



Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury

31 January 2023

Dear Chancellor,

SPRING BUDGET 2023

I am writing to present West Yorkshire Combined Authority's submission for the upcoming Spring Budget. You asked that our returns provide policy suggestions for the upcoming fiscal event and explain the deliverability of proposals. Our submission shows how West Yorkshire can work with government to deliver.

We have a bold and ambitious plan for West Yorkshire to boost productivity, be a net-zero economy, and ensure everyone can enjoy a good standard of living. We want to build on our already strong partnership with Government to help us realise the scale of the opportunities for our region, and to overcome the challenges we face. We ask therefore that you use the upcoming budget to announce that West Yorkshire will be part of the next wave of trailblazer devolution deals.

As one of the largest Mayoral Combined Authorities in the country, we have a strong track record of partnership working to deliver a shared programme of objectives. Over