

Thursday, 09 March 2023

National Policy Environment and Government Engagement: South Yorkshire approach

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

Director Approving Submission of the Report:

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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.

At the start of the year, Prime Minister Rishi Sunak outlined his five key priorities for 2023:

1. Halving Inflation.
2. Growing the Economy.
3. Debt Falling.

4. NHS Waiting Lists.
5. Stopping Small Boats.

It is expected that in the March 15th Spring Budget, measures will be outlined to achieve the objectives of these priorities.

Government pressure points (noting submissions from BCC and CBI) for the Budget include:

- Energy Price Guarantee.
- Resolving industrial action.
- Measures to boost workforce participation including childcare reform.
- Tax Reductions.
- Business support for energy efficiency measures and for green industries.

This is also framed against the backdrop of a more positive picture for the public finances than expected - ONS figures published on 20th February showed the Government received £5.4bn more in taxes in January than it spent on public services – much higher than the £8bn deficit forecast by economists.

The March Budget **may also** clarify the Government's position on Investment Zones. This could include a range of options from dropping the policy entirely to launching a process to work with places like South Yorkshire on an IZ proposal.

In the pursuit of these priorities, on 7th February the Prime Minister announced a departmental and Cabinet reshuffle resulting in three transformed departments and one new department:

Department for Energy Security and Net Zero – Secretary of State Grant Shapps

- Securing our long-term energy supply, bringing down bills and halving inflation.

Department for Science, Innovation and Technology – Secretary of State Michelle Donelan

- Driving innovation that will deliver improved public services, create new and better-paid jobs and grow the economy

Department for Business and Trade – Secretary of State Kemi Badenoch

- Backing British businesses at home and abroad, promoting investment and championing free trade.

Department for Culture, Media and Sport (refocused) – Secretary of State Lucy Frazer

- Focus on the importance of the importance of culture, media and sport to our economy and build on the UK's position as a global leader in the creative arts.

Since the previous LEP meeting, there has been progression on a number of items that were discussed:

Levelling Up Fund – announced 18th January

- SYMCA did not receive support for its transport focused submission.
- Only one scheme from South Yorkshire, from BMBC, was successful.

Transport

- Bus Recovery Grant and £2 bus fares will be extended until 30th June 2023
- Restated commitment to Great British Railways (GBR) including the competition for the location of the new HQ (expected to be announced before Easter).

3. What that means for South Yorkshire

Government Priorities and Reshuffle

- The five priorities clearly set out the Government focus for 2023 and restate this administration's commitment to growing the economy. The approach to this should be made clear in the upcoming Spring Budget – balanced against the other priorities of halving inflation and reducing debt.
- A key area of interest relevant to South Yorkshire is how the Government intends to boost workforce participation in an attempt to reduce levels of economic inactivity. So far, the Government has seemed to focus on over 50s, however targeted measures to support those in ill health and mothers back into the workforce may be expected.
- Long-term ill health is an increasingly significant contributor to economic inactivity, reinforcing the umbilical link between health and wealth, and substantiating the Mayor's focus on increasing Healthy Life Expectancy in the region. It also highlights the importance of the Working Win programme and the space for the MCA to occupy in leading work and health programmes.
- Notably, Mayor Andy Burnham has called for devolution of employment support as part of his Trailblazer deal, to more effectively tackle economic inactivity on a local level. Details on the Trailblazer deals are expected to emerge shortly.
- As the new Secretaries of State and Departments develop their approaches, we will be engaging with them as their priorities and focus areas emerge. Notably, the Department for Business and Trade has been referred to as the Department for '**Growth**'.

Levelling Up Funding

- It was an extremely disappointing outcome for South Yorkshire in Round 2 of the Levelling Up Fund with only one single successful bid - £10.2m for Barnsley Futures
- SYMCA was also unsuccessful in a transport bid of approx. £30m, which the Mayor referred to as 'an attack on our local ambition to fix our public transport network'
- Round 2 was mired with controversy after it was revealed that during the bid review process, a rule was instigated that meant bids from lead local authorities that had been successful in round one did not make the shortlist for round two. This meant bids submitted from Sheffield, Rotherham and Doncaster for Round 2 were not considered for funding, as they had been successful in Round 1.
- The Government have confirmed there will be a further round of the Levelling Up Fund which should see £1 billion of funding available, but no further details have been published about timescales or criteria.
- Nationally, the Fund has been criticised for its competitive nature, being overly centralised and lacking scale and focus.

Transport

- On 20th February the Government announced £155m additional funding to extend the Bus Recovery Grant and the £2 Bus Fare Cap until 30th June 2023. This should help protect services and sustain £2 fare prices in the region until the middle of the year.
- On 7th February, the Secretary of State for Transport Mark Harper restated his commitment to the establishment of Great British Railways (GBR) including the competition for the location of the new HQ (which he said will be announced before Easter)
- Doncaster is one for the six shortlisted locations for GBR HQ and if successful it would be a major boost to the region, representing a full South Yorkshire effort

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 LEP Board Members would welcome deeper discussions on?

5. Next Steps

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

Background Papers

07. National Policy Environment and Government Engagement South Yorkshire
Approach 12 01 23