

The Mike Emmerich Independent Review of Growth-Capable Devolution

Working Paper No. 1

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Baselining Strategic Authorities

1. Purpose

England's strategic authorities vary greatly in form and funding. They have been built deal by deal, each shaped by the powers and money its area secured, and many have delivered major change within those settlements. This variation is not in itself a problem. Differing economic geographies and starting points mean no single organisational model should be expected.

That said, *Rewiring the State* marks a turning point.¹ The Cabinet's joint statement sets a shared destination for strategic authorities: retained business rates from April 2027, a share of income tax from April 2028, and a wide range of new responsibilities. To realise the growth potential of devolution, authorities will need both capacity, meaning the people, money and bandwidth at their disposal, and capability, meaning what an institution can do with them.

This working paper sets out a baseline of the institutional structures and resources of England's strategic authorities as they stand today, the starting point from which they will tool up for the role envisaged for them. As the information published varies between authorities, it draws on the most recent budgets and organisational information available for each, largely for the 2026-27 financial year. This paper will feed into the review's final report, which will set out a framework for the capabilities authorities need to be growth-capable and future-ready. That framework must serve authorities still setting up and those yet to come, as well as mature authorities whose accumulated capacity will look very different from what the next phase requires.

The paper first examines how strategic authorities are organised and how they deliver, both internally and at arm's length. It then considers what current funding allocations reveal about where their capacity sits, before closing with the resources available to them and how much of that funding they can direct.

2. The structure of strategic authorities

In the mayoral strategic authorities, with the exception of London, the chief decision-making body is the authority's board, chaired by a directly elected mayor and with its constituent councils as members. Boards and committees for particular portfolios, such as transport and infrastructure, operate beneath it. Where an authority holds police and crime or fire and rescue functions, as in Greater Manchester and York and North Yorkshire, these are exercised by the mayor and can be delegated to a deputy mayor, with a police, fire, and crime panel providing scrutiny.

Mayors also hold a number of powers in their own right, of which police and crime functions, where they have been transferred, are the clearest example. Mayors' offices are small, as a mayor can generally appoint only one political adviser, though the 2026 English Devolution and Community Empowerment Act now allows them to appoint commissioners to lead on the authority's areas of competence, much as the Mayor of London appoints Deputy Mayors.²

¹ Cabinet Office, *Rewiring the State*, July 2026

² The areas of competence are: transport and local infrastructure; skills and employment support; housing and strategic planning; economic development and regeneration; the environment and climate change; health, well-being and public service reform; public safety; culture; and rural affairs and coastal communities.

Foundation authorities have a broadly similar structure to the non-London strategic authorities, with a board of constituent councils but with no mayor as chair and a smaller remit. London differs in that the Mayor holds more independent decision-making powers as well as having a larger office. A separately elected Assembly scrutinises the Mayor and can amend their budget. Each authority's officer organisation is led by a chief executive, who advises the board and delivers its decisions.

The make-up of the chief executive's corporate leadership team is a useful way to understand how these organisations are built. Executive teams at strategic authorities are generally small – between four and eight members – and organised by function, with portfolios typically covering resources, legal and governance, transport, and some combination of economy, skills and place. Three statutory officers sit within or alongside this team: the chief executive as head of paid service, who is responsible for the organisation's staffing and management; the monitoring officer, who ensures the authority acts lawfully; and the section 73 officer, equivalent to the section 151 officer at local authority level, who is responsible for its finances.

The largest authorities add a group layer for hosted bodies such as Transport for Greater Manchester and Greater Manchester Fire and Rescue Service, with the group chief executive overseeing the leaders of each. In these authorities, a substantial amount of expertise and delivery capability sits in the transport bodies and in constituent councils, not in the corporate core. The people with experience of managing major capital programmes, structuring complex financing and handling treasury management, for example, are therefore often found in a transport executive or a principal council's finance team.

