

Report to: Place, Regeneration and Housing Committee

Date: 2 March 2023

Subject: **Monitoring Indicators**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1. To provide an update on the relevant monitoring indicators and report on their performance to support the work of the Committee.

2. Information

State of the Region Indicators

- 2.1. At the Place, Regeneration and Housing Committee meeting on 20 April 2022, it was agreed that the Research and Intelligence team would provide ongoing updates to the Committee on the relevant indicators from the State of the Region report. State of the Region 2022 assessed performance against around 40 indicators linked to the Combined Authority's key strategic priorities. The indicators most relevant to this Committee that have been updated since January are detailed within this report.
- 2.2. Each indicator is updated on their own schedules, meaning that updates will be provided on an ongoing basis throughout the year. The below table provides a schedule for the updates of each relevant indicator for the Committee.

Indicator	Description	Update Frequency	Next Update
Net additional dwellings	Data from the Department for Levelling Up, Housing and Communities on the supply of housing by local authority.	Annually	November 2023
Private sector rents	Data from the Valuation Office Agency and the Office for National Statistics on the median monthly rental price by local authority.	Six-monthly	June 2023
Household energy efficiency	Data from the Department for Levelling Up, Housing and Communities on the Energy Performance Certificate rating of dwellings by local authority	Six-monthly	July 2023
Households in fuel poverty	Projections from the End Fuel Poverty Coalition on the number of households spending >10% of income on household energy costs.	Periodically	TBC
Healthy life expectancy, and life expectancy	Data from the Office for National Statistics on healthy life expectancy and life expectancy by local authority.	Annually	TBC (expected March 2023)
Housing affordability	Data from the Office for National Statistics comparing median incomes with median house prices by local authority	Annually	March 2023
Gigabit capable internet coverage	Real-time data from Thinkbroadband, showing access to gigabit-capable connectivity by local authority	Real time	Real time
Take-up of superfast (or above) broadband services	Evidence from OfCom's Connected Nations report, showing the number of households in each local authority connected to superfast broadband.	Annually	February 2024
Mobile coverage (4G)	Evidence from OfCom's Connected Nations report, showing mobile data coverage by local authority.	Annually	February 2024

- 2.3. Since the Committee last met in January, data on gigabit capable internet coverage, the take-up of superfast broadband services and mobile data coverage have been updated.
- 2.4. On the whole, West Yorkshire remains in a strong position in terms of digital connectivity, providing reliable infrastructure for households and businesses within the region. On gigabit capable internet coverage, all districts except Calderdale (54.3%) are significantly above the UK average of 73.5%. The key factor holding back Calderdale's gigabit capacity is the significant proportion of households in remote areas, with the area classed as Significant Rural by the Department for the Environment, Food and Rural Affairs.
- 2.5. Take-up of superfast broadband or faster (greater than 30 mpbs) at the UK level is 97%. In all but Calderdale (94.7%), take-up in West Yorkshire is above the UK average.
- 2.6. 4G mobile coverage in West Yorkshire is slightly below the national average, with only Leeds (93.4%) above the national level of coverage (92.0%). Coverage is lowest in Wakefield (86.8%). Moving forward, 5G coverage will be monitored, but presently only one in five mobiles in use are 5G capable.
- 2.7. Looking ahead to the next Place, Regeneration and Housing Committee on 1 June, the State of the Region update will focus on healthy life expectancy and housing affordability.

Macroeconomy

- 2.8. Given the current economic landscape, the Economic Analysis team are currently providing the Committee with evidence on the wider macroeconomic conditions faced by the UK, and what the Combined Authority are doing to support households and businesses through the current inflationary period.
- 2.9. CPI inflation rose by 10.5% in the year to December. Whilst this change represents a fall in the rate of inflation compared with the 12 months to December 2022, it is important to note that prices are still increasing, and at historically high rates, but slightly slower than previous months.
- 2.10. In order to bring CPI inflation back to its 2% target, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 in favour of raising the Bank Rate from 3.5% to 4%. The Bank of England's model assumes a peak in the Bank Rate of 4.5% in Summer 2023 before following to 3.25% over the next three years. This move is in line with the Federal Reserve in the USA and the European Central Bank, who have also increased interest rates this week to bring the rate of inflation down to their long-term targets.
- 2.11. It is anticipated that inflation will fall sharply this year, falling to around 5% by the end of 2023, though it should be noted that inflation would naturally be lower this year due to timing effects. For example, the energy price cap had a relatively large increase in 2022, and the increases going forward are expected to be

lower. Even though inflation is looking likely to decline, it does not mean that prices are overall getting cheaper for people, it simply means prices are increasing at a slower rate.

