

Sheffield City Region Mayoral Combined Authority
11 Broad Street West
Sheffield, S1 2BQ

14 January 2021

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Rishi,

A Budget to deliver a New Deal for the North and a stronger, greener and fairer South Yorkshire

The North has been hit hard by COVID and the pandemic has exposed the underlying challenges we face. The herculean Team South Yorkshire effort in the battle against the virus has been immense and an inspiration and whilst there will be extraordinarily difficult weeks and months ahead, an end is now in sight. Following the successful roll out of the vaccination programme, we hope we can start to ease restrictions in the Spring and begin to reopen our economy.

Your Budget Statement is a critical and timely opportunity to kick-start the process of not just recovery, but renewal. After a year like no other, it must provide much needed certainty and support for businesses and the urgency of this task cannot be understated. The Spending Review provided some welcome support for skills and infrastructure, but there was little detail about funding allocations and the role of Mayors in delivery, nor any direct support to unlock inward investment in our regions that will create jobs and unlock productivity and prosperity.

Your Budget must go much further. In short, it must provide a New Deal for the North. In South Yorkshire, we have a plan to unleash our potential and play our part. It is based on greater investment and devolution to deliver the jobs, skills and infrastructure which will create a stronger, greener and fairer future for people, places and businesses across South Yorkshire. Our ambitious and shovel-ready Renewal Action Plan (RAP) was specifically developed for this purpose, after Government commissioned Metro Mayors to lead this agenda.

Unlocking the investment and powers to deliver our RAP will support **55,000 people into work or training, help 25,000 businesses to adapt and innovate, and also accelerate key strategic objectives like decarbonisation to transform our places.** Whilst our track record of creating **16,100 jobs (rising to 64,000 eventually) and 2,200 apprenticeships; assisting 6,700 learners; leveraging £319m of investment and supporting 24,000 companies so far,** proves we can be

trusted to deliver. The Combined Authority is also investing nearly £50m of our own funds to begin the delivery of its RAP.

Last September the Combined Authority and I made representations you regarding the Comprehensive Spending Review (appended to this letter), founded on our RAP and which was aligned with the submission from our anchor institutions. These priorities remain unchanged. I set out below the key interventions I would like to see in the Budget, in advance of the Comprehensive Spending Review (2021), which will kickstart this journey - helping unlock prosperity for South Yorkshire and the North:

A Stronger South Yorkshire

1. **A business stimulus to stave off mass unemployment after furlough concludes, to reboot our economy:** 'getting ready to go' grants are needed to ensure targeted comprehensive support is available for entrepreneurs, job creators and innovators to jumpstart the economy. This will support the entire economy but particularly targeted at the hospitality and leisure sectors and their supply chain. These have borne the brunt of this crisis. They typically make 40% of annual trade between Halloween and New Year, and thus face decimation if investment is not forthcoming. In South Yorkshire, these issues are considerable given the area has been subject to the highest restrictions since late October.
2. **Creating 6,000 highly skilled, innovative jobs in South Yorkshire, providing a post Brexit and COVID economic boost:** by unlocking our shovel ready, investment pipeline comprising 35 projects that would lever in £600m of private sector investment (see appendix B). Building on the success of the current programme that has secured investments from Boeing, McLaren and Curvalux, the companies in the pipeline enhance existing innovation strengths in sectors such as Clean Energy, Creative, Advanced Manufacturing, and Scientific Research. Investment would return quality jobs to the region: 80% of jobs are at a high level with 30% at Skills Level 5+, 30% at Level 4, and 40% at Level 3. Whilst there is a £110m funding gap to secure this investment, it also equates to a cost per job of £18,300, which is at the top end of good, according to Government guidelines.

