalitarian and collectivist than that in England as a whole. It can be anticipated from recent election results that GM will elect a Labour Mayor in May 2017, and the candidate Andy Burnham has made some welcome statements about his opposition to privatisation, support for comprehensive education and council housing.

To take this opportunity, trade unions need to work with a range of organisations to mobilise and amplify public opinion in GM. Where people do not support neoliberal policies we need to find ways of making this clear – working through new civil society campaigns Greater Manchester Citizens and the People’s Plan, as well as through the Labour-Link.

Trade union engagement at a city-region level is necessary to defend existing employment standards public services. But we also need to make best use of the new structures and rhetoric of devolution, which we must attempt to use for purposes the Government did not intend.

4. Devolution is only one of several policy agendas

Devolution in GM involves the city-region-level becoming more important as a political arena, a scale of public service delivery and a scale for economic development strategies. But the logic of the GM devolution agenda interacts and competes with other features of the public policy landscape – and all in a context of ongoing austerity. This section briefly reflects on two current developments that challenge how we think about devolution in GM.

(a) a single hospital service for the city of Manchester

The Pennine Acute NHS Trust currently operates sites in four localities in GM – in (North) Manchester, Bury, Rochdale and Oldham. Difficulties at the North Manchester General Hospital (NMGH) site have led to an initiative at the Manchester locality level to create a new ‘City of Manchester’ Acute Trust. The arguments for this reorganisation are made in terms of the need to ensure parity of service quality within the city of Manchester. This could be seen as a reassertion of the importance of the boundaries of Manchester City Council. In the context of more collaboration in health and social care across GM, it would perhaps be surprising if a multi-locality GM acute trust was to break up on locality lines – illustrating that GM-level agendas are not always dominant.

(b) Sustainability and transformation plans across England

GM made national news in February 2015 with the memorandum of understanding on health and social care. Since April 2016, 37 public sector organisations (including councils, CCGs and health providers - though not the mayor) control the £6bn GM budget – with a target of making £2bn of savings by 2020/21 and a transformation fund to invest of (only) £450m. This deal was ground-breaking at the time, and GM remains the trail blazer in including health in its devolution arrangements. But since then, all parts of England have been required to produce sustainability and transformation plans (STPs). These involve councils, CCGs and health providers across a multi-locality area (or ‘footprint’) planning how best to integrate and reorganise services in pursuit of very significant financial ‘savings’. The similarities between the STP arrangements and the devolved health deal perhaps make GM look less exceptional now.

5. Ongoing Concerns About Devolution in GM

(a) Devolution under Austerity: public services

The effects of devolution in GM are dwarfed by the impact of sustained cuts in central government funding for public services since 2010. For UNISON, a predominantly public service trade union, ending austerity remains overwhelmingly the most pressing concern – and devolution must be judged by the extent to which it protects GM from austerity. So could devolution in GM improve the financial position of public services?

There are perhaps three main broad ways in which it might help.

- (i) Spend a given (or even falling) amount of money more wisely
- (ii) Reduce the need to spend money on public services
- (iii) Increase the money available to spend on public services

The argument made below is that it is (i) and (ii) that are emphasised in the GM policy discourse, while it is (iii) that is desperately needed to retain our public service infrastructure.

(i) Spend a given amount of money more wisely?

Lord Peter Smith (2016) and his colleagues who lead the health and social care integration agenda in GM make a compelling argument that the pre-devolution economic and social model has not served the people in the city-region well. Statistics on healthy life expectancy (as below) are presented as striking evidence of the urgent need for change

Table 1: Healthy Life Expectancy

	England	Manchester	Surrey
Male	63.4	56.1	67.4
Female	64.0	54.4	68.9

Source: Smith (2016) slide 2.

This level of inequality is taken as a reflection of the highly centralised governance of England and the need to put power in local hands. The implication is that we know better at a more local level how to deliver for people in GM.

It could be imagined that more intelligent spending of a GM budget might involve a change in priorities between different services – but in truth, after years of austerity there are no areas of wasteful or unnecessary expenditure to be de-prioritised. Rather, policy-makers in GM emphasise the potential for service integration on a GM or locality scale in order to save money whilst improving ‘joined-up’ service delivery. This type of approach is not novel to GM and there is very little published evidence that moving services into the community from hospital settings can achieve cost savings – especially in the short-term.

More fundamentally, Tomaney (2016) has questioned the benefits of combining budgets in a context of austerity, quoting Sir Hugh Taylor, former permanent secretary at the Department of Health:

“I’m nervous that we’ll be trading road maintenance services for health as cash limits bite. My worry is that mixing up budgets will lead to reductionism not improvement...” (p. 3).

