

Mayoral Combined Authority Board

21 March 2022

Levelling Up White Paper

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Discussion
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No

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Executive Summary:

This paper summarises the Government's Levelling Up White Paper and highlights implications for the MCA.

What does this mean for businesses, people and places in South Yorkshire?

This paper is for information and discussion purposes. However, the White Paper and how it is implemented could have a profound impact on the quality of life and growth opportunities of residents, businesses, and places in South Yorkshire in the years ahead.

Recommendations:

- That Board members note the summary of the White Paper and consider implications for the MCA.

Consideration by any other Board, Committee, Assurance or Advisory Panel

A similar paper went to the LEP Board on 10 March, and a presentation was given to the Business Advisory Group on 16 February.

1. Background

- 1.1 The Government's Levelling Up White Paper was published on 2 February 2022. Work has been ongoing led by the Mayor to persuade Government that the only way to unlock growth in the North is by taking a coordinated, strategic and devolved approach to economic development, especially where MCAs are in place with democratic accountability and structures to deliver economic regeneration at functional economic level.

2. Key Issues

- 2.1 A 332-page document with a strong diagnosis of the evidence and recognition of the scale of the challenge; the White Paper gives clarity on what Government means by Levelling Up. The White Paper sets 12 missions, which are linked to four policy objectives. These are in Appendix A. Positively, there is alignment with the SEP and the MCA's work on transforming our business ecosystem; commitments that some additional funding will be diverted away from the Greater South East; and there could be more local control over decision-making and funding. However, commensurate levels of funding required to deliver the scale of the ambitions of Levelling Up has not yet been announced. Some of the major announcements relevant to the MCA are discussed below.

2.2 Devolution

Greater devolution is proposed across the country with more and deeper powers for existing MCAs, with options to create new MCAs and county deals in other parts of the country. Government commits to vastly simplify the local growth funding landscape to allow local leaders to drive change and encourages the integration of LEPs and their business boards into MCAs. Appendix B shows the Government's devolution options in detail and the powers on offer for different types of governance arrangements.

Additional powers for existing MCAs and the potential for new MCAs to be established and new county deals for all places across the country that want to have them, will mean more decisions are taken closer to people.

Like any White Paper, there is still a lot of detail and discussions to come in the months and years ahead. For example, it is anticipated that primary legislation will need to be amended to implement the proposed approach. Meanwhile, with the Greater Manchester and the West Midlands Combined Authorities acting as 'trailblazers' for deeper devolution deals negotiations with Government, this process will provide greater understanding of the powers and responsibilities that the Government is seeking to devolve and which are likely to be on offer to the MCA. For example, it is not yet known if the powers set out in Appendix B are a menu that each Authority can select from or if they will be mandated upon them. Therefore, over the months ahead careful consideration will need to be given about whether the MCA wants to seek additional devolved powers and responsibilities from Government.

More broadly on the devolution elements of the White Paper, the proposal for deeper integration of LEPs into MCAs, appears to reflect the existing approach embedded within the South Yorkshire model. Meanwhile Members should also be aware that the White Paper appears to place an increasing emphasis on the transparency of performance on capital programme delivery. Whilst the exact detail of how this will work is not yet clear it appears to be aligned to some of the processes discussed in relation to the design of the City Region's Sustainable Transport Settlement (CRSTS).

2.3 **Innovation**

The announcements for innovation funding were significant and are an opportunity for SYMCA in the future. Key announcements included 55% of Government's domestic R&D funding will be outside the Greater South East by 2024/25; public investment in R&D outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period; and £16bn of the Local Government Pension Scheme for investments in local projects and to make it easier to get more business investment.

There is significant innovation investment available and the geographical targeting of this to regions outside of the Greater South East is an opportunity for the MCA's ambitious plans for business investment. There is still a lot of detail missing on how these announcements will work in practice, however. The narrative is positive, but limited policies have been presented so far.

In discussions with central government, it will be crucial to consistently make the case about how levelling up through innovation investment can be achieved in South Yorkshire. The assets are already here and developing the architecture and coordination of key local stakeholders through the Innovation Board is pivotal.

2.4 **Housing and Culture**

As well as R&D investment being skewed to the North, similar funding streams for housing and culture have done the same. The '80/20 rule,' which leads to 80% of government funding for housing supply being directed at 'maximum affordability areas' - in practice, London and the South East - will be scrapped. The brownfield King's Cross-style regeneration pilot for Sheffield, includes a £13m Brownfield Housing Fund top up directly to MCA. Positively, 100% of the Arts Council England funding uplift agreed at the latest Spending Review will be spent outside London.

2.5 **Skills**

The White Paper announced £60m of funding for 55 Education Investment Areas will be designated in LAs where school outcomes are currently weakest. 95% of which are outside London and the South East. Doncaster and Rotherham are identified in South Yorkshire. There was also an additional £550m boost to Skills Bootcamps.

2.6 **UK Shared Prosperity Fund (UKSPF)**

The MCA has been asking for the UKSPF to be focused to places of need and allocated to and delivered by the MCA. The White Paper confirmed all of these. SYMCA will have control over its share of the UKSPF, but Multiply (a £560m skills scheme) will be excluded and delivered centrally. Government has still not announced how much areas will receive from the UKSPF. It is expected that the allocation for SYMCA will be smaller compared to previous years because of the

centrally driven Multiply scheme, and the guarantees given to the devolved nations and Cornwall. It is understood that these allocations will be announced as part of the Government's Spring Statement.

- 2.7 The MCA will need to keep making the case to Government to secure the best deal for the area. In terms of lobbying, the MCA may wish to make the case to Government that future spending reviews need to find budget lines to make Levelling Up a reality. South Yorkshire is well placed to lead, especially given the policy alignment between the SEP and the White Paper, and the significant assets and great potential in the region.

3. Options Considered and Recommended Proposal

- 3.1 This paper is for information and discussion purposes. The White Paper provides an opportunity for the Board to review its role and consider it may want to proceed.

4. Consultation on Proposal

- 4.1 The White paper has triggered a period of nationwide consultation which will eventually result in a bill being debated in Parliament. The Board may want to begin local consultation on its response to Government.

5. Timetable and Accountability for Implementing this Decision:

- 5.1 N/A

6. Financial and Procurement Implications and Advice

- 6.1 There are no financial implications yet. However, any new/enhanced devolution deal is likely to have financial implications.

7. Legal Implications and Advice

- 7.1 There are no legal implications yet. However, any new/enhanced devolution deal is likely to have legal implications.

8. Human Resources Implications and Advice

- 8.1 This paper does not have any direct HR implications.

9. Equality and Diversity Implications and Advice

- 9.1 N/A

10. Climate Change Implications and Advice

- 10.1 N/A

11. Information and Communication Technology Implications and Advice

- 11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 N/A

List of Appendices Included

A Government's Objectives and Missions

B Devolution Framework

Background Papers

None