

Report to Sheffield City Region Overview and Scrutiny Committee

Date of Meeting:	29 October 2020
Subject:	Economic Recovery Plan - Update
Purpose of the Report:	To consider how increasing COVID 19 restrictions being introduced at a national level and the developments in relation to the Brexit deal, are affecting the SCR Economic Recovery Plan.
Recommendation(s):	Members of the OSC consider this and receive any further information which has become available after the publication of this paper Monitoring of the political and economic situation will continue regularly and data highlighting any significant issues and risks will be highlighted to Members expeditiously.
Category of Report:	Open
Under the Freedom of Information Act and Schedule 12A of the Local Government Act 1972, this paper and any appendices will be made available under the Combined Authority Publication Scheme.	

Executive Summary:

1. Introduction/Context

- 1.1 Covid-19 is driving an economic shock which is reportedly the largest in 100 years. However, the economic impacts of the pandemic are not clear at a national and local level. The full impact of the pandemic upon unemployment is masked by the Coronavirus Job Retention Scheme and many other economic indicators are not immediately known. It is known that there is an immediate impact upon people's employment and education opportunities, threats and negative impacts upon businesses and the pandemic as well its economic impacts are reshaping our places.
- 1.2 There remain continued public health measures across the UK due to rising Covid-19 cases. At the time of writing South Yorkshire was under Risk Level 2 which is "triggered" in geographical areas or nationally when there has been a rise in transmission that cannot be contained through local responses. There are restrictions upon social contact (e.g. people should only travel for essential reasons) and curfews on certain businesses trading hours.
- 1.3 As the pandemic continues to affect the economy and government decision making, the government has obtained parliamentary ratification of both its renegotiated Withdrawal Agreement and Political Declaration. This step allowed the United Kingdom to leave the European Union on 31 January 2020.
- 1.4 The transition period is under way, with the UK temporarily remaining part of the EU trading block from the point of its 'formal' departure on the 31st December 2020. The current negotiations are to determine the future EU UK trade relationship after the transition period ends.

As such, there remain commitments to Brexit but there are also arguably larger and immediate economic challenges.

- 1.5 The UK Government has undertaken economic analysis of Brexit exit under different scenarios. Their work has a large number of caveats but shows that higher barriers to UK EU trade will result in greater economic costs for the UK.
- 1.6 The Office for Budget Responsibility has undertaken economic forecasts and analysis of the impact of coronavirus showing that it will deliver a large but hopefully temporary shock to the economy and public finances.
- 1.7 There remains a lot of uncertainty around the economy due to “Brexit” and the Covid-19 situation and there are no plans to amend the Renewal Action Plan. The Sheffield City Region (SCR) Renewal Action Plan (RAP) has been agreed in response to the immediate need brought about by the Covid-19 crisis with a longer-term view to support ongoing recovery and dovetail into developing a more resilient economy. The RAP focuses upon three main areas of action:
- People
 - Employers
 - Place
- 1.8 The Strategic Economic Plan (SEP) similarly does not require adjustment due to the long-term goals of the strategy document. Any further economic shocks endorse the actions and long-term ambitions of the SEP.
- 1.9 A second wave or enhanced restrictions do not change the need for the interventions outlined in the RAP and we have set. If any amendments are needed, it is possible to account for this in the implementation plans which are designed around people, employers and place.
- 1.10 Implementation plans are in development to cover the next 12 to 18 months and are focussed primarily on immediate relief to people, employers, and places developed. MCA officers are working closely with LA partners, experts and the relevant Thematic Boards to develop these plans. The LEP and MCA boards are being updated regularly.
- 1.11 At the moment our focus is on securing the funds to deliver the RAP (and the SEP) noting that the activities outlined in the document are vital to addressing the concerns and negative experiences many people are facing. The economy and all aspects related to it will continue to be monitored and reported to the MCA and LEP to consider whether adjustments or further work is needed.

2. Matters for Consideration

a. Financial

The MCA is scheduling a discussion at its November Board on some emergency funding for LAs, to be drawn from the initial allocation of gainshare, to address immediate issues in the RAP.

In addition, the Mayor with the LA Leaders are continuing to lobby government for additional stimulus and other finance to mitigate the current known effects of the revised Tier 2 and Tier 3 implications

b. Legal

There are no legal considerations

c. Risk Management

The risks to the SY economy from a prolonged second wave of COVID-19 and potential business lockdowns cannot be understated. The expectation is that business insolvencies and high levels of unemployment will materialise as a consequence of further restrictions and the ending of the first package of support for businesses and individuals.

There are significant risks to the operation of the MCA itself due to reduction in income as a result of the Pandemic. These are captured in the Strategic Risk Registers of the MCA and reported to the Audit and Standards Committee and MCA. Most acute is the risk to public transport and the

Tram due to a loss of patronage and income and the loss of c20% of income, within year, to support the operation of the MCA as a result of a reduction in EZ receipts and rental income.

d. Environmental

No issues to consider directly as a result of this report, however the changing legislative framework as a consequence of Brexit will have direct implications for businesses in different sectors of the economy. Where possible through the business support network of the LEP, LA and the Chambers information will be prepared and publicised in a timely manner.

e. Equality Impact Assessment

By meeting the WCAG 2.1 AA accessibility standard the organisation will ensure that people who had a disability under the Equality Act 2010 will be able to access the information published by the organisation.

f. Performance Management/Measuring Outcomes

Monitoring of the macro-economic position is taking place to continue to monitor the impact on the economy of South Yorkshire.

Any investment made to deliver programmes aimed at mitigating the effects of COVID-19 will be subject to monitoring – proportionate to the activity being undertaken.

3. Consideration of alternative approaches

There are a range of strategies to progress support to mitigate the effects of COVID and indeed of Brexit for local businesses.

Evidence from the initial Tier 3 areas has been to seek to negotiate an enhance support package with HMG, as the scale of the financial stimulus needed is outside of the available resources of the MCA. Options for this are currently in development.

The RAP and SEP have been consulted on heavily with partners and stakeholders to shape evidence, the options, approaches, objectives and the delivery team will continue to engage and bring in expertise where necessary and prudent.

4. Issues the Overview and Scrutiny Committee may wish to consider

The Committee may wish to receive updates when funding is secured to deliver the RAP.

5. Recommendations

Members of the OSC consider this and receive any information which has become available after the publication of this paper

Monitoring of the political and economic situation will continue regularly and data highlighting any significant issues and risks will be highlighted to Members expeditiously.

6. Appendices/Annexes

A – Sheffield City Region Renewal Action Plan

Report Author:	Jonathan Guest
Job Title:	Senior Economic Policy Manager
Officer responsible:	Felix Kumi-Ampofo
Organisation:	Sheffield City Region
Email:	jonathan.guest@sheffieldcityregion.org.uk
Telephone:	07795 826562
Background papers used in the preparation of this report are available for inspection at:	
Other sources and references: Renewal Action plan (RAP)	