

# Mayoral Strategic Authority Funding Explanatory Note

This Explanatory Note brings together information on all Mayoral Strategic Authority Funding within the Local Government Finance Settlement.

All figures below set out over the multi-year Local Government Finance Settlement (2026-27 to 2028-29). Final figures for 2026-27 will be confirmed as part of the final Local Government Finance Settlement following the provisional consultation period. Funding for 2027-28 and 2028-29 will be consulted on as part of the annual Local Government Finance Settlement and subject to standard parliamentary procedures.

## Contents

1. Mayoral Strategic Authority Funding .....	2
2. Homelessness, Rough Sleeping and Domestic Abuse Grant .....	4
3. Mayoral Capacity Funding .....	5
4. Fire Funding .....	6
5. Business Rates Retention .....	8

## 1. Introduction

This government is committed to giving locally elected strategic leaders the powers and funding they need to deliver jobs, new homes, and new transport. For the first time, every Mayoral Strategic Authority will receive funding through the Local Government Finance Settlement to create greater alignment of the funding at a local level.

The funding we are providing Mayoral Strategic Authorities through the multi-year settlement includes: Mayoral Capacity Funding to build sustainability and ensure Mayors can hire the staff they need to deliver on the important new responsibilities they are being given; and funding for homelessness and rough sleeping where Mayoral Strategic Authorities can use their position to take a holistic approach in reducing all forms of homelessness.

We have also taken steps into a new era of fiscal devolution in England through introducing a new Visitor Levy power for Mayors of Strategic Authorities. This new power will enable Mayors to raise and invest money into projects and initiatives that improve their local areas, raising living standards and driving growth, including through support for the visitor economy. The government is currently consulting on the design of this new power, including whether to extend it to Foundation Strategic Authorities: [Visitor levy in England - GOV.UK](#).

We will continue to work on integrating funding for Mayoral Strategic Authorities further into the Local Government Finance Settlement where relevant, including through the consideration of options to allocate Mayoral Strategic Authorities a direct share of business rates from across their region as set out at the Autumn Budget.

## 2. Mayoral Strategic Authority Funding

The Fair Funding Review 2.0 and the English Devolution White Paper set out that where a Strategic Authority takes on powers which are currently funded outside of the Local Government Finance Settlement or the Integrated Settlements, MHCLG can work with the relevant department or organisation to explore funding these functions through either the Integrated Settlement or Local Government Finance Settlement.

Integrated Settlements consolidate funding across multiple policy areas and departments into a single and flexible pot to support Mayoral Strategic Authorities to deliver growth, supported by a single assurance framework, coordinated by MHCLG. The English Devolution White Paper set out that all 'Established' Mayoral Strategic Authorities will be eligible to receive an Integrated Settlement. <sup>1</sup>[See further details on Integrated Settlements](#).

In addition to Integrated Settlements, the White Paper committed to simplify the funding landscape for all Mayoral and Foundation Strategic Authorities where grants are provided by relevant central government departments, for example through targeting and rationalising the number of local growth funds and moving away from competitions.

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<sup>1</sup> At Autumn Budget 2024 and the Spending Review 2025 it was confirmed that Greater Manchester, West Midlands, West Yorkshire, South Yorkshire, the North East, Liverpool City Region and the Greater London Authority would receive Integrated Settlements. The Secretary of State will be able to legally designate Established Mayoral Authorities following the passage English Devolution and Community Empowerment Bill

The [Local Government Finance Policy Statement 2026-27 to 2028-29](#) set out the government's position on creating greater alignment between Mayoral Strategic Authority Funding and the Local Government Finance Settlement to create a more cohesive local government funding landscape. We set out that for funding lines where both Mayoral Strategic Authorities and local authorities receive an allocation, these can now be included in the Local Government Finance Settlement, and the Integrated Settlement where applicable.

The [provisional Local Government Finance Settlement](#) consultation is now seeking views on the government's proposal to align the Local Government Finance Settlement and the Integrated Settlement.

## **2.1 Interaction between the Integrated Settlement and Local Government Finance Settlement**

The Autumn Budget confirmed at least £13 billion of funding via Integrated Settlements from 2026-27 to 2029-30 for seven Mayoral Strategic Authorities: Greater Manchester, West Midlands, Liverpool City Region, West Yorkshire, North East, South Yorkshire and the Greater London Authority; representing nearly 40% of people in England.