(ii) Reduce the need to spend money on public services?

GM-level plans for public service provision are sometimes presented as involving greater levels of prevention, early intervention and self-care. This approach is held to be better for the public and a means to reduce the amount that needs to be spent on public services.

Sometimes the emphasis on prevention in GM-level documents can become a tendency to identify the cause of pressures on our public services in the irresponsible behaviour of individuals rather than in cuts or wider socioeconomic factors. GM has been involved from the outset of the ‘Troubled Families’ Programme – which is based around the idea that a small number of households are responsible for a high proportion of the costs of public services. We are concerned by any emerging trend towards blaming the victims of austerity for their own poverty or seeking to divide people against each other, and we have raised concerns about the overemphasis on individual responsibility for health in our response to the GM Health and Social Care Plan consultation (UNISON North West, 2016, p. 3).

Another part of the narrative in GM is that devolution can reduce demands on public services through improvements in the economic performance of the city-region – i.e. through more

employment opportunities reducing the demands on public services associated with worklessness, and perhaps through higher productivity leading to higher wage rates being paid. Whether this turns out to be more than wishful thinking is open to question.

(iii) Increase the money available to spend on public services?

Devolution deals provide very limited extra resources. GM gets £450m for its health and social care transformation fund – which is more than other STP footprint areas get. Other than that, the £30m a year earn back deal for 30 years (HMT and GMCA, 2014) is dwarfed by the scale of austerity cuts.

Similarly, local tax-raising powers are limited in scale, scope (to social care and infrastructure) and by the requirement for LEP (local enterprise partnership) approval. Local politicians are not being provided with the powers to pursue a progressive fiscal agenda locally (e.g. local income tax, hotel tax, etc)

We are concerned about the move to 100% funding from Council Tax, business rates and local revenues by 2020 (in 2010, the proportion was just 20%). For those living in areas of high social need and low economic means, the promise of greater fiscal autonomy from this Government sounds like a threat of permanent austerity and underfunding. Moreover, by making local politicians more reliant on local economic growth and local business success in order to fund public services it also can be seen as an effort to tie local authorities into low tax, neo-liberal competition with 'rival' conurbations.

While we agree with critics of the motives behind central government's devolution policies when they emphasise how "devolution has only served to deflect risk and responsibility for the local effect of national cuts..." (Bettany, 2016, p. 12), we are wary of the idea that the key problem is 'not enough devolution'. For Bettany (2016), 'true' devolution would include a locally-designed council tax regime (p. 12) – which might include tax breaks for firms that pay the living wage or people who cycle to work (p. 9). This type of approach though appears to be very dangerous for poorer areas of England, who do not have spare tax revenue that they can afford to forego.

Part of the use of the political space in GM must be to campaign for greater central government funding for the city-region's services. We must not get side-tracked into seeking to boost local revenues through low-tax competition or extra hypothecated taxes on struggling households. There remains a need to combine local decision-making over public spending with solidaristic transfers of funding from wealthy to deprived areas.

(b) Devolution under Austerity: a neoliberal local economic model?

"...a city can do well (in terms of capital accumulation) while its people (apart from a privileged class) and the environment do badly..." (Harvey, 2013, p. 29)

Devolution is not only about public service redesign. In the absence of regional development agencies or any effective mechanisms for industrial planning, combined authorities are coming up with plans for growth at a city-region scale. There are real dangers in this. Dangers of over-optimism about high growth levels being achieved – that are necessary to magic-away shortfalls in revenue for essential public services. But also dangers that a growth model is being promoted that would be detrimental to the majority of people.

There is a danger that a 'competition model' could dominate which focuses on the relative position of cities on economic performance league tables rather than on quality of life. A philosophy of competition has been criticised as condemning "the majority of spaces, people and organisations

to the status of ‘losers’” (Davies, 2016). Cut-throat competition between cities to make themselves most attractive to private investment cannot be a basis for more equal and cohesive communities – and it is welcome that concepts such as the ‘grounded city’ are emerging that emphasise a focus on the quality of urban life (Engelen et al, 2014).

In GM, there is sometimes a tendency for boosterism and hype about the economic performance and prospects for the city-region. However, the GMCA does have a policy and research wing, *New Economy*, that produces detailed quantitative work that sometimes stands as a corrective to over-optimism. For example, a recent report identified “...a decline of living standards overall with Greater Manchester falling faster than the UK... Since 2009 wages have fallen by 10% in Greater Manchester (compared with 9% in the UK)...” (Overell et al, 2016, p. 5).