- 2.12. In January 2023, the International Monetary Fund (IMF) announced that its forecasts showed the UK to be the only advanced economy in the world to experience a recession in 2023. The IMF predict that the UK economy will contract by 0.6% during the year, whilst even sanction-hit Russia will see output grow in 2023. Further forecasts are expected in the coming weeks, and there will be particular interest in the Office for Budget Responsibility's economic and fiscal outlook forecast that will accompany the Spring Budget.
- 2.13. The latest ad-hoc economic forecasts for the West Yorkshire economy predicts that output within the region will contract by 1.8% in 2023, wiping over £1 billion from West Yorkshire's GVA figure. This is forecast to scar the economy, with output not recovering to 2022 levels until 2026, by which time the region is expected to be £2.2 billion below the levels forecast in Summer 2022. A similar story is observed in the jobs trend, and the trend in GVA per job, with the short-term effects of the current economic situation compounding over time to create the scarring effect.
- 2.14. Gas futures prices have fallen by 80% from their peak in August 2022, providing a clear route down for energy prices in the coming months, but are still considerably higher than they were for all of 2020 and most of 2021. However, it is likely that these reductions will take time to reach consumers for three main reasons. First, an unseasonably warm January has enabled the country to build up a reserve of energy, reducing demand for – and thus, the price of – wholesale gas. Second, the energy store that has built up was bought at a higher price than the current market rate, meaning that these higher costs must be passed on to consumers in the coming months to work through the stock. Finally, the energy price cap is calculated on a three-month average, which will further delay the reduction reaching consumers.
- 2.15. One positive consequence of the falling gas futures prices, however, is that the falling prices have significantly reduced the cost to the Government of current energy support to both businesses and households, by around 90% across 2023. Whilst this will be partially offset by a reduction in windfall tax receipts, this could save the Treasury between £4 billion and £10 billion nationally, which had already been earmarked for spending on keeping energy bills below market rates.
- 2.16. There have been widespread calls for the Government to use the Spring Budget to maintain the £2,500 Energy Price Guarantee, rather than the previously announced £3,000 cap on average household energy use from 1 April. Whilst this has been supported by 70 charities and the energy industry trade body Energy UK, at the time of writing on 22 February, details on the Spring Budget announcements are yet to be forthcoming.

2.17. The Spring Budget will take place on the 15 March. Detail on the Combined Authority's budget submission can be found in Appendix 1, but an overview of the strategic asks is as follows:

- West Yorkshire being included in the next wave of devolution trailblazer deals to negotiate further devolution of funding and powers, to enable strategic long-term plans to be realised
- Full devolution of all adult employment, skills, and careers funding so people can gain the right skills needed for good quality work
- Certainty, stability, and fairness in Local Government Funding to enable our local authorities to plan and allocate and manage resources efficiently
- Provide assurance of the Government's continued commitment to mass transit in West Yorkshire
- Delivering strategic rail infrastructure to connect West Yorkshire, through delivery of schemes such as Northern Powerhouse Rail including a City Centre through Station in Bradford and full delivery of HS2
- Secure money, powers, and market reform for buses
- Increase commitment to existing mechanisms at regional and national level aligned with the net zero target
- Investing in culture in West Yorkshire
- Revisions to the funding formula for policing to properly reflect the challenges of policing an area with significant urban areas like West Yorkshire
- Increased Innovation, R&D & business support investment for West Yorkshire

3. Tackling the Climate Emergency Implications

3.1. There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1. The difficulty in ensuring rural communities keep pace with their urban counterparts in terms of digital connectivity must be addressed in order to ensure that households and businesses in rural areas are not left behind.

5. Equality and Diversity Implications

5.1. There are no equality and diversity implications directly arising from this report.

6. Financial Implications

6.1. There are no financial implications directly arising from this report.

7. Legal Implications

7.1. There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1. There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1. No external consultations have been undertaken.

10. Recommendations

- 10.1. That the Place, Regeneration and Housing Committee notes the latest evidence on the region's performance regarding digital connectivity and the economic context that West Yorkshire is currently operating in, and considers it as part of the decision making process.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – West Yorkshire Spring Budget 2023