The publication of the Integrated Settlements at the Autumn Budget confirmed that funding for Homelessness and Rough Sleeping would be included in the Integrated Settlement as part of the Health, Wellbeing and Public Service Reform pillar. This funding will also be maintained in the new Homelessness, Rough Sleeping, and Domestic Abuse Grant in the Local Government Finance Settlement, further details of which can be found below and in the [updated Integrated Settlement publication](#).

In practice, funding will be allocated to Mayoral Strategic Authorities through the Local Government Finance Settlement, alongside allocations for other types of authorities in scope of relevant grants. However, Mayoral Strategic Authorities who receive Integrated Settlements will be able to treat these allocations as part of their wider Integrated Settlement. This means the Integrated Settlement outcomes framework and associated accountability and controls arrangements will be the mechanism through which central government retains oversight of this funding stream. The Integrated Settlements contain a single, systematised approach to spending controls. This will provide an appropriate amount of flexibility for the Mayoral Strategic Authorities to plan and sequence programmes funded through the Integrated Settlements while ensuring that effective risk mitigation tools are available in case of delivery or financial failure.

When considering the funding available to Established Mayoral Strategic Authorities, funding that appears in both the Integrated Settlement and Local Government Finance Settlement will only be counted once by government which will be noted in the relevant footnotes. By including this funding in both the Integrated Settlement and Local Government Finance Settlement we are making sure we maintain an accurate representation of the funding that is made available for local services each year in areas with different organisational structures.

## **2.2 Delivery of Funding**

The following table details the grant funding streams for Mayoral Strategic Authorities being consolidated into the Settlement and the value of the values across the multi-year settlement. All funding for Mayoral Strategic Authorities will be included in Core Spending Power.

Funding stream	Total value over the multi-year Settlement (2026-27 to 2028-29)	Value for 2026-27	Value for 2027-28	Value for 2028-29
Homelessness, Rough Sleeping and Domestic Abuse Grant (funding for MSAs)	£114.3	£38.1	£38.1	£38.1
Mayoral Capacity Funding	£99	£33	£33	£33

We will set out further details on the delivery of funding through relevant s31 grant determination letters at the final local government finance settlement.

### 3. Homelessness, Rough Sleeping and Domestic Abuse Grant

The [Local Government Finance Policy Statement 2026-27 to 2028-29](#) set out the Government's plans to simplify simplifying an unprecedented 36 revenue funding streams worth over £56 billion over the three years. This includes the creation of four consolidated grants, bringing together funding for similar services. Further details can be found in the [Funding Simplification Explanatory Note](#).

Mayoral Strategic Authorities will receive funding for Homelessness and Rough Sleeping through the Local Government Finance Settlement, to enable coordination and innovative public service reform. This funding will remain as part of the Homelessness, Rough Sleeping and Domestic Abuse Grant. For Mayoral Strategic Authorities with an Integrated Settlement this funding will also form part of their Integrated Settlement as part of the Health, Wellbeing, and Public Service Reform pillar.

The Greater London Authority is the only Mayoral Strategic Authority in receipt of funding for Domestic Abuse as they are designated as the Tier One local authority for London, for duties under Part 4 of the Domestic Abuse Act 2021. This means the Greater London Authority holds the duty to support victims/survivors of domestic abuse and their children in relevant safe accommodation. This funding, therefore, remains outside of the Integrated Settlement given legislative classifications. Further details on this funding can be found in the [Funding Simplification Explanatory Note](#).

A separate guidance document has been shared on homelessness and rough sleeping funding to provide greater detail on the purpose of the grant. Mayoral strategic authorities should consider the guidance document and engage with their MHCLG homelessness and rough sleeping advisers when designing and delivering approaches and services.

#### 3.1 Distribution and methodology

For homelessness and rough sleeping funding, Mayoral Strategic Authority allocations have been calculated using the rough sleeping and single homelessness formula. This reflects that to date Mayoral Strategic Authorities funding has predominately been directed to rough sleeping services. Despite this, Mayoral Strategic Authorities are expected to take a holistic approach to reducing all forms of homelessness, in line with the aims of this consolidated grant. Mayoral Strategic Authority allocations are drawn from national funding on homelessness and

rough sleeping, rather than constituted from the allocations of local authorities within the Mayoral Strategic Authority's area.

