

Thursday, 12 January 2023

## National Policy Environment and Government Engagement: South Yorkshire approach

<b>Is the paper exempt from the press and public?</b>	No
<b>Reason why exempt:</b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Strategic Priority</b>	Cross Cutting

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### Director Approving Submission of the Report:

Clare Monaghan, Executive Director of Strategy and Development

### Report Author(s):

Andrew Gates – Assistant Director External Affairs

[Andrew.gates@southyorkshire-ca.gov.uk](mailto:Andrew.gates@southyorkshire-ca.gov.uk)

Molly Axelby – External Affairs Support Officer

[Molly.axelby@southyorkshire-ca.gov.uk](mailto:Molly.axelby@southyorkshire-ca.gov.uk)

### Recommendations:

That LEP Board note the current national policy environment and responsive MCA actions and provide reflections on the implications and opportunities for South Yorkshire.

## 1. Introduction

This paper provides an update on the national policy environment including key opportunities and implications for South Yorkshire and what the MCA is currently doing - to invite feedback and discussion on these key areas.

## 2. Background

To achieve transformative and sustainable change in South Yorkshire, we are dependent on an effective policy and investment partnership with Government. National policy is a significant driver of activity – providing collaboration and funding opportunities that enable South Yorkshire to deliver on our economic objectives.

### Autumn Statement

Since the last LEP Board meeting, the Government announced their Autumn Statement on the 17th November - setting out their funding commitments and intended spending plans for the years ahead. This Statement marked a significant departure from September's Mini-Budget – reversing a number of fiscal commitments and policy decisions. It was also made in the context of a bleak economic outlook, according to the OBR projections at the time e.g. inflation at a 40 year high, expected shrinkage of living standards by 7% and a projected recession lasting for over a year.

Key takeaways:

- Restated commitment to Shared Prosperity Fund and Levelling Up Fund with funding announced by end of the 2022. (albeit without inflation protection).
- Trailblazer devolution deals with Greater Manchester and West Midlands will be signed in 2023, with the potential to provide single departmental-style settlements for them and other MCAs at the next Spending Review to be explored.
- Scaling back of Investment Zones with a re-focus on the highest potential sites, working with universities in left-behind areas.
- Confirmation of intention to proceed with the core Integrated Rail Plan, with no HS2 Eastern Leg between East Midlands and Leeds, and with Northern improvements focused on infrastructure between Manchester and Leeds (excluding a connection to Bradford).
- Levelling Up remains a notable policy driver e.g. Arts Council England spending announcement represented a dramatic shift of funding out of London to 'priority places' with the North seeing an uplift of 25%. Concurrently, Metro Mayors and policy experts have been giving evidence to a select Committee Funding for Levelling Up Inquiry, maintaining momentum and profile for the agenda.

## 3. What that means for South Yorkshire

### Existing Funding Pots

- On 5<sup>th</sup> December we received notification that our Shared Prosperity Fund Spending Plan was approved by Government and that we will shortly be receiving the funding for Year 1 (22/23). However the MCA Board had already decided to underwrite the costs at

risk of the programme due to the delay in the announcement, demonstrating commitment and belief in that programme.

- We have yet to receive feedback on our Levelling Up Fund submission despite Government stating successful bids would be announced by the end of the year. Reportedly they will now be announced by the end of January 2023.
- Although the allocated budgets remain the same – due to the impact of inflation the spending power of these pots equates to a real-terms cut.

### Devolution

- The trailblazer deals should pave the way for a deepening and widening of the powers and resources available to the MCA.
- Significantly, a move away from competitive bidding processes to a trial of single settlement funding would meet long-held aspirations to provide greater control, certainty and flexibility over available monies for Metro Mayoral areas.
- Through the M10 group, SYMCA is staying closely engaged with the progression of these Trailblazer negotiations and separately are establishing relationships with officials in DLUHC to ensure we are well placed for future discussions on devolution opportunities.

### Investment Zones

- As discussed at the previous LEP Board meeting, we submitted a formal Expression of Interest to Government in October as part of their Investment Zone programme.
- Since that time, Government have scaled back and re-focused their original plans, however we are well positioned to benefit from this re-focusing in South Yorkshire with our existing assets in the AMRC and AWRC, given the new emphasis on “knowledge-intensive growth clusters” connected to research strengths in left-behind areas.
- SYMCA is ready to work strategically with HMT, BEIS and DLUHC on innovation clustering in South Yorkshire as part of Investment Zone discussions. As an MCA we are well positioned to organise broader coordination and alignment across skills and business support for example, to ensure a strategic approach across the region to maximise growth.

### Transport

- After months of uncertainty, Government confirmed it will revert to the Integrated Rail Plan proposition, published in November 2021.
- As a reminder, this leaves South Yorkshire at the end of the HS2 branch line and provides no commitment to improving our connections to Leeds, Manchester and beyond.
- At the November MCA meeting, Leaders agreed on a set of Rail Investment Priorities for South Yorkshire which will be used over the coming months for lobbying and advocacy activity to ensure we speak with one voice to secure promised rail schemes and further investment in rail connectivity.
- As part of the M10 group, we have had early engagement on the intended future operating model of Great British Railways and will be developing a collaborative working relationship to ensure we can adopt a strategic cross-agency place-based approach to rail in South Yorkshire.

#### **4. Discussion points**

- Any additional insights on the national policy environment – have we captured everything of interest?
- Any feedback, advice or direction on activity of the MCA in response to the national policy environment?
- Any further detail required on MCA activities?
- Are there any policy areas Members would welcome deeper discussions on?
- Would members like to participate in government engagement activity and what support would they need to do so?

#### **5. Next Steps**

This paper will be a standing item as requested at the previous LEP Board meeting.

#### **Background Papers**

09. Investment Zones LEP Meeting 03 11 22