The next layer is made up of directors, assistant directors, and heads of service, who lead the functions within each directorate. In Liverpool City Region, for example, directors sit beneath the Executive Director for Investment and Delivery and lead areas such as housing and regeneration, and employment, skills and inclusion.³ The responsibilities assigned to each directorate vary widely, reflecting the powers and funding each authority has secured, as does the size of the teams behind them. In the Greater London Authority, for instance, the headcount in the Good Growth directorate, covering planning and regeneration, transport and infrastructure, culture, and environment and energy, is 46% larger than Housing and Land, which covers housing delivery, property, the Royal Docks and building safety.⁴

Interims and shared arrangements play an important role in newer and smaller authorities. Interim chief executives and statutory officers carry the new organisations through set-up, as at East Midlands and Hull and East Yorkshire, before permanent appointments are made. In smaller authorities, arrangements with constituent councils are central to the delivery of the authority's responsibilities. For example, Lancashire is a foundation strategic authority with a small core. Its three statutory officers are provided to the authority under secondment agreements with its constituent councils, each being the chief executive or deputy chief executive of their home council.⁵ Alongside them, the authority has its own chief operating officer and director of transport.

³ Liverpool City Region Combined Authority, *Executive Leadership Team*

⁴ Greater London Authority, *Workforce Report*, 2026

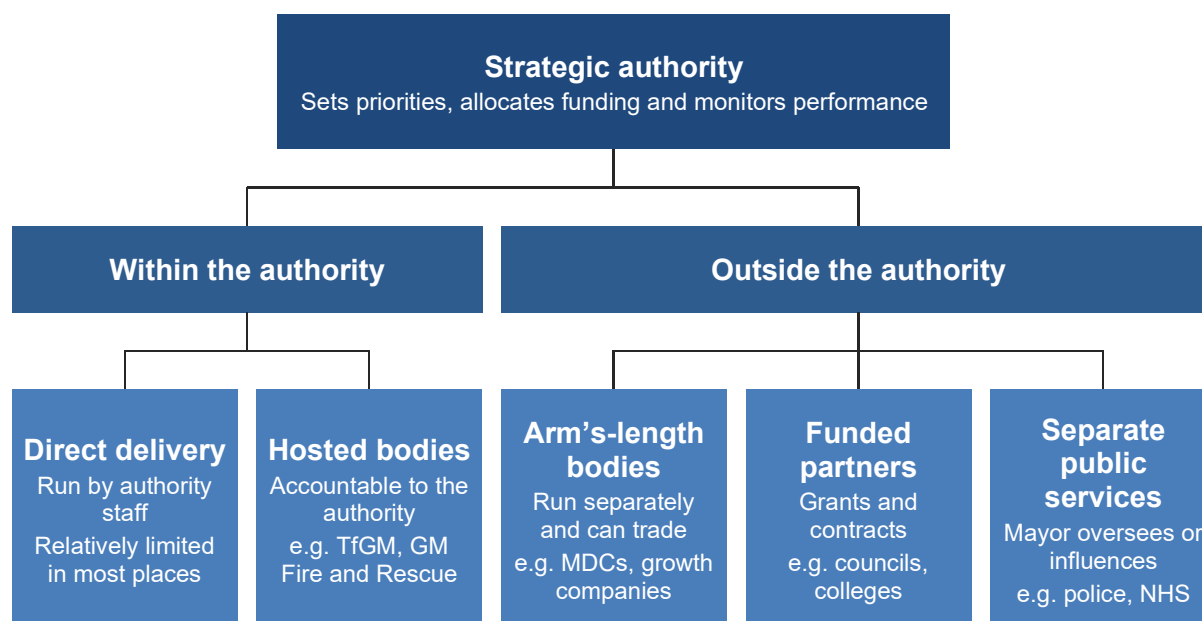
⁵ Lancashire Combined County Authority, *Our leadership team*

3. Delivery, internal and arm's-length

Internal delivery runs through the directorates discussed above, which generally cover corporate services, legal and governance, finance and resources, transport, economic development, and a mix of place-based and people-focused functions. For the largest funding streams, the work of these teams is commissioning-focused with the authority's team setting priorities, allocating funding and monitoring performance. In adult skills, for example, Greater Manchester commissions provision through grant agreements with colleges and contracts with training providers.⁶ Similarly in transport, authorities set strategy within the national framework set by the Department for Transport, and in many cases schemes are delivered by the constituent council in whose area they fall. The balance between commissioning and direct delivery differs by service and by authority.