### 3.2 Framework for Mayoral Strategic Authorities with Integrated Settlements

Mayoral Strategic Authorities with an Integrated Settlement will be held to account for delivery of outcomes associated with the functional responsibilities of the Integrated Settlement, which are published on gov.uk. To facilitate this, central government and each Authority will agree an outcomes framework. The outcomes framework will identify the desired outcomes for assessing the Mayoral Strategic Authority's performance across the Homelessness and Rough Sleeping functions for which the Mayoral Strategic Authorities are funded through the settlement, as well as the indicators that will be used to track progress towards those outcomes in the Spending Review period. Further detail on governance arrangements for monitoring and evaluation are set out in the [Integrated Settlement Policy Document](#).

### 3.3 Framework for all other Mayoral Strategic Authorities

For other Strategic Authorities, this grant will be ringfenced and MHCLG will publish the draft Grant Determination Letter in early 2026 alongside the Final Settlement. Alongside the provisional Local Government Finance Settlement, the government is providing early certainty by sharing the draft conditions for this grant in the [Funding Simplification Explanatory Note](#). These may be subject to change ahead of publication of the Grant Determination Letter.

## 4. Mayoral Capacity Funding

The government will deliver Mayoral Capacity Funding through the Local Government Finance Settlement to all eligible existing Strategic Authorities, to ensure they receive this funding as part of a regular funding cycle.

### 4.1 Allocations

We are confirming a minimum total of £33m of funding to support Strategic Authorities' staffing and administrative costs, and central corporate functions. We will confirm the final quantum and allocations at the final Local Government Finance Settlement.

Authority	Allocation Total	Allocation of which NICs
Liverpool	£3,490,783.01	£1,990,783.01
Manchester	£5,888,506.78	£4,388,506.78
North East	£2,643,980.50	£1,143,980.50
South Yorkshire	£2,342,118.83	£842,118.83
West Midlands	£3,040,737.28	£1,540,737.28
West Yorkshire	£2,764,560.22	£1,264,560.22
Cambridge and Peterborough	£1,740,632.51	£240,632.51
Tees Valley	£1,679,720.10	£179,720.10
West of England	£2,008,960.79	£508,960.79
East Midlands	£1,700,000.00	£200,000
York and North Yorkshire	£1,640,000.00	£140,000

Hull and East Yorkshire	£1,640,000.00	£140,000
Greater Lincolnshire	£1,640,000.00	£140,000
Devon and Torbay	£390,000.00	£140,000
Lancashire	£390,000.00	£140,000

## 4.2 Distribution and methodology

Allocations have been determined at a flat rate per institution as follows:

- Mayoral Strategic Authorities receive at least £1.5m each.
- Foundation Strategic Authorities receive £250,000 each.
- Each existing Strategic Authority receives an amount equivalent to what they received for the Employer National Insurance Contributions Grant for 2025-26. This is funding that was rolled over at the Spending Review. As this policy came into effect in the 2025-26 financial year and was applied to 2025-26 budgets only, this funding will not be provided to any new Strategic Authorities.

## 4.3 Data assurances

Given the devolved, un-ringfenced, nature of the Mayoral Capacity Fund, specific outputs will vary between the Strategic Authorities and are subject to their own decisions. For assurance, we require each Mayoral Combined (County) Authority to return a pro-forma which will request a performance report against their objectives for spending the Mayoral Capacity Fund. This will demonstrate how the area has made use of their Mayoral Capacity Funding allocation, against their specific individual requirements, as well as setting out their future spending plans. If MHCLG has any concerns with returns they will contact the Strategic Authority in question.

## 5. Fire Funding

Where a Mayoral Strategic Authority receives funding for fire and rescue functions this will be paid via the Local Government Finance Settlement.

The government has already integrated Mayoral Strategic Authorities with responsibilities for fire and rescue functions into the Local Government Finance Settlement. These authorities are currently listed as Fire and Rescue Authorities.

### 5.1 Precepts

Mayoral Strategic Authorities will have council tax precepting powers to fund a range of functions. A single amount of council tax is calculated to cover general functions, including fire and rescue functions. Where the Mayor exercises Police and Crime Commissioner functions, an entirely separate precept component is set for these.

Subject to regulations, a mayoral combined authority or mayoral combined county authority may exercise shadow fire and rescue functions to make preparations during the 12 months prior to the transfer of fire governance. As part of this, the Mayor will set a precept for general mayoral functions which will include funding for fire and rescue functions.

Mayoral precepts could be subject to council tax referendum principles which are determined annually by the Secretary of State. However, to date none have ever been set.