The concept of ‘inclusive growth’ is sometimes prominent in GM policy discourse. There is an Inclusive Growth Analysis Unit based at the University of Manchester and the Unit’s Steering Group Chair Ben Lucas (2016) recently identified the danger that growth in our cities is likely to be accompanied by growing inequality. There may be the beginnings of a consensus in GM that growth needs to be more than an end in itself but a means to meeting social need and improving the quality of life.

(c) Towards an Agenda for a GM Mayor?

We must approach the devolution agenda with no illusions. But it does at least open up a political space where we can pursue our policy objectives with an expectation that they can win support amongst the GM electorate and the Labour mayoral candidate. A progressive policy agenda for a GM mayor might include the following:

- a real living wage
- commitments on high quality health and social care and the decent treatment of the workforce
- high-quality and affordable nursery provision
- quality skills and education provision, throughout life
- transport, energy and utilities that are accessible, affordable and environmentally-friendly
- housing that is affordable, good-quality and secure
- improved, accessible and integrated mental health services

Much of this will depend on resources. We need to put pressure on city-region level decision-makers so that they don’t slip into the role of efficiently administering centrally-determined cuts. Where central government is not providing them with sufficient resources to meet the demands of the people, they in turn need to be demanding more from central government. We need to help in this task by making the public’s demands as clear as possible. We cannot allow city-region decision-makers to view insufficient funding as an unchangeable fact or an interesting challenge for their public management skills. We cannot rely on savings from wise local stewardship of inadequate resources, or on social need being magicked-away through some combination of prevention or growth.

We know the architects of devolution in the Treasury had no intention to unleash any local democratic challenge to austerity and neoliberalism. But the EU referendum result shows that the Cameron-Osborne-era Tory leadership was not immune from political miscalculation. We have to

do all we can to subvert the government's agenda and use the rhetoric, mechanisms and political space of devolution for very different ends.

References

Bettany, V. (2016) 'Devolution: Beyond the rhetoric', CLES Think Piece, November 2016.

Davies, W. (2016) 'How 'competitiveness' became one of the great unquestioned virtues of contemporary growth.' <http://blogs.lse.ac.uk/politicsandpolicy/the-cult-of-competitiveness/>

Engelen, E., Johal, S., Salento, A. and Williams, K. (2014) 'How to build a fairer city', *Guardian*, Wednesday 24 September. <http://www.theguardian.com/cities/2014/sep/24/manifesto-fairer-grounded-city-sustainable-transport-broadband-housing>

GMHSCP (Greater Manchester Health and Social Care Partnership) (2015) *Taking Charge of Our Health and Social Care in Greater Manchester*, December. <http://www.gmhsc.org.uk/assets/GM-Strategic-Plan-Final.pdf>

Hatcher, R. (2016) 'What's Wrong with Combined Authorities?', *Socialist Resistance*, <http://socialistresistance.org/whats-wrong-with-combined-authorities/8225>

Harvey, D. (2013) *Rebel Cities: From the Right to the City to the Urban Revolution*, London: Verso.

HMT (HM Treasury) and GMCA (Greater Manchester Combined Authority) (2014) Greater Manchester Agreement: devolution to the GMCA and transition to a directly elected mayor, November.

Hudson, B. (2015) 'The four deficits of the English devolution process', LSE Blog, November, <http://blogs.lse.ac.uk/politicsandpolicy/the-four-deficits-of-english-devolution-proposals/>

Latham, P. (forthcoming) *Who Stole the Town Hall?: The end of local government as we know it.*

Lucas, B. (2016) 'Time for Labour to take English devolution seriously', *Fabian Review*, 30 August. <http://www.fabians.org.uk/time-for-labour-to-take-english-devolution-seriously/>

Nelson, K. (2016) 'English devolution – same struggle, different scale', *Trade Union Futures*, May. <https://tradeunionfutures.wordpress.com/>

Overell, S., Berger-Voigt, B., and Kuka, B. (2016) *Low Pay & Productivity in Greater Manchester*, New Economy, August.

Smith, P. (2016) 'Taking Charge', presentation at Greater Manchester: Devolution, Health and Social Care conference, 9 November. <https://www.tuc.org.uk/manchesterdevolution9nov>

Talbot, C. (2015) 'A Mayor for All Seasons?', February 27, Manchester University Policy Blog. <http://blog.policy.manchester.ac.uk/featured/2015/02/a-mayor-for-all-seasons/>

Tomaney, J. (2016) 'Limits of Devolution: Localism, Economic and Post-democracy', *The Political Quarterly*.

UNISON North West (2016) Response to the Public Consultation on the Greater Manchester Health & Social Care Locality Plan, February. <http://www.unisonnw.org/devolution>