Where strategic authorities deliver directly, there are several instances where they do so at arm's length, through bodies that can work with other funders, trade commercially and operate outside the authority's own governance. By far the most common form is the mayoral development corporation (MDC), but several of the larger authorities also work through growth companies, which combine a range of business support and inward investment functions. The West Midlands Growth Company, for example, is the region's investment promotion and destination management organisation, backed by the combined authority, its seven constituent councils and five of the region's universities.⁷

Figure 1: Delivery in strategic authorities



With regard to MDCs, ten are in existence and a further six have been proposed, but most are recent creations.⁸ Only the two longest standing in London, the three in Tees Valley and Stockport have been operating for more than three years. The design of these bodies will be explored in a forthcoming report by the Growth & Reform Network and Metro Dynamics.

⁶ Greater Manchester Combined Authority, *Devolution of the Adult Education Budget*, 2019

⁷ West Midlands Growth Company, *About us*

⁸ House of Commons Library, *Development corporations*, 2026

Mayoral development zones, developed in Greater Manchester, have also emerged as a lighter alternative. There are as yet no broad evaluations of the MDC model's record of delivery, but individual corporations have seen success. The London Legacy Development Corporation, covering the area around the Olympic Park, oversaw the delivery of more than 13,000 homes during its time as planning authority. Most recently, Stockport MDC has pioneered a new model, holding no planning powers but acting as a driving force in the town centre's regeneration.⁹ Mayors have increasingly turned to MDCs as levers for regeneration, with new bodies emerging for Liverpool's North Docks and Peterborough, among others.

Delivery of the public service responsibilities held by some strategic authorities sits largely outside their corporate structures, with the Mayor as the link. Where mayors hold police and crime commissioner functions, the force remains a separate body under its chief constable, and the mayor sets the police and crime plan and budget and holds the chief constable to account, usually through a deputy mayor. Fire follows a similar pattern with the service run day to day by its chief fire officer and scrutiny from a panel of councillors or, in London, an Assembly committee. Under health, delivery is also separate. Greater Manchester is the only strategic authority with a long-standing devolved health arrangement. NHS Greater Manchester remains accountable to central government, with the strategic authority holding no formal control but setting shared priorities through a partnership. Deals announced in March 2026 go further in both Greater Manchester and South Yorkshire, with the chair of each integrated care board also serving as the Mayor's Health Commissioner and accountable to the mayor as well as to the NHS.¹⁰

Strategic authorities therefore differ markedly in how they are set up and organised. What they share is a thematically focused corporate leadership team, with each senior officer responsible for a set of services. Below that level, publicly available information is limited, but delivery teams appear generally small, varying with the service and the host authority. Strategic authorities set priorities and manage programmes, while direct delivery largely takes place through partners. Much of this variation reflects the incremental way devolution has developed as places have not worked to a template or a shared set of expectations but have designed their authorities deal by deal. Structures built in this way have been shaped by each authority's existing remit, which raises the question of whether they have the broader organisational capability the next phase of devolution will require.

4. Capacity and capability in practice

As the review's first publication set out, a growth-capable place needs to be able to understand its economy, make strategic choices, originate credible projects, assemble finance and partners, manage a portfolio of investments and risk, deliver major programmes, evaluate results, and negotiate with government and investors. Capability, in other words, is not a single quantity but is spread across a set of distinct capabilities, each of which a strategic authority may hold to a different degree. Comparisons are therefore difficult and resistant to a single

⁹ Institute for Government, *Devolution and urban regeneration: How can metro mayors transform England's towns and cities?*, 2024