Only where a Mayoral Strategic Authority has agreed to take on fire and rescue functions will they be included in the Council Tax Revenue line of the Local Government Finance Settlement. This sets out how much revenue authorities raise from council tax if they raise their precept by referendum principles limit. If a Mayoral Strategic Authority does not agree to take on these functions, then this will not apply.

## **5.2 Fire Funding Transparency Arrangements**

The English Devolution and Community Empowerment Bill includes provision for transparency and scrutiny around the way in which fire and rescue budgets in mayoral authorities are set. These provisions seek to balance the need to protect fire funding with the need for Mayors retain budget flexibility across all their functions. Similar fire funding transparency arrangements are already statutory in Greater Manchester and York and North Yorkshire.

The Bill will provide that mayors must notify the relevant scrutiny body of the mayor's proposed allocation of the draft budget for fire and rescue functions in relation to the following financial year. The notification must include the proposed allocation of the element of the general precept that is attributable to fire and rescue functions. The Mayor must have regard to any report that the scrutiny body prepares in response to the draft budget. The Mayor must also notify the relevant scrutiny body of any material changes to the budget for fire and rescue functions after it has been finalised, and make documentation that relates to the budget setting and scrutiny process public.

## **5.3 Transfer of Functions**

Where a new Mayoral Strategic Authority is created, and Fire and Rescue Authority functions transfer to a mayoral authority, the mayoral authority will be funded for these functions via the Local Government Finance Settlement. This change will be subject to regulations which set out the details of each individual transfer, including the intended date for functions transferring, and the abolishment of the existing Fire and Rescue Authority (or Authorities).

Where the geographical boundaries of existing Fire and Rescue Authority (or Authorities) and the mayoral authority align, the level of funding that the mayoral authority receives with respect to fire and rescue functions will be aggregated from the existing funding for these functions from the previous Fire and Rescue Authority (or Authorities). This will include inheriting any real-terms transitional protection that were provided as part of the multi-year settlement.

Where existing boundaries between Mayoral Strategic Authorities and Fire and Rescue Authorities do not align and may be re-drawn, we will explore options for fire funding arrangements and provide further details in due course.

We will include updated allocations for any transfers of functions that are established in year at the annual update of the Local Government Finance Settlement.

As announced at the Local Government Finance Policy Statement 2026-27 to 2028-9, we will provide £2.1m in transitional support funding to Fire and Rescue Authorities to help support the transfer of fire functions to potential new Mayoral Strategic Authorities and those undergoing Local Government Reorganisation. Information on allocations will be provided in due course.

## **6. Business Rates Retention**

### **6.1 A new offer to Mayoral Strategic Authorities on business rates retention**

In line with the Fair Funding Review, the government is improving the business rates retention system to more consistently support Mayors in driving growth. Options being considered include allocating Mayoral Strategic Authorities a direct share of business rates to build on Local Growth Plans, allowing more tax to be spent where it is raised and providing Mayors with a share of regional growth. The government will engage with Mayoral Strategic Authorities in the New Year to co-develop a new offer, including considering how this could work in place of existing grant.

### **6.2 Region wide enhanced business rates retention arrangements in Mayoral Strategic Authority areas**

As confirmed at the Autumn Budget 2025, region wide enhanced business rates retention arrangements in Liverpool City Region and West of England will continue for a further three years, to 2028-29. Region wide enhanced retention arrangements in Greater Manchester, West Midlands and London will also continue for this period.

### **6.3 Bespoke Arrangements**

#### **a. Greater Manchester Combined Authority and West Midlands Combined Authority**

As part of their Trailblazer 100% Business Rates Retention Agreements, Greater Manchester Combined Authority and West Midlands Combined Authority will retain a portion of their business rates growth across the reset. Greater Manchester Combined Authority will retain £23m of the region's business rates growth. West Midlands Combined Authority will retain £15m of the region's business rate growth. This funding will be used to support the functioning of the Combined Authorities.

This funding has been allocated to the Baseline Funding Levels of the two Combined Authorities, with a new Baseline Funding Level formed for the West Midlands Combined Authority.

#### **b. The West of England Combined Authority**

The West of England Combined Authority have benefitted from the business rates retention system but do not provide services which are assessed as part of the Fair Funding Assessment. We are engaging with them regarding bespoke transitional arrangements.

#### **c. The Greater London Authority**

Please see the [explanatory note on the Greater London Authority's bespoke handling](#) for further detail.