

Greater Manchester Combined Authority

Date: 28th March 2025

Subject: Approach to the allocation and use of flexibilities in the Integrated Settlement Funding for 2025-26

Report of: Andy Burnham, Mayor of Greater Manchester and Portfolio Lead for Policy & Reform and Caroline Simpson Group Chief Executive

Purpose of Report

To provide an overview of, and seek approval for, the proposed approach to the allocation and ongoing management of the Integrated Settlement funding, and the use of flexibilities for the 2025/26 financial year.

Recommendations:

The GMCA is requested to:

1. Agree the approach to the use of integrated settlement flexibilities within 2025/26
2. Agree the approach to virement of integrated settlement (under GMCA constitution scheme of delegation)

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	<p>UKSPF & Working Well are specifically to targeted long-term unemployed and economically inactive residents – particularly those with health conditions and disabilities.</p> <p>As above, both UKSPF and Working Well are specifically to targeted long-term unemployed and economically inactive residents – particularly those with health conditions and disabilities.</p> <p>N/A</p> <p>UKSPF funding will be used on programmes and projects that will support VCSFE organisations to support residents and communities.</p> <p>UKSPF funding will be used on programmes and projects that will support VCSFE organisations to support residents and communities.</p>
Health	G	<p>Working Well is designed to support residents with physical or mental health disabilities to access or retain paid employment.</p> <p>Working Well is designed to support residents with physical or mental health disabilities to access or retain paid employment. The Individual Placement and Support (IPS) model that underpins the programme has traditionally focused on supporting individuals with severe mental illness accessing treatment through secondary mental health services.</p> <p>Working Well: IPSPC expands on the IPS model by taking referrals from primary care (e.g. Living Well, GP Practices, Primary Care Networks, Mental Health Practitioner</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
Resilience and Adaptation		
Housing		
Economy	G	<p>The funding allocations for UKSPF will continue existing provisions for core business support, the social economy, and the innovation ecosystem.</p> <p>Working Well is designed to support residents with physical or mental health disabilities to access or retain paid employment.</p> <p>There are existing links in place between the programmes and the Good Employment Charter, including referrals.</p> <p>The funding allocations for UKSPF will continue existing provisions for supporting VCSFE infrastructure and for community grants.</p> <p>The funding allocations for UKSPF will continue existing provisions for supporting Innovation Ecosystem Navigation Service.</p> <p>N/A</p> <p>Working Well is designed to support residents with physical or mental health disabilities to access or retain paid employment.</p> <p>N/A</p>
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		Within the Integrated Settlement, the retrofit pillar contains money for both public sector and private and social housing remediation. This will have the effect of reducing carbon emissions through direct intervention.
Further Assessment(s):	Equalities Impact Assessment	
G Positive impacts overall, whether long or short term.	A Mix of positive and negative impacts. Trade-offs to consider.	R Mostly negative, with at least one positive aspect. Trade-offs to consider.
		RR Negative impacts overall.

Risk Management

This paper sets out a pragmatic and evolutionary approach from existing practice to the use of Integrated Settlement resources in year one of the funding. The proposed approach enables maximum possible benefit from the Integrated Settlement to be achieved in year one, while effectively managing any known risks in moving from the current central government determined regime to greater local control.

Legal Considerations

The virement of resources allowed under the Integrated Settlement will be managed within the existing arrangements and scheme of delegation within the GMCA constitution.

Financial Consequences – Revenue

This paper proposes principles and seeks agreement to approaches on the way in which revenue resources via Integrated Settlement are deployed and the virement between revenue and capital budgets.

Financial Consequences – Capital

This paper proposes principles and seeks agreement to approaches on the way in which capital resources via the Integrated Settlement are deployed and with the potential for virement between revenue and capital budgets.

Number of attachments to the report:

2 associated reports:

- Details on the principles and activity of the 25/26 UK Shared Prosperity Fund extension
- Working Well: Individual Placement and Support in Primary Care (IPSPC) programme

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

This paper relates to the previously agreed GMCA budget:

<https://democracy.greatermanchester-ca.gov.uk/mgCommitteeDetails.aspx?ID=136>

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

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

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1 This report should be read in conjunction with two further papers also being considered by this meeting;

- Details on the principles and activity of the 25/26 UK Shared Prosperity Fund extension
- Working Well: Individual Placement and Support in Primary Care (IPSPC) programme

1.2 The Trailblazer Devolution Deal agreed between Greater Manchester and the national Government in March 2023 agreed that some functions devolved to the GMCA would be funded through an Integrated Settlement (at that point referred to as a 'Single Settlement'). Through this mechanism, in areas where GMCA has functional responsibilities, GMCA will automatically receive an allocation of funding from national programmes. The functional areas agreed were Local Growth & Place, Housing, Skills, Transport, and Retrofit (some Employment Support has since been added). GMCA will have some flexibility to move funding between functional areas and decide locally how it is invested. In return for the funding, Greater Manchester will need to deliver a number of outcomes agreed with the national Government through a single outcomes framework, replacing the multiple frameworks the previously served as the accountability framework with national Government.

