

Mayoral Combined Authority Board

15 November 2021

Autumn Budget and Comprehensive Spending Review – Implications for the MCA

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No

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Executive Summary

This report provides a summary of the recent Budget and Spending Review, looking at the impact on South Yorkshire and considering the implications for the MCA.

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

Funding announcements from the Budget and Spending Review impact places, businesses and people in South Yorkshire.

Recommendations

- The Board considers the paper and provides any steer it deems appropriate.
- The Board considers whether further engagement with central government regarding the relatively low levels of funding for MCAs to make levelling up a reality in South Yorkshire, particularly in relation to the funding announced for the UK Shared Prosperity Fund, is worthwhile and if so how it would like this to occur.

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

The LEP Board discussed this on 4 November.

1. Background

- 1.1 The Autumn Budget and Comprehensive Spending Review (CSR) was delivered to the House of Commons by the Chancellor of the Exchequer on Thursday 27 October. Prior to this, the Mayor sent a letter to the Chancellor as part of the CSR consultation. This outlined how to level up South Yorkshire with proposals to create a stronger, fairer, and greener economy.

2. Key Issues

- 2.1 This was a Budget for Health, Innovation, Infrastructure, and Skills. It was not a green Budget, nor was it a Budget for the North. Many funding schemes crucial to the North were either delayed or overlooked.

Main funding announcements relevant to the MCA:

Transport Investment

£570m for improving transport infrastructure including investment in active travel, electric buses, EV charging infrastructure, and the renewal of Supertram. However, the £3bn for buses, trailed for over a year, seems to only be £1.2bn across England. This will leave the MCA underpowered in relation to the Bus Service Improvement Plan. Furthermore, there is still no announcement on the Integrated Rail Plan, which is critical for transforming the North's transport infrastructure and economy.

Levelling Up Fund

- Building a major waterfront extension in Doncaster (£18.6m)
- New hospitality and visitor centres at Wentworth Woodhouse in Rotherham (£20m)
- Finishing the Culture and Leisure Quarter in Rotherham Town Centre (£19.6m)
- Delivering the long-planned Centre for Child Health Technology in Attercliffe (£17m)
- Regenerating Castlegate Quarter in Sheffield (£20m)

Five South Yorkshire projects, totalling 5.8% of the total national budget, were successful.

UK Community Renewal Fund and UK Shared Prosperity Fund

UKCRF – eight out of 11 South Yorkshire bids were successful. £8.2m has been secured representing 6.5% of total budget for England. UKSPF funding: £400m in 2022-23; £700m in 2023-24; £1.5bn in 2024-25. No further detail about the scheme was announced.

More detail about announcements relevant to the MCA is in a table in the appendix.

- 2.2 These are the areas that were covered in the letter to the Chancellor and how the Budget announcements relate to MCA asks:
- **An enterprise and innovation economy** – potentially good outcome. Significant funding was assigned to innovation, but the detail of how this will be spent is still to be decided. It is crucial that this is targeted at places like

South Yorkshire instead of the previous focus on the Golden Triangle of London, Oxford and Cambridge.

- **Skills** – potentially significant announcement, with a focus on vocational and adult education; however, the role of MCAs in how this is deployed is currently uncertain.
- **Sustainable Transport** – mixed picture. Acceptable outcome regarding the CRSTS, but there was concerning news about the quantum of bus funding, potentially impacting on our Bus Service Improvement Plan.
- **Flooding** – good outcome with additional funding.
- **Funding for South Yorkshire hospitals** – not mentioned.
- **Levelling Up funding** – five successful south Yorkshire projects, disappointing news about the size of the UKSPF.

2.3 Overall, despite the rhetoric and some welcome funding announcements, there is a clear lack of funding – particularly regional investment – and devolution to make levelling up a reality. This was a moment to empower MCAs and provide the funding to start to deliver levelling up – but for now, it seems the Government has missed this opportunity. The Levelling Up White Paper may redeem the situation.

2.4 Financial implications for the MCA

The Chancellor opting to impose limits on his ability to borrow for day-to-day expenditure is significant, as this could mean tightening/ongoing scarcity of revenue funding for MCA activity.

The potential BSIP pot looks disappointing and coupled with the absence of support for ongoing transport recovery funding, this could be disastrous. The public transport network could begin to contract from April 2022 if funding is not in place.

The announcements do not yet provide clarity or comfort on core funding. Therefore the existing capacity challenges across LAs and the MCA may be exacerbated.

Despite the £570m transport settlement, the other transport announcements for the MCA were concerning. Missing out on the LUF bid was disappointing, but South Yorkshire – as a region - did relatively well out of this with five projects for three Local Authorities. However, given that many priority areas didn't receive any funding in this round, there are doubts about the potential success of bids for future rounds of LUF, given the likely demand. The lower than expected investment for buses means the MCA could be underpowered in relation to the Bus Service Improvement Plan.

The government's successor to EU structural funds (UKSPF) is a key funding pot for levelling up and an important source of funding for the MCA, with monies expected to come to MCAs. Government promised to match previous EU commitments for the UK (c.£1.5bn/year), but the announcements only amount to £1.3bn for the first three years. With guarantees in place for the three UK nations and Cornwall, SYMCA is unlikely to receive the funding it needs (and would have gained from the EU), from the UKSPF for the next few years. The Board could debate if the MCA wants to push back on the Government's funding for UKSPF and consider how best to deploy these future funds. The detail isn't out yet, but if it is devolved and it is a small pot of money, it might be best served to combine this with our Investment Strategy rather than a small, standalone funding project.

3. Options Considered and Recommended Proposal

3.1 Not applicable

4. Consultation on Proposal

4.1 Not applicable

5. Timetable and Accountability for Implementing this Decision

5.1 As soon as possible after this meeting.

6. Financial and Procurement Implications and Advice

6.1 Click or tap here to enter text.

7. Legal Implications and Advice

7.1 Not applicable

8. Human Resources Implications and Advice

8.1 Not applicable

9. Equality and Diversity Implications and Advice

9.1 Not applicable

10. Climate Change Implications and Advice

10.1 There was a disappointing – and surprising – lack of announcements and funding for Net Zero projects.

11. Information and Communication Technology Implications and Advice

11.1 Not applicable

12. Communications and Marketing Implications and Advice

12.1 There has been engagement with the Mayor's team on the implications of the Budget and more could follow the outcome of this discussion.

List of Appendices Included

1 Implications of the Budget by relevant theme for the SYMCA

Background Papers

None