A Fairer South Yorkshire

3. **Investing in apprenticeships and other training to drive up skills levels:** with unemployment rising and forecasts illustrating that get much worse, there is a need to support people to develop their skills and access new opportunities. More funds are needed to ensure better support for people who need to acquire new skills so they can change or move up in their careers. Government should provide additional devolved funding to support this aim to complement support announced for younger people. I would welcome the opportunity to work with Government to establish Kickstart South Yorkshire 25+, which we are already committing £4.4m of Combined Authority funding towards. I want to continue to raise the profile of apprenticeships across South Yorkshire and would ask Government to consider extending flexibility for our Authority to manage pooled levy transfer funding so that it can be allocated to SMEs in supply chains supporting our priority sectors.
4. **Reducing inequalities in the here and now and the future:** by providing additional top up funding to councils to support those who need to self-isolate, increasing local discretion and

eligibility criteria for those who can assess the scheme, so that more people are enabled to make the right decision. Government should also launch its competition for the eight remaining new hospitals to be built and back our proposal for a new central hospital in Doncaster. The much-needed new hospital will provide 21st century healthcare, adopting the latest in integrated care models with a digitally advanced, environmentally friendly and state of the art clinical environment. Not to mention how this will complement our strengths in health prevention and wellness.

5. **Delivering tangible deeds and not just words by taking bold action to level up:** by allocating substantial Levelling Up and Shared Prosperity Funds to those places and communities that need it the most, as quickly as possible. The Prospecti for these funds should provide flexibility so that they can be deployed to meet local circumstances including funding innovation and business investment. With the predecessor funds to these arrangements due to end shortly, there is an urgent need for allocations to be determined and multi-year settlements should be provided to bring forward a pipeline of ambitious schemes and provide certainty. In addition, given its central location and multi-modal connectivity, South Yorkshire would be a great base for a civil service hub, given Government's intentions to relocate staff from Westminster, creating more opportunities outside London.

A Greener South Yorkshire

6. **Protecting our flood ravaged communities:** Following the devastating 2019 floods in South Yorkshire, action, and not just words, is needed to better protect people, communities and businesses from the risks of further floods. The Priority Programme of 27 schemes that the MCA developed and presented to Government nearly a year ago would protect over 10,300 homes and 2,800 businesses. Given you announced last March that the national budget for such investment had doubled, commitment is urgently needed to make this programme a reality. For example, the provision of an £36m from Government, when combined with confirmation of the indicative Grant in Aid and Medium Term Plan allocations, would bring forward nine schemes, enabling work to start on £66.2m of our priority programme before the end of 2022.
7. **Keeping South Yorkshire moving sustainably:** with demand so severely impacted on bus, tram and tram-train services, revenue support will continue to be needed from Government to sustain an appropriate service level that keeps our key workers, people and daily life moving. There is an urgent need for clarity on tram funding beyond March, and commitments on transitioning to post-pandemic demand. The continuation of the Sustainable Transport Access Funding, which provides vital revenue for active travel activity, is critical. Government must also commit to delivering in full, HS2, with the eastern leg constructed to the same timetable as that of the western and the Northern Powerhouse Rail Programme.

Finally, and to echo sentiments I have shared with you previously, it's not just about the amount of money that is being made available, but also having the flexibility locally to deploy this as needed amidst rapidly changing circumstances. The ability to convert our capital gainshare funds to revenue for the next 18 months would enable our Authority to deliver on more of our ambitions to create more jobs and training opportunities without the need for further Government resources, as would agreeing to widen our borrowing powers. Empowering directly elected Mayors to deliver, by bringing more decisions closer to the people they effect, is a critical part of the levelling up agenda.

Getting businesses back-up and running, when safe to do so, will be key to protecting jobs. As will investing to create more employment and training opportunities. But we need a clear plan and route map for economic renewal and greater prosperity, which your Budget must provide.

Ultimately and throughout the pandemic we have both wanted to achieve the same goal of protecting lives and livelihoods. For South Yorkshire and the country to prosper a transformational level of investment and a collective effort to deliver will be needed. I look forward to working with you to achieve this.

With my best wishes,

A handwritten signature in black ink that reads "Dan". Below the signature is a long, horizontal, slightly curved line.

Dan Jarvis MBE MP

Mayor, Sheffield City Region Mayoral Combined Authority

Copied to: Rt Hon Robert Jenrick MP, Secretary of State Housing, Communities and Local Government
Rt Hon Grant Shapps MP, Secretary of State for Transport
Kemi Badenoch MP, Exchequer Secretary to the Treasury
South Yorkshire Leaders
South Yorkshire MPs

Appendix A: Comprehensive Spending Review Submission

Appendix B : Investor Pipeline