

GMCA Integrated Settlement

GMCA Audit Committee







22nd January 2025

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Integrated Settlement

The integrated settlement was agreed with Government during our Trailblazer Deeper Devolution Deal in 2023. It's designed to do the following:

-  Replace individual grant funding streams and conditionality;
-  Remove the need to bid or compete for funding in scope, with funding determined by formulae
-  Cover both capital and revenue funding
-  Be the default mechanism for receiving funding in the areas covered
-  Push forward the Devolution agenda
-  Enable funding decisions to be made over a multiyear period;

What the Settlement is and isn't



What the Settlement is

- 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

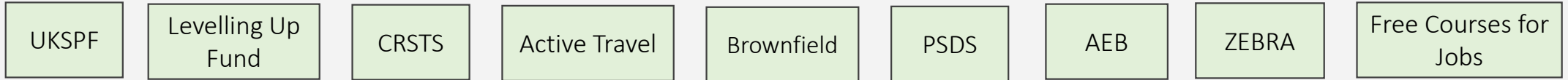


What the Settlement is not

- 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).

Overview of the Integrated settlement

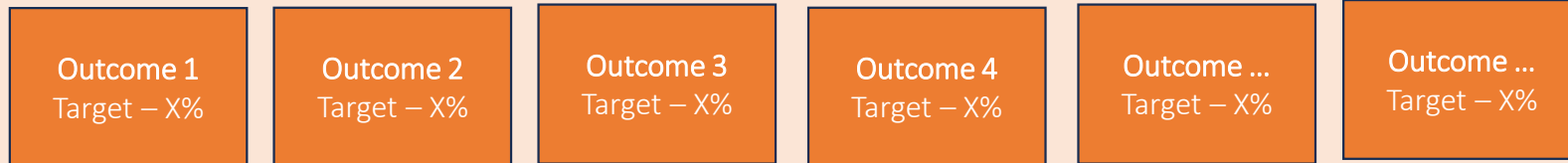
EXAMPLE INDIVIDUAL FUNDING LINES/PROGRAMMES



INTEGRATED SETTLEMENT PILLARS



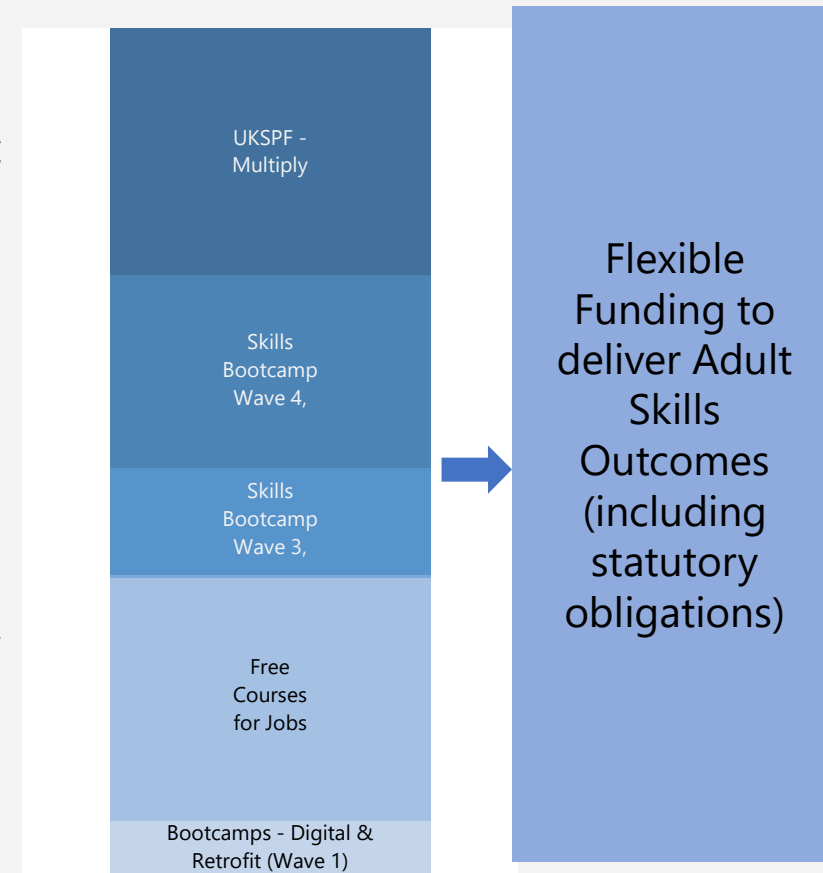
INTEGRATED SETTLEMENT OUTCOMES FRAMEWORK



Integrated Settlement – the opportunity: flexibility within the pillars.

