

GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE

DATE: Wednesday, 15th November, 2023

TIME: 10.00 am

VENUE: The Tootal Buildings - Broadhurst House, 1st Floor, 56
Oxford Street, Manchester, M1 6EU

SUPPLEMENTAL AGENDA

6. **Risk Deep Dive - Trailblazer and Single Settlement** 1 - 16

To receive an update on the Trailblazer and Single Settlement.

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following Governance & Scrutiny Officer: paul.harris@greatermanchester-ca.gov.uk

This agenda was issued on Friday 15th November 2023 Date Not Specified on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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GMCA AUDIT COMMITTEE

Date: 15 November 2023

Subject: Trailblazer Devolution Deal and Single Settlement update

Report of: GMCA Treasurer

PURPOSE OF REPORT

To provide Audit Committee members with an update on the progress of the Trailblazer Devolution Deal and Single Settlement discussions and to also to consider the implications the implementation of a Single Settlement for GMCA will have on the GMCA Audit Committee.

RECOMMENDATIONS:

The Audit Committee is requested to:

1. Note and comment on the Trailblazer Devolution Deal and Single Settlement update.

CONTACT OFFICERS:

Steve Wilson, GMCA Treasurer

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Andy Hollingsworth, Head of Devolution, GMCA

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – N/A

Legal Considerations – none

Financial Consequences – Revenue – There are no specific revenue considerations contained within the report.

Financial Consequences – Capital – There are no specific capital considerations contained within the report.

Number of attachments included in the report: One – update on the Trailblazer Devolution Deal and Single Settlement presentation

BACKGROUND PAPERS:

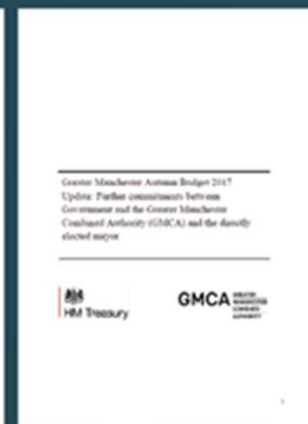
None

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

Audit Committee: Trailblazer Devolution Deal and Single Settlement update

Background

Greater Manchester's Seven Devolution Deals



Deal 0
Agreed December 2009

Deal 1
Agreed November 2014

Deal 2
Agreed February 2015

Deal 3
Agreed July 2015

Deal 4
Agreed November 2015

Deal 5
Agreed March 2016

Deal 6
Agreed November 2017

Statutory City Region Pilot created covering transport, total place public services, employment programmes, housing and planning, low carbon, inward investment and innovation, and post-16 skills.

Agreement to have an elected mayor who will fulfil role of Police & Crime Commissioner. Powers cover transport, business support, employment & skills support, spatial planning, housing investment, earnback and governance reforms.

Bringing together health & social care budgets – £6bn – to deliver better outcomes for GM. Followed up by agreement in late 2015 for a £450m Health and Social Care Transformation Fund.

Included fundamental review of service for children, creation of a Greater Manchester Land Commission, transfer of Fire & Rescue responsibilities to the GM Mayor.

Included further transport devolution (including looking at options for control of rail stations), social housing reform, and control over EU funding

Included establishment of GM Life Chances Fund, Criminal Justice Devolution, and piloting of 100% business rates retention

Included local industrial strategy pilot, homelessness funding, transforming cities unding, post-16 education and training, and Mayoral capacity funding.

The Levelling Up White Paper and Trailblazer process

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- The Levelling Up White Paper was published in Feb 2022. Amongst other things, it **doubled down on devolution and the MCA model** in England – including a commitment to ‘simplify, extend and deepen’ devolution in England
 - To ‘deepen’ devolution, the White Paper announced plans to **negotiate ‘Trailblazer Devolution Deals’ with GM and the West Midlands.**
- Scope of the negotiations set early on:
 - Fiscally neutral. No new spending not already set out at the 2021 Spending Review
 - Alongside devolution, a focus on funding consolidation (bringing together disparate funding streams)

Crosscutting Reforms:



Single Settlement



Fiscal Devolution (Business Rates Retention and Growth Zones)



Accountability and Governance changes



Data Partnership and Information Governance



Transport



Housing and regeneration



Skills and Employment support



Economy, Growth and Culture



Environment



Public services

The Single Settlement

The Headline

*“The deal sets out a landmark new approach to devolution in England, **devolving responsibility for a clear set of policies and functions to GMCA** to support economic growth, alongside enhanced accountability with clear outcomes for delivery.*

***This will be underpinned – from the next Spending Review – by a single funding settlement, to invest in local priorities.** Altogether, this will release GMCA to get on and deliver for Greater Manchester, to try innovative new policy approaches, to drive forward the local economy, and to be better held to account for delivery.”*

The Five(ish) Pillars of the Settlement

Pillar	Funds that would have been in scope this SR
Local growth and place	<ul style="list-style-type: none"> • UKSPF • Levelling Up Fund.
Local transport	<ul style="list-style-type: none"> • CRSTS • RDEL funding for buses • Active Travel Funds • Electric Vehicle Funds
Housing and regeneration	<ul style="list-style-type: none"> • Brownfield Housing Fund • Brownfield Infrastructure and Land Fund

Pillar	Funds that would have been in scope this SR
Adult Skills	<ul style="list-style-type: none"> • Adult Education Budget • Free Courses for Jobs (subject to readiness conditions) <p><i>[Bootcamps not named, but Skills section contains commitment to devolve “as soon as possible” into the Settlement in the next SR period]</i></p>
Buildings retrofit /decarbonisation matters	<i>[See below]</i>

And three more ‘complex’ commitments...