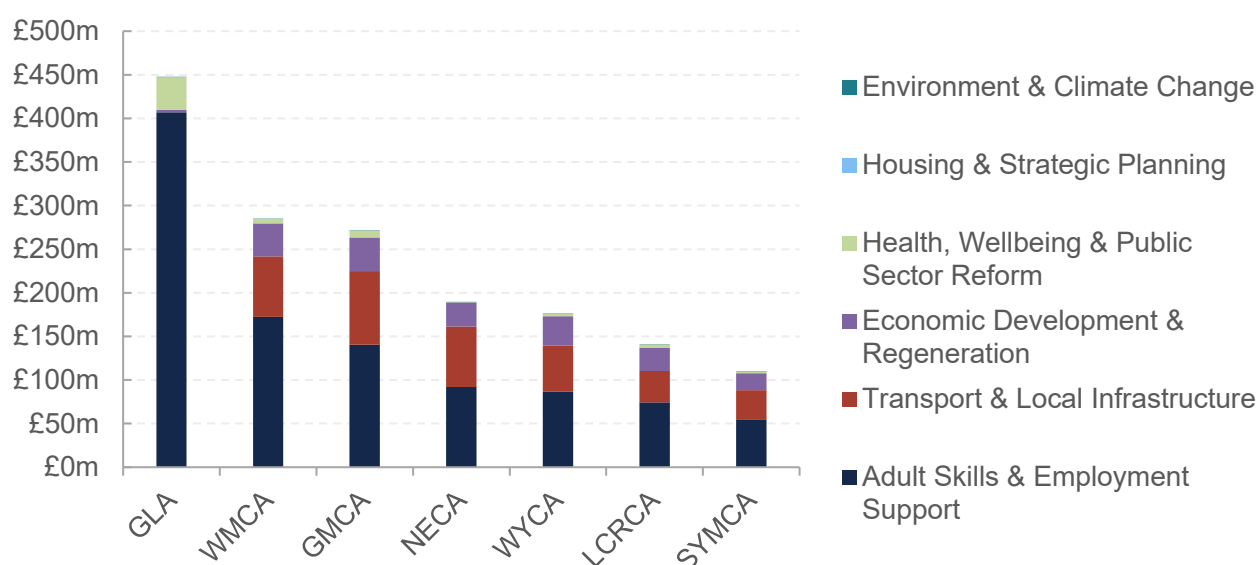
¹⁰ Philip Britteon et al., *The impact of devolution on local health systems: Evidence from Greater Manchester, England*, Social Science & Medicine, Volume 348, 2024; Department for Health and Social Care, *Health devolution in Greater Manchester and South Yorkshire*, 2026

metric. That said, every one of these capabilities ultimately depends on having enough of the right people in place to exercise it.

Public information on staffing by directorate within strategic authorities is limited, so funding offers a proxy for where that capacity will be concentrated. Comparing Integrated Settlement allocations provides a more direct comparison among the relevant authorities, as funding has been allocated across a shared set of thematic pillars, as shown in *Figure 2*. With the Integrated Settlement providing the majority of non-transport revenue (which has access to a levy and fares) in these strategic authorities, the figures therefore give a sense of where their activity, and to some extent their staffing, will grow over the short and medium term. As of this summer, £15.9bn of funding has been allocated through this approach, covering the period from 2025-26 to 2029-30.¹¹ This will expand further with the Government’s designation of four more strategic authorities as established over the summer.

Across the seven strategic authorities, no central Government funding is allocated to revenue funding in Housing & Strategic Planning, and only a small amount to Environment & Climate Change. Health, Wellbeing & Public Sector Reform is similarly modest. The remainder is made up of larger allocations to Economic Development & Regeneration and Transport & Local Infrastructure. By far the largest segment is skills delivery, which is by its nature staff-intensive and an area where strategic authorities are taking on much greater responsibilities. Much of this funding is commissioned onwards, however. South Yorkshire’s Growth, Business, and Skills directorate was allocated £94.8m of revenue spending in 2026-27, including £41.8m of Adult Skills Fund, with a headcount of 74 – around £1.3m per person.¹²

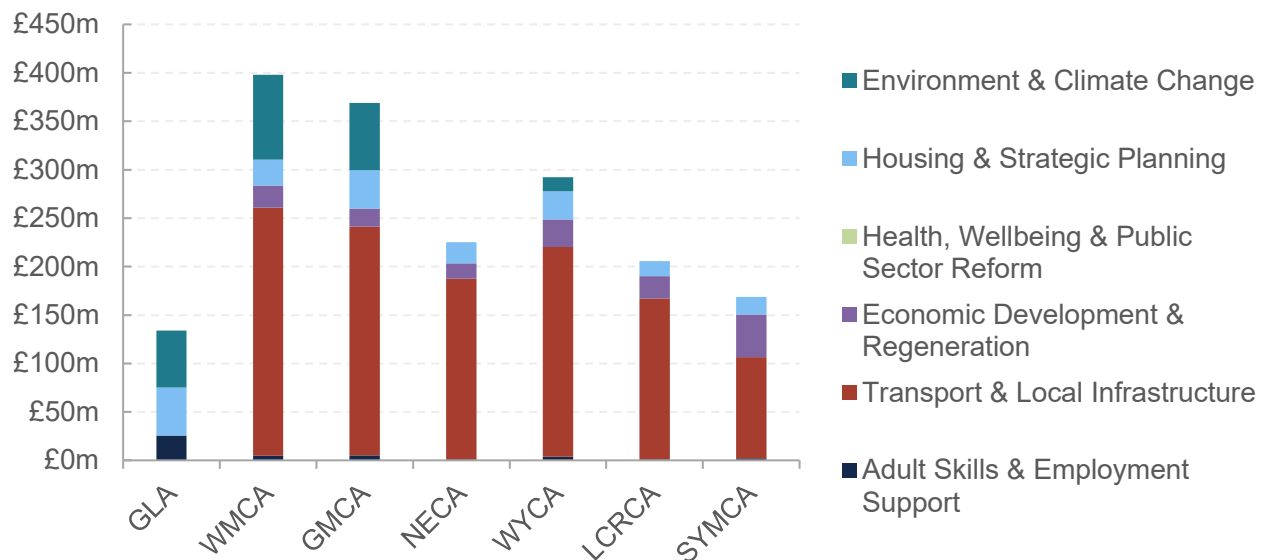
Figure 2: Integrated Settlement allocations, 2026-27: revenue (top), capital (bottom)¹³



