

## Overview and Scrutiny Committee

Thursday, 19 January 2023

### Renewal Fund Update

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<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>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan of Key Decisions?</b>	Not a Key Decision

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**Director Approving Submission of the Report:**  
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#### Executive Summary

This report provides an update on the Renewal Fund. The Renewal Fund refers to the fund of funds that will form the basis of the region's investment strategy into the future.

The report is accompanied by a slide-pack that sets out the basis of the Fund, the core underlying principles adopted, decisions made to-date, and the work that is underway to develop longer-term planning.

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

Investing into people, infrastructure, and business is central to the region's aspirations for clean, inclusive, economic growth for South Yorkshire.

#### Recommendations

Note the report and the accompanying slide-pack.

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

Not applicable

### 1. Background

- 1.1 In July 2020 the South Yorkshire Devolution Deal was signed into law. This deal saw the transfer of powers and funding from Government to the region.
- 1.2 Part of the devolution package was a commitment from Government to provide South Yorkshire with £30m of funding for thirty years. This £900m commitment is referred to as the 'Gainshare' settlement.
- 1.3 Whilst the quantum of funding provided was significant, one of the key benefits was the flexibility under which the money was made available. Unlike other grant funding streams that are provided for short periods of time with tight delivery windows and onerous conditions on how money can be used, Gainshare is relatively free from condition and provided over a much longer period.
- 1.4 This funding was accompanied with the powers to borrow for all the MCA's functions. The ability to borrow allows the MCA and partners to consider how best to time investment. Whilst broad borrowing powers are not a novel tool for local authorities they are for the MCA, whom prior to 2020 could only borrow for transport activity.
- 1.5 Access to this new funding and the associated borrowing powers engendered a different approach to investment planning. It encourages the region to think longer-term and beyond the constraints of Government funding cycles. Rather than be reactive, it encourages the region to set out what it wants to do and proactively plan for it.
- 1.6 Recognising this, the region has committed to developing a Renewal Fund concept, at the heart of which sits the Gainshare funding.
- 1.7 Since 2020, the MCA Board has made decisions on how funding should be deployed and committed to the development of long-term investment plans.
- 1.8 The slide-pack accompanying this report sets out this concept and details the decisions that have been made and the work that is ongoing.
- 1.9 The Renewal Fund is an evolving concept that will be shaped over time by Government decisions, local aspirations, and macro-economic conditions. What and how the region chooses to affect investment will change over time, but the core anchor for the Fund and the use of the Gainshare settlement is the overriding need to deliver economic growth in an inclusive, sustainable, and clean way.
- 1.10 Whilst devolution principles afford the region a great deal of flexibility the MCA is accountable to Government for how it exercises powers and uses the devolved funding. This accountability is exercised through 'gateway reviews' undertaken every five years. The slide-pack touches on this issue.

**2. Options Considered and Recommended Proposal**

**2.1 Option 1**

This report is for noting only.

**2.2 Option 1 Risks and Mitigations**

None.

**2.3 Recommended Option**

Option 1

**3. Consultation on Proposal**

3.1 No proposals

**4. Timetable and Accountability for Implementing this Decision**

4.1 No decisions presented

**5. Financial and Procurement Implications and Advice**

5.1 The Renewal Fund represents a central plank of the MCA's broader financial strategy. The use of Gainshare funding is reported quarterly to the Board with performance information presented to the Thematic Boards.

**6. Legal Implications and Advice**

6.1 None arising directly from this report.

**7. Human Resources Implications and Advice**

7.1 None

**8. Equality and Diversity Implications and Advice**

8.1 None

**9. Climate Change Implications and Advice**

9.1 None

**10. Information and Communication Technology Implications and Advice**

10.1 None

**11. Communications and Marketing Implications and Advice**

11.1 None.

**List of Appendices Included:**

A Renewal Fund Update Slide-Pack

**Background Papers**

N/A