1.3 The amount of funding in the Integrated Settlement is determined by how much is allocated to programmes in the functional areas at a national level. Funding will therefore increase or decrease in line with national decisions made in the Spending Review process. It incorporates funding which is already being delivered in Greater Manchester (e.g. through the UK Shared Prosperity Fund, the Brownfield Land Fund, the City Regional Sustainable Transport Settlement, and the Adult Education Budget). It is not, therefore, additional funding. However, there is much greater local flexibility over how that funding will be allocated, covering the following movements:

- inter pillar flexibility between functional areas
- within functional areas between different funding programmes
- from capital to revenue
- delaying spending to future years of a Spending Review

1.4 The full quantum for the Integrated Settlement for financial year 2025-26 has been confirmed at £630m, covering both capital and revenue allocations. Discussions are continuing with national Government about the outcomes which will need to be delivered with that funding, and these discussions have not concluded prior to GMCA agreeing budgets for the 2025/26 financial year. Further reports will be brought forward during the financial year which seek to align the change in the funding basis to those agreed outcomes.

1.5 The allocation of the Integrated Settlement funding in the 2025-26 financial year is a significant opportunity to improve the alignment between the outcomes that GMCA and other partners are seeking across Greater Manchester, in line with the Greater Manchester Strategy re-write currently underway, and how resources are mobilised to deliver those outcomes.

1.6 Given the outcomes which will need to be agreed with national Government for delivery through the Integrated Settlement, and the development of wider outcomes in the Greater Manchester Strategy (e.g. in areas not currently covered by the Integrated Settlement), the central principle guiding GMCA's approach to flexible funding is to be outcomes-led. The aim is to begin with the outcomes that Greater Manchester wants to achieve and then mobilise resources behind those objectives. Applying this principle comprehensively will take time, with refreshes of key strategy documents imminent,

details of the outcomes framework still in negotiation with national Government, and a multi-year spending review due to take place in June 2025.

1.7 Over time, the Integrated Settlement will be used to develop local alternatives for national policy programmes through a place-based lens, simplifying and integrating activity wherever possible to reduce the administrative burden on local authorities and other partners associated with this funding. In light of this, it is proposed that the approach to the first year of the Integrated Settlement is transitional, given the need to maintain delivery of programmes which are already being nationally funded but which will now be incorporated within the Integrated Settlement, while using the flexibilities of the Integrated Settlement where there is a clear opportunity to do so. The fact that the outcomes which will need to be delivered through the Integrated Settlement are still being negotiated also means there will be no fundamental changes to the way in which funding is allocated between functional areas.

1.8 At the start of the financial year, the allocations for the functional areas within the Integrated Settlement will be maintained at the same level at which they have been funded by national government. As such, while there is no immediate proposed use of inter pillar flexibility, this position will be subject to review as per paragraph 1.4. Instead, the objective for year one is to use other available flexibilities covered above where possible and to provide an opportunity to test and refine approaches ready to maximise the opportunity from year two (2026/27) onwards. There will also be significant opportunities to use the flexibilities within the funding allocations to improve programmes, make processes more efficient and less burdensome, ensure place-based join up between different funding streams, and ensure that every pound being invested through the Settlement is delivering Greater Manchester's priorities.

1.9 In order to help GMCA prepare for the delivery of the Integrated Settlement and to provide assurance to central government on organisational preparedness, the Ministry of Housing, Communities and Local Government (MHCLG) appointed Deloitte LLP to design and deliver a "readiness check" with GMCA. The independent readiness check explored GMCA's preparedness in four thematic areas: Strategy, Planning, and Governance; People and Capability; Financial and Performance Management; and Reporting and Evaluation. The process has now concluded, with a positive and reassuring outcome assessment of GMCA's readiness. The final report and recommendations are being considered, with the necessary actions being developed

to take forward recommendations and ensure the opportunities arising from the Integrated Settlement are maximised.

2. Approach to allocation and use of flexibilities in Year one (2025/26) of the Integrated Settlement

2.1 The proposed allocation of Integrated Settlement resources was agreed by GMCA in February 2025.

2.2 Pragmatism is the principle guiding the allocation and use of flexibility in year one, with a focus on continuity in both allocations and delivery. However, the flexibilities covered above will be used where there is clear and well evidenced reason for doing so and, where possible, GMCA will seek to integrate activity so efficiencies can be achieved. As with all funding sources, there may be the need to reassess and reallocate some of the Integrated Settlement budget in year. The flexibility awarded with the funding enables virement of resources from across pillars (within defined criteria). The current GMCA constitution provides for virements between expenditure heads to the agreed limits.

2.3 Within the wider budget report, a mid-year review will be provided to GMCA updating on Integrated Settlement spend and activity, including the details of use of flexibilities and developments in the programmes being delivered.

3. Making changes to resource allocations in year

3.1 Principles have been established and agreed across the leadership of the GMCA which will guide decision making initially and in-year, recognising the need to be able to act quickly and to provide ability for the continuation and evolution of delivery activity across the city region. The principles were developed specifically in response to the previous UK Shared Prosperity Fund (UKSPF) resource included in the Integrated Settlement and will also act as guiding principles for the ongoing decision making of all Integrated Settlement resource as required.

- VCSFE led programmes should not see a reduction in funding given the current fragility of the sector
- Local Authority grants should be developed to maximise flexibility on what they can deliver

- Local Authority grants should be protected as far as possible from by the overall reduction in the UKSPF allocation with a reduction on 2024/25 allocations of no more than 5%.
- Provision with activity overlapping with other funds should be stopped to allow better efficiency in spend
- Allocations for programmes delivered under 'Local Business' theme will be considered in conjunction with GMCA Retained Business Rates allocations for 2025/26

4. Recommendations

4.1 Recommendations appear at the front of this report.