¹¹ National Audit Office, *Devolution in England: funding and accountability*, 2026

¹² South Yorkshire Mayoral Combined Authority, *Annual Group Budget & Treasury Management Strategy 2026/27*, 2026

¹³ Ministry of Housing, Communities and Local Government, *Integrated Settlement funds for 2026 to 2030*, 2025. The GLA’s settlement does not include transport and local infrastructure funding as this is provided separately to Transport for London



While the direction of travel can be deduced from the above, a larger revenue allocation does not necessarily mean more capacity within the authority, still less more capability. As the South Yorkshire example shows, most of this funding is programmatic and passes through to colleges, training providers and constituent councils. The comparatively small team commissioning, managing and monitoring the programmes remains in-house.

Nor does the funding necessarily come with the freedom to direct it. The National Audit Office's recent report on devolution found that agreeing Outcomes Frameworks has been difficult because of a tension between strategic authorities' expectations of autonomy and departments' own accountability to ministers and Parliament.¹⁴ Authorities reported that the frameworks are too strongly shaped by national priorities and contain too many programme-level output targets, limiting their ability to respond to local needs. The NAO concluded that this tension will need to be resolved before devolved funding can be said to be working effectively. Over time, and through resolving this, strategic authorities will need to move from delivering services on behalf of central government towards much greater latitude to shape their places and local economies.

5. Funding and access to resources

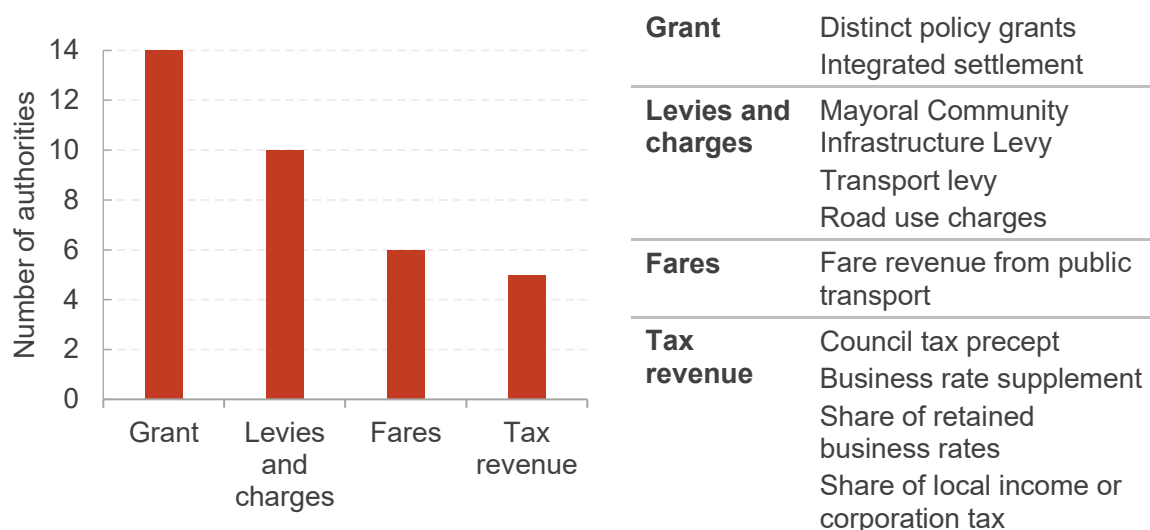
That latitude depends ultimately on the resources strategic authorities control themselves, rather than those administered on behalf of the Government. With the announcements on fiscal devolution coming this autumn, the funding picture for strategic authorities will begin to look very different in short order. The implications of this have been explored in a recent report prepared by the Future Governance Forum, the Growth & Reform Network and Metro Dynamics.¹⁵ The report identified seven capability areas likely to be fundamental to a successful transition to fiscal devolution, including borrowing, reserves and balance sheet management; revenue forecasting, fiscal analysis and tax modelling expertise; and strategic financial leadership and resource allocation. Ahead of these announcements, it is worth setting

