

## **Appendix D: Risk Deep Dive - Future Funding**

### **Cause**

- a) As part of its original Combined Authority Order in 2017, the CPCA has a 30-year agreement to receive Gainshare funding of £20m per annum (£8m revenue and £12m capital). This funding is not uplifted each year to recognise the impact of inflation. Outside Gainshare, a significant proportion of the budget is funded through time limited grants.
- b) This presents a risk in respect of devolved multi-year funding streams which are coming, or have come, to an end e.g. Transforming Cities Fund, housing investment funds and Local Growth Funding.
- c) Funding sources influenced by centrally controlled 'calls' for Combined Authority's and Local Authority's to bid for grants for specific projects causing it to be led by national rather than local priorities in some instances.
- d) A new mayoral term and/or new Government may lead to differing funding priorities in the CPCA against committed budgets.

### **Effect**

- a) Lack of a long-term and flexible funding settlement impairs the Combined Authority's ability to plan for strategic investments.
- b) Can reduce the CPCA's ability to deliver projects considered a local priority, as only those which can attract national investment receive funding.
- c) Impact on staff retention as employment may be fixed term to match to current funding giving little certainty to employees and potentially de-stabilising services.
- d) Potential inability to meet the aspirations contained within the original devolution deal from 2017 and organisational priorities.

### **Risk Score**

<b>SCORING</b>			
	INHERENT	RESIDUAL	TARGET
Impact:	5 - Critical	5 - Critical	4 - Major
Likelihood:	5 - Almost Certain	3 - Possible	2 - Unlikely
Priority:	<b>25 - Very High</b>	<b>22 - Very High</b>	<b>14 - High</b>

### **Controls and Mitigations**

- a) Optimise the CPCA's ability to successfully bid into funding 'calls' - work with/learn from others, liaise with Government and use support from Programme Management Office function.
- b) Workshops with partners to identify opportunities to deliver projects without Government grant which benefit the region. Shared resources/risk and benefits.

- c) Lobby Government for greater freedoms and flexibilities in funding, including devolved multi-year integrated settlements.
- d) Consider the use of existing CPCA powers to fund future programmes.
- e) Manage stakeholder expectations regarding CPCA resources available to deliver strategic objectives.

### **Actions**

Engage with local partners, M10 colleagues and Ministry of Housing, Communities and Local Government (MHCLG) to secure new long-term funding with greater freedoms and flexibilities through the devolution negotiations.

### **Last Review Comments**

The Government has indicated its intention to set out the details for a multi-year spending plan next Spring. The CPCA, along with its constituent Authorities, is working with the government to scope local growth plans for the region. Work on the Local Growth plan is ongoing and will support evidence provided for the Spring Spending Review. This will also be linked to the green paper on the National Industrial Strategy. Mayoral Combined Authorities are also reviewing the financial levers available to them and whether there is scope to extend these. Consideration will also be given to the potential for a single settlement which would ideally include multi-year devolved funding. The English Devolution Bill announced in the Kings Speech in July is designed to transfer powers from Whitehall and make devolution the default setting and we await information on any further devolution which may take place alongside funding opportunities as part of the final White Paper.

### **Update from the Autumn Budget 30<sup>th</sup> October 2024**

The Chancellor of the Exchequer presented the first budget of the new Government on 30<sup>th</sup> October 2024. This included an integrated settlement for Greater Manchester CA and West Midlands CA from 2025/26. The integrated settlements will deliver a single flexible pot of funding with a single outcomes framework to support MCAs to deliver growth. The government wants more regions to benefit from integrated settlements and is confirming the MCAs that are eligible to receive integrated settlements from 2026/27 as the North East, South Yorkshire, West Yorkshire Mayoral Combined Authorities, and Liverpool City Region Combined Authority. The government will also explore how an integrated settlement could apply to the Greater London Authority from 2026-27. While the continued commitment to a devolved, integrated settlement is positive in the long term, the recently published (30 October 2024) eligibility criteria for such settlements includes a requirement for an Authority to have been out of a Best Value Notice for 18 months, which suggests that the earliest the CPCA could receive an integrated settlement is 2027/28.

As such it seems likely that in the short to medium term the CPCA will continue to be funded through individual grants and funding awards rather than receiving long-term devolved funding settlements.

Despite this outlook for integrated settlements the government has indicated the intention to undertake a multi-year spending review as part of the Spring Budget. This should allow for multi-year funding agreements on individual grants, for example skills bootcamps and highways funding which, while not granting the flexibility of a devolved integrated settlement should allow for a greater degree of certainty in the medium-term.

The Government continues to work closely with local leaders on the upcoming English Devolution White Paper.