

Spring Budget 2021

Report to the LEP Board, 19 March 2021

Report from Richard Kendall, Executive Director – Strategic Policy & Business Development

1. **Summary**

1.1. This report provides a summary of key measures from the 3 March Budget.

2. **Recommendations**

2.1. That the Board notes the report.

3. **Background**

3.1. The Chancellor delivered his Budget on 3 March. The measures to support individuals and businesses have been widely reported; business support measures are summarised on the Growth Hub website.¹

3.2. This paper summarises key funding and strategy announcements relevant to the Humber and LEPs.

4. **Humber Freeport**

4.1. It was announced at the Budget that the Humber had been successful in its bid for a Freeport alongside seven other areas.

4.2. The Humber Freeport is proposed to:

- Contain customs zone sites around the Humber including the four main ports.
- Feature three new tax sites covering both banks of the Humber that will incentivise growth in new manufacturing, research and development and green energy jobs.
- Include an agreement to complement tax sites by targeting significant seed capital resources to ensure the benefits of Freeport status is felt across all four Humber local authority areas.
- Secure significant inward investment from blue-chip multinationals with the potential to attract and drive both supply chain and innovation eco-structures.

¹ <https://www.humbergrowthhub.org/2021/03/03/budget-2021-business-support-measures-at-a-glance/>

- Use local labour to help tackle issues of deprivation not just in the Humber but in surrounding areas in Doncaster, Wakefield and Leeds.

4.3. The next stages will be to confirm governance arrangements and a local authority accountable body before a full business case process commences. A decision on the accountable body is due to be taken at the March Humber Leadership Board.

4.4. The steering committee and working group formed to develop the bid are meeting regularly to progress implementation. An update will be provided later on the agenda.

5. Offshore wind port funding

5.1. Able Marine Energy Park (AMEP) will receive investment of up to £75m towards infrastructure costs to support its development as an offshore wind port. AMEP is a Humber Enterprise Zone site and a proposed tax site in the Humber Freeport.

5.2. The funding comes from a £160m pot announced in October 2020 to upgrade port infrastructure and support manufacturing. Support for manufacturers remains available on a rolling basis, with a final deadline of 30 May.

6. Levelling Up Fund

6.1. The Chancellor announced the Levelling Up Fund at the Spending Review 2020. £4.8bn has been committed to the fund, to be spent by 2024/25. The fund is jointly managed by HM Treasury, MHCLG and DfT and replaces the Local Growth Fund managed by LEPs.

6.2. A prospectus launched at the Budget set out the approach for the first round of the fund, which will focus on three themes: smaller transport projects; town centre and high street regeneration; and support for maintaining and expanding cultural and heritage assets.

6.3. Bidding will be via local authorities (or combined authorities where in existence for transport projects) and unusually is tied to parliamentary constituencies, requiring the support of the MP. The first round closes on 18 June. These schemes will be required to start delivery this financial year.

6.4. Areas have been prioritised into three categories. Hull, North Lincolnshire and North East Lincolnshire are in the top priority category, while East Riding is in the second priority category.

7. Community Renewal Fund

7.1. The Community Renewal Fund has been created as a one-year fund prior to the introduction of the UK Shared Prosperity Fund, which is due to launch in 2022 as the successor for EU Structural Funds.

- 7.2. The £220m fund aims to support investment in skills, local business, communities and place, and getting people into employment. The fund is mostly revenue (90%) and will fund pilots to be delivered during 2021/22.
- 7.3. The Fund is a competitive one with no pre-set eligibility. However, Government has identified 100 priority places based on an index of economic resilience which will receive £20k capacity funding to develop their proposals. This index is based on measures of “productivity, household income, unemployment, skills and population density”. Although the fund is open to all, the identified 100 places will have priority.
- 7.4. North Lincolnshire and North East Lincolnshire have been designated priority places, but Hull and the East Riding have not.
- 7.5. Bidding will be via combined authorities where they exist, or local authorities where they do not, utilising a common application form, with each expected to invite bids from potential projects, appraise and prioritise them up to a maximum of £3m per place. The deadline is 18 June, with decisions “from late July onwards”.

8. Industrial Strategy/Plan for Growth

- 8.1. Government published “Build Back Better: Our plan for growth” alongside the Budget, replacing the 2017 Industrial Strategy. The Industrial Strategy Council of business leaders was abolished at the same time. The move has been criticised by a number of business groups.
- 8.2. The plan replaces the “five foundations of productivity” with “three core pillars of growth”: infrastructure, skills and innovation (in effect missing business environment and places from the former strategy). However, it states it will drive growth that will “level up the whole of the UK”, “support the transition to Net Zero” and “support our vision for Global Britain”, containing sections on each.
- 8.3. The levelling up section of the document contains sections focussing on towns; helping city regions (which appears to mean the larger metro areas) to become “globally competitive”; and centres of excellence/connecting people to opportunity, which references devolution.
- 8.4. Unlike in the Industrial Strategy, there is little reference to places’ sectoral specialisms, although we understand from recent engagement that “centres of excellence” incorporates this and further consideration is being given to developing it. Sectors in general receive little discussion outside Net Zero, but there is a pledge to produce “Sector Visions” in the next year, presumably succeeding sector deals.
- 8.5. There are few commitments to specific new actions in the document, with it largely describing existing activity and funding, but these may come in the 21 various plans, strategies, visions and reviews that are listed as coming over the next year at the back of the document.

8.6. Although not directly confirmed, it has been widely assumed that this also means the end for Local Industrial Strategies, which have been left on hold for around 18 months. The few places that had agreed these with Government are reported to be uncertain about what this means for the commitments that had been negotiated. No information has been given about any replacement.

9. Review of LEPs

9.1. As noted above, the successor to the LGF and the one-year pilot ahead of the UKSPF will both be managed by local authorities with no formal role for LEPs. Unless this approach changes with the UKSPF, it appears that LEPs will not be responsible for managing any significant funding once existing programmes end in the next financial year.

9.2. The page listing the new funding streams on gov.uk² states that Government is:

“making the biggest changes to the way we support local economic growth in a decade, in order to regenerate our town centres and high streets, support individuals into employment, improve local transport links and invest in local culture, while giving communities a stronger voice to take over cherished local assets that might otherwise be lost.”

9.3. It continues:

“As we look towards the UK Shared Prosperity Fund next year, we are conscious of the need for an evolution of the way we support local economic growth so it can best support levelling up for the long term. The UK government will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area.

“We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. **We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnership geographies.”**

9.4. The LEP Network Board had an initial meeting with officials after the Budget. The review will be a joint project with the Cities and Local Growth Unit to conclude by the summer. Terms of reference are to be developed.

9.5. From the above it may be inferred that LEPs may continue to have a role in co-ordinating the local business voice and the business support system, but some other roles may be curtailed and responsibility for funding may sit solely

² <https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>

with combined authorities and local authorities. This would be similar to how LEPs operate in combined authority areas. However, at this stage it is too early to tell and clearly it will be important for our successor LEPs to engage with the review.