¹⁴ National Audit Office, *Devolution in England: funding and accountability*, 2026

¹⁵ Future Governance Forum, Metro Dynamics, and the Growth & Reform Network, *From Fiscal Devolution to Good Growth: Building the capabilities to make it work*, 2026

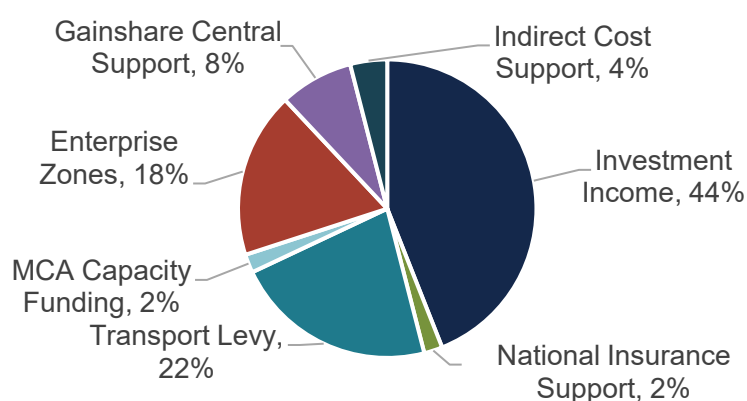
out what the current funding landscape looks like, both to establish the baseline and to help understand the direction of travel for England’s strategic authorities as they move towards greater flexibility and a larger direct stake in local growth.

Figure 3: Number of mayoral strategic authorities drawing on each family of income (of 14) ¹⁶



Strategic authorities currently rely largely on funding allocated by central government, either through distinct policy grants or the Integrated Settlement, for those eligible. Mayoral Capacity Funding, shown below, is the only core funding provided to strategic authorities and supports staffing, administration and corporate functions. It generally accounts for only a small share of total budgets, with, for example, West Yorkshire receiving £2.3m in 2026-27 against £487m of revenue expenditure.^{17 18} Most funding therefore comes from other sources, with the breakdown for West Yorkshire’s corporate income – that which isn’t directly assigned to one of the authority’s directorates – shown below.

Figure 4: West Yorkshire Combined Authority, corporate income 2026-27 ¹⁹



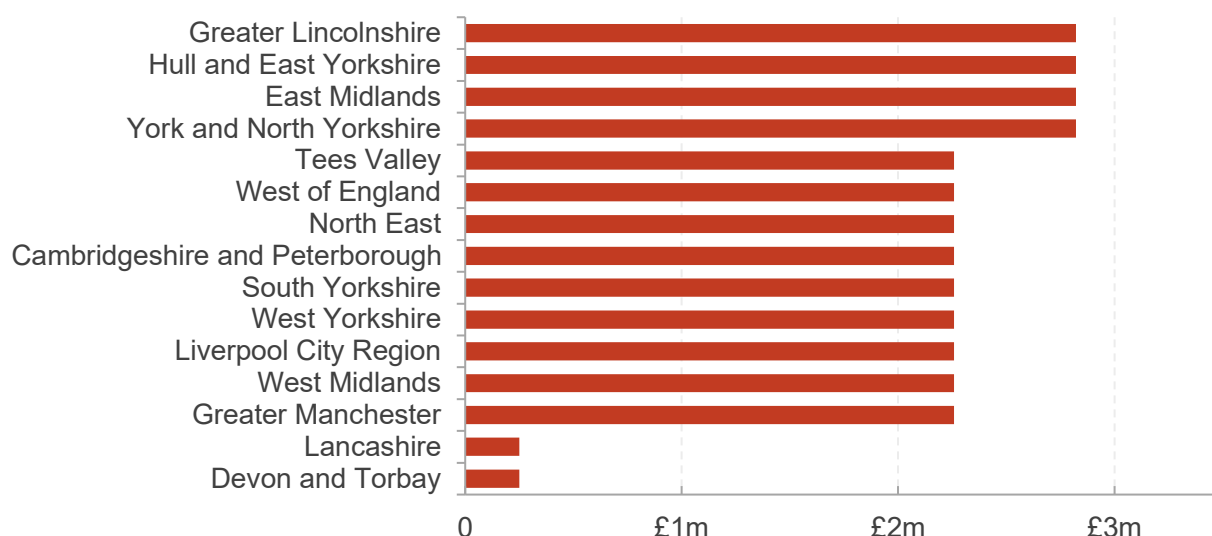
¹⁶ Centre for Cities, *Understanding England’s mayors*, 2026