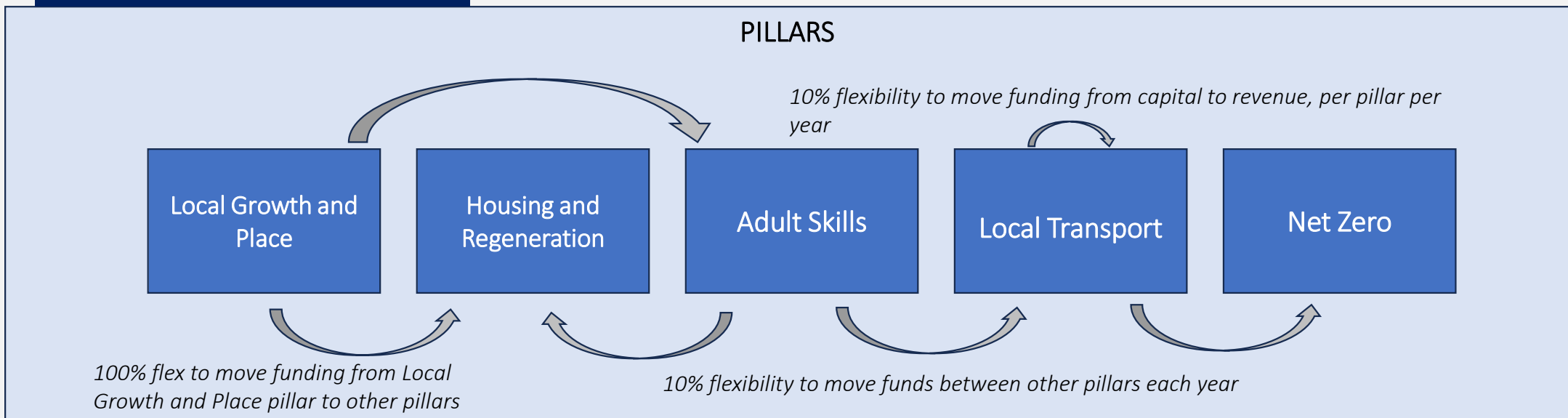
GM will have full flexibility *within* each pillar of the Integrated Settlement to design and implement policy to deliver existing programmes in a different way, with the power to use funding to invest to meet the agreed Outcomes.

Funding will be allocated in each pillar by programme area, although will act as one fungible pot when received. This is illustrated through the example of the programmes within the Adult Skills pillar in financial year 23-24 (right, without AEB). To note, in there are still legal requirements to be met, including the provision of English or Maths up to Level 2.