Net Zero, including Retrofit

*“The government will pilot the devolution of net zero funding through allocation rather than competition in the period from 2025 onwards to GMCA...This **pilot will include, but is not necessarily limited to, funding for buildings’ retrofit. GMCA’s funding allocation will form part of its single department-style settlement.**”*

Affordable Homes Programme

*“The development of such an approach for a potential successor [AHP] programme, including... **whether this can be included in GMCA’s single settlement,** will consider how to maintain the benefits of nation-wide competitive bidding and long-term contracting with national housing providers, alongside those arising from greater local control...”*

Multiple disadvantage and prevention

*“Where **relevant new future funding streams relating to prevention and/or multiple disadvantage** are under consideration, the government will engage GMCA and its constituent local authorities to discuss **whether GM’s allocation could be included as part of the single settlement.**”*

The principles confirmed in the Deal

Principle	Deal Text: <i>"The funding Settlement will...."</i>
Certainty	<i>"Cover an entire spending review period"</i>
Allocation not competition	<i>"Replace individual grant funding streams from across government departments and therefore mean MCAs with single settlements would be exempt from bidding into certain national budgets"</i>
Functions not funds	<i>"Be the default mechanism through which GMCA receives their relevant share of additional funding for new national budgets or programmes announced during a spending review period associated with the functions that are devolved to GMCA. This includes any increases to relevant competitive pots that GMCA has been excluded from. GMCA will retain the right to bid into new competitive programmes which are not set out as funds GMCA will not be able to access during the spending review period. The government will retain the ability to direct some funding centrally."</i>
Financial flexibility	<i>"Give GMCA greater flexibility to plan and fund local priorities over the longer term. The level of flexibility across the settlement will be agreed between the government and GMCA before the next spending review and will give GMCA a greater ability to flex funding across the pillars of the single settlement... for activity outside of that pillar in order to achieve the outcomes agreed with the government."</i>
Streamlined accountability	<i>"Be contingent on GMCA agreeing with the government a single, streamlined accountability framework for the settlement. This will build on, and will be incorporated into future editions of, the English Devolution Accountability Framework. This framework will include the assurance framework administered by DLUHC, the specific outcomes GMCA will achieve over the spending review period or funding period, and appropriate spending control processes."</i>
Flexibility not quantum	<i>"Represent a change to the wiring, nature and flexibility of funding from central government rather than the quantum. The quantum of funding will be decided by an agreed process between the government and GMCA."</i>

What the Settlement is and isn't



What the Settlement is

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- An opportunity to achieve significantly greater simplicity, certainty, transparency, and flexibility for a core set of funding flows from the UK Government to GMCA.
- An opportunity to 'future proof' the devolution Settlement, moving from a model of *delegating* funds toward one of *devolving* functions
- Quantum neutral. This is about *how* funding flows and how GMCA accounts for UKG funding, not the *amount* we receive in a given Spending Review.
- A reform with potential to roll out more widely, with a current Government commitment to roll out to all MCAs in time and Opposition interest



What the Settlement is not

- A mechanism that covers all funding we receive from the UK Government. Funding falling outside the pillars (e.g. policing and crime, public services, or employment support) will operate as it does now. And this does not change *local* funding arrangements.
- A change to core local government funding. Funding which underpins LA statutory responsibilities or flows through the LGFS is not in scope (though some competitive pots which councils can access are).

Progress and timeline since March

- There are at least three key joint GMCA-UK Government moments associated with the Single Settlement:
 - The Deal commits that *“government will work with GMCA to agree a memorandum of understanding outlining how single settlements will work by the end of January 2024”*
 - After the MoU, there will be a UK Government Spending Review to set budgets from Apr 24 onwards (likely for 1-3 years). This is the point where GMCA will find out the actual sums allocated to the first Settlement. This could come either side of the General Election.
 - The Settlement ‘goes live’ when the next Spending Review period begins in Apr 25.
- Alongside ongoing work with UK Government officials, we will need a programme of work to get ready locally to implement the Settlement. We may need to look at our capacity and ways of working across GMCA and the wider GM system in light of this change – for example around strategic finance, data and outcomes, policymaking and delivery, or governance.
 - £1m was allocated from Retained Business Rates in 23/24 to support Trailblazer Implementation more widely, and we anticipate some of this will be used to support this activity.
 - We anticipate this work beginning in earnest once the Memorandum of Understanding is agreed.

Implications for Audit Committee

- The implementation of a Single Settlement for GMCA will have a range of (direct and indirect) implications for Audit Committee:
 - GMCA will have more and more wide-ranging freedom to use UKG funding in different ways and for different purposes, with fewer special purpose grants with tightly defined delivery criteria. This will hopefully present opportunities to do more for GM residents, but will also increase risk and so require greater financial and audit oversight.
 - Reporting from GMCA to the UK Government (and potentially, indirectly to Parliament, the NAO or others) will be reformed. The Deal commits to replacing Department-by-Department specific arrangements with a “*single reporting framework*” based upon a principle that “*GMCA will be held to account for delivering outcomes, using the settlement funding and relevant local resources, across areas associated with devolved functions*”. Any new single reporting, assurance and accountability arrangement between GMCA and the UKG will have implications for the Committee.
 - Internal audit will continue to have a key role but the requirements to certify multiple (up to 100 in an individual year) will be reduced and will allow a greater focus on auditing outcomes overall rather than “money out of the door” type confirmation
 - Internal audit and the audit committee will be a key area of reliance for government assurance within a more flexible regime

Questions and discussion

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