¹⁷ Ministry of Housing, Communities and Local Government, *Explanatory note on Mayoral Strategic Authority funding 2026 to 2027*, 2026

¹⁸ West Yorkshire Combined Authority, *2026/27 Budget & Business Plan*, 2026

¹⁹ West Yorkshire Combined Authority, *2026/27 Budget & Business Plan*, 2026. Corporate income is that which isn’t directly assigned to one of the authority’s directorates.

Figure 5: Mayoral Capacity Funding for eligible SAs in 2026-27 ²⁰



Investment Funds and any gainshare allocations agreed as part of devolution deals are vital sources of flexible funding. Both the overall quantum and the split between revenue and capital vary across strategic authorities, ranging from a 25% revenue share in Liverpool City Region's Investment Fund to the West Midlands, which has a 100% revenue share.²¹ This variation means that, although both Liverpool City Region and the West of England receive a £30m annual Investment Fund, Liverpool City Region is entitled to around £7.5m a year in revenue funding, while the West of England, with a 50:50 split, is entitled to £15m. For the new Devolution Priority Programme authorities, Investment Funds will be split 50/50 between revenue and capital.²² The flexibility in the funds is particularly important for newer authorities like Hull and East Yorkshire, whose £13.3m annual Investment Fund is weighted 65% towards revenue, giving it £8.7m a year of revenue funding out of a total revenue budget of £37m.²³

With regard to their own powers, all mayors can now levy a general council tax precept, but only five do so at present: Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, York and North Yorkshire, and the Greater London Authority.²⁴ Outside London, where a non-fire element is levied, rates range from £24 at Band D in Liverpool City Region to £61.75 in Greater Manchester, which raises £51.3m against £11.3m in Cambridgeshire and

²⁰ Ministry of Housing, Communities and Local Government, *Explanatory note on Mayoral Strategic Authority funding 2026 to 2027*, 2026. Figures exclude the National Insurance Contributions Grant. A variable adjustment is in place for Strategic authorities in their first 5 years of existence

²¹ LGA, WPI, *Combined authorities: Financial freedoms and fiscal devolution*, 2022

²² Ministry of Housing, Communities and Local Government, *Ministerial Statement on the Devolution Priority Programme*, 2025

²³ Hull and East Yorkshire Combined Authority, *Financial Plan 2026-27 to 2029-30*, 2026

²⁴ Centre for Cities, *Understanding England's mayors*, 2026

Peterborough.²⁵ ²⁶ ²⁷ York and North Yorkshire's general precept, £116.62 at Band D and raising £38.2m, currently funds only fire and rescue.²⁸

Several authorities also receive business rates income, in two forms. Those in the retention pilots – Greater Manchester, the West Midlands, West of England, and Liverpool City Region – receive a share of business rates across their area. Separately, the Greater London Authority receives a 37% share of business rates in London, far larger than the 1% to 5% received by other mayoral authorities.²⁹ It is also the only authority to have levied a business rate supplement, which must be tied to a specific project, using it to help fund the Elizabeth line. In the West of England, net retained business rates were worth £2.2m to the authority in 2025-26, equivalent to around 13% of its corporate functions budget and around 1% of its overall revenue budget, but following the 2026 reset of the retention baseline this has been budgeted at nil for 2026-27.³⁰ ³¹ Separately, many authorities, including West Yorkshire and South Yorkshire, retain business rates growth from enterprise zones, a narrower and site-specific source.³² ³³

Outside of Greater London, all strategic authorities can levy a transport levy on their constituent councils. Bar Greater Lincolnshire, Hull and East Yorkshire, Tees Valley, and York and North Yorkshire, the other nine have all implemented this, ranging from £15m in Cambridgeshire and Peterborough to £127m in the West Midlands.³⁴ ³⁵ As implied by its name, this funding is directed towards thematically relevant programmes. Most of the £99.9m raised by West Yorkshire is allocated to transport services, with the remainder covering debt costs and the West Yorkshire Transport Fund.³⁶ Authorities with franchised buses or light rail also have access to fare revenue.