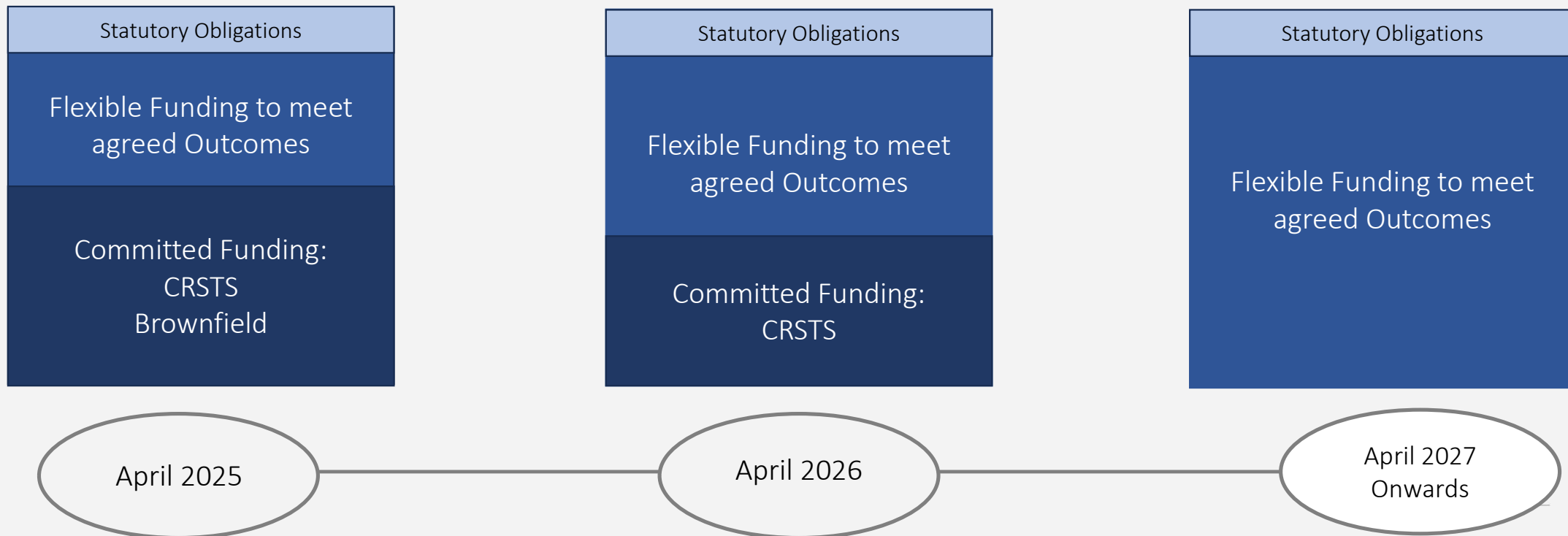
Integrated Settlement – the opportunity: flexibility between pillars

- We will be able to use the following flexibilities to move funding between the Pillars of the Integrated Settlement:
 - 10% of capital funding to revenue in each pillar per year
 - 10% of funding from a pillar to other pillars per year
 - 100% of funding from the Local Growth and Place pillar to the other pillars per year
 - Full flexibility to move funding into future years
- Given the lack of full flexibility between pillars, this isn't a full 'Integrated' Settlement for the first Spending Review period but is the first step towards one. We would expect the flexibility on offer to increase over time.
- Movement of funding between pillars is subject to meeting the outcomes for each pillar and across the settlement.

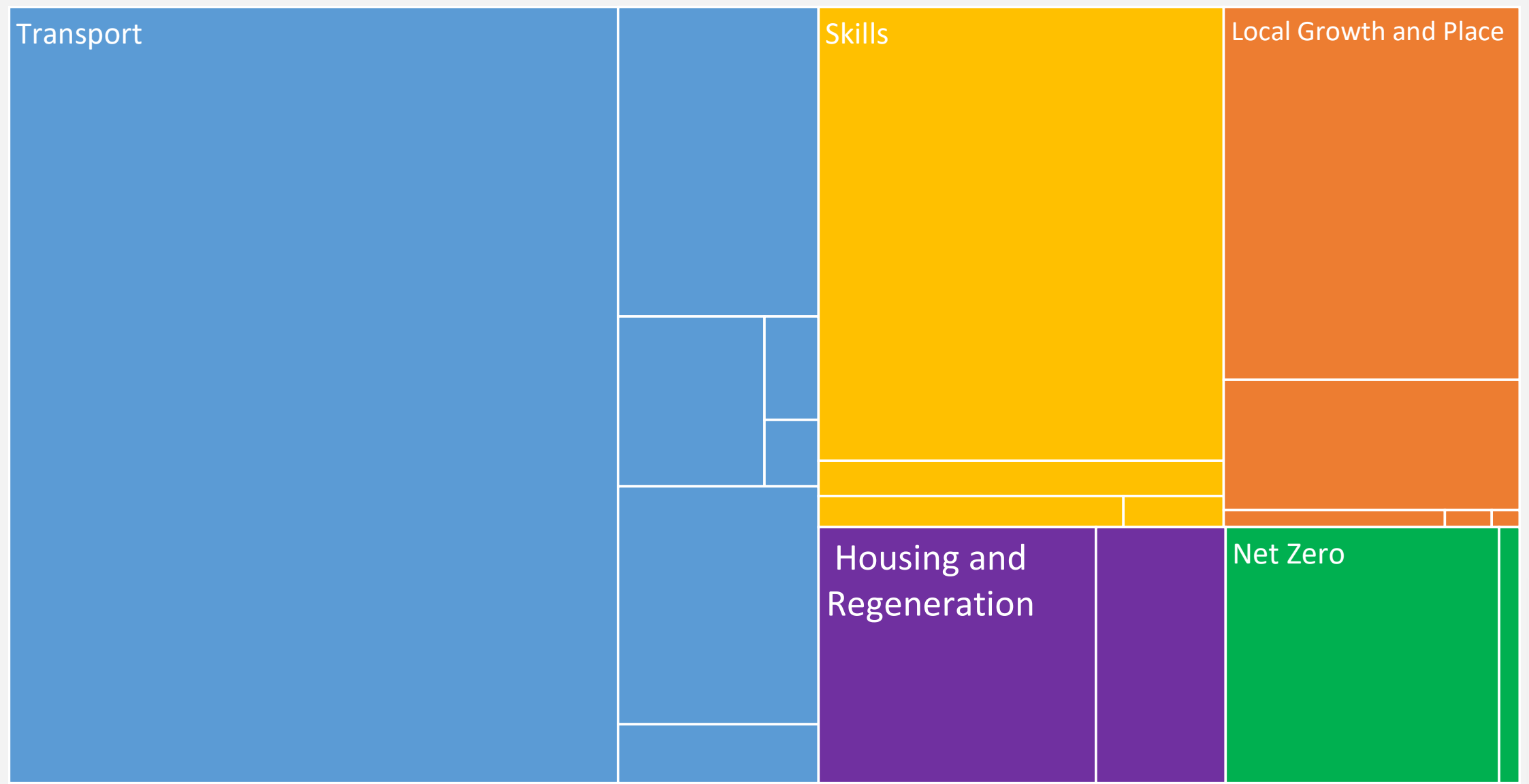


Integrated Settlement – the opportunity: flexibility over time.

- A portion of the funding due to come through the Integrated Settlement in April 2025 has already been committed as of April 2024 - including CRSTS and Brownfield - while other funding is subject to statutory requirements which still must be met.
- The ability to spend funding flexibly to meet the Outcomes Framework and Leaders priorities – both within and between pillars - will increase over time over financial years and Spending Review periods. Therefore, the impact of spending decisions can be considered over a multi-year period.



Current funding programmes which would have been included in an Integrated Settlement in this Spending Review (£m)



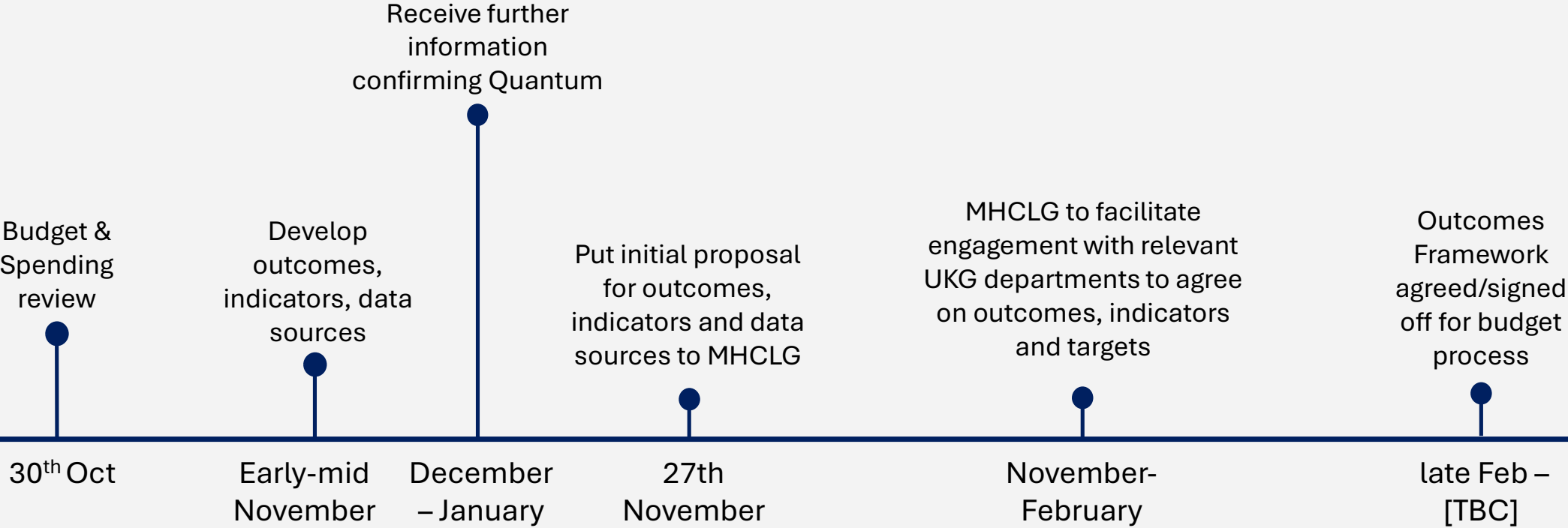
Scale and Flexibility

Source of GMCA Funding (£m, FY 23/24)



■ Borrowing and Reserves ■ Non Single Settlement Grants ■ Police, Crime, and Fire ■ Single Settlement ■ Locally Raised Revenue

Timeline



Funds in scope, formulae and quantum

HMT letter 31/10 set out provisional funds to be included in the settlement (see table)

Discussions are ongoing to agree the final set of funds in scope, formulae and quantum

Functional Theme	Provisional funds in scope SR 2024	Dept	Existing national formulae or new formulae?
Local Growth and Place	UK Shared Prosperity Fund (UKSPF)	MHCLG	<i>TBC</i>
	Investment Zones	MHCLG	N/A, existing allocation
	Made Smarter	DBT	Existing formula
	Growth Hubs	DBT	Existing formula
	Create Growth	DCMS	New formula
Local Transport	Bus Service Improvement Plan	DfT	<i>TBC</i>
	Bus Service Operator Grant	DfT	<i>TBC</i>
	Active Travel Fund	DfT	Existing formula
	Active Travel Capability Fund	DfT	Existing formula
	Local Electric Vehicle Infrastructure Fund	DfT	Existing formula
	Rail admin grant	DfT	N/A, existing allocation
	Cross Manchester ticketing	DfT	N/A, existing allocation
Adult skills	Adult Education Budget (AEB)	DfE	Existing formula
	Free Courses for Jobs (FCFJ)	DfE	Existing formula
Housing and Regeneration	Brownfield Infrastructure and Land Fund	MHCLG	N/A, existing allocation
	Brownfield Housing Fund	MHCLG	Existing formula
	Brownfield Land Release Fund	MHCLG	New formula
Pilot of buildings retrofit	Warm Homes: Social Housing Fund (previously SHDF)	DESNZ	New formula
	Public Sector Decarbonisation Fund	DESNZ	New formula
	Warm Homes: Local Grant (previously LAD 4 / LARS).	DESNZ	New formula
Employment Support	Connect to Work (previously 'Universal Support')	DWP	Existing formula

Impact on GMCA

GMCA current position

- Our current organisational arrangements have been **appropriate for the current funding and accountability structure** defined by:
 - Bilateral accountability relationships with individual government departments
 - Grant funding with limited flexibility.
- There are individual and inconsistent approaches between thematic reflecting siloed approaches at a national level.
- Current model can be managed largely within individual directorates
- There is effective delivery within thematic areas, but can be more challenging to manage cross-cutting programmes as they are the exception not the norm

Future position: Towards Integration

- GMCA will need to work more as a networked group that retains the expertise and focus within thematic areas but is better able to realise the benefits of integration and a place approach to issues.
- The Integrated Settlement transforms the funding and accountability structures that shaped the current operating model. GMCA & TfGM need to adapt accordingly.
- Greater flexibility means more opportunity to innovate, join up, take place-based approaches, and deliver better outcomes for residents. But it also means more challenging decisions on prioritisation
- The integration of funding streams and reporting entails integration of decision-making and oversight arrangements
- This brings an opportunity to break down the siloes handed down from national government

Single Assurance Framework

Implications for GMCA Audit Committee?