The funding base for strategic authorities contains considerable variation, then, and this has important implications for capability and capacity, with those authorities more reliant on Government grant correspondingly having fewer flexible resources available to them. Where a strategic authority also does not levy a precept or benefit from significant business rates retention, this further narrows its room for manoeuvre in developing sufficient capacity. Only Mayoral Capacity Funding is intended to build the corporate and staffing base directly, with programmatic grant funding predominating. The result is that strategic authorities' capacity to

²⁵ Liverpool City Region Combined Authority, *Combined Authority Budget 2026-27*, 2026

²⁶ Greater Manchester Combined Authority, *Mayoral General Budget and Precept Proposals 2026-27*, 2026

²⁷ Cambridgeshire and Peterborough Combined Authority, *Proposed 2026/27 Budget and Annual Business Plan and Medium-Term Financial Plan 2026-2030*, 2026

²⁸ York and North Yorkshire Combined Authority, *Draft 2026/27 Fire Budget and Medium-Term Financial Plan (MTFP)*, 2026

²⁹ Centre for Cities, *Understanding England's mayors*, 2026

³⁰ West of England Mayoral Combined Authority, *Mayoral and Combined Authority Budget 2026/27 and Medium-Term Financial Strategy*, 2026

³¹ MHCLG, *Explanatory note on Mayoral Strategic Authority funding 2026 to 2027: final*, 2026

³² West Yorkshire Combined Authority, *2026/27 Budget & Business Plan*, 2026

³³ South Yorkshire Mayoral Combined Authority, *Annual Group Budget & Treasury Management Strategy 2026/27*, 2026

³⁴ Cambridgeshire and Peterborough Combined Authority, *Proposed 2026/27 Budget and Annual Business Plan and Medium-Term Financial Plan 2026-2030*, 2026

³⁵ West Midlands Combined Authority, *WMCA Consolidated Budget 2026/27*, 2026

³⁶ West Yorkshire Combined Authority, *Revenue Budget and Capital Programme 2026-27*, 2026

act depends less on the overall size of their budgets than on how much of that funding they can actually direct.

6. Conclusion

Strategic authorities have developed deal by deal and were not designed against a common specification, so they have very different architectures and resource bases. Where an authority is also responsible for police, fire or transport, those very large services dominate its budget and make like-for-like comparison difficult. MHCLG is currently collecting more detailed data on strategic authorities, which should allow more consistent comparison of capacity in future.

What is clear is how little revenue strategic authorities control themselves. Headline budgets greatly overstate the discretionary resource available, because so much is capital, programme-specific or passed through to delivery partners. Flexible revenue comes from a narrow set of sources: gainshare, investment income, enterprise zone receipts, retained business rates in some areas, a precept that few levy, and the small sums received through Mayoral Capacity Funding.

Within these constraints, many authorities have delivered impressively, with significant achievements through MDCs and other major programmes. But that delivery has come from a narrow base. We therefore cannot assume the capabilities needed for the next phase are already there because an authority has a large budget or has delivered well on an existing remit. The combination of deal-by-deal evolution and limited flexible funding looks likely to have led to underinvestment in the strategic capabilities the next phase of devolution will require. The NAO has reached a similar view, warning that expectations of strategic authorities risk growing faster than their capacity to deliver.

Given the weight of expectation now placed on mayors, and the role government has set out for them in *Rewiring the State*, this is not a sound basis for going forward. Retained business rates from April 2027 and a share of income tax from April 2028 will give authorities substantially more revenue of their own. A gap would remain, however, and the capability to forecast, borrow against, and deploy the new revenue well will not necessarily emerge organically. Government now needs to set out a transition from where strategic authorities are now to where they will need to be, so that the authorities are supported into the growth-capable role envisaged by *Rewiring the State*. The task is therefore to identify and deliberately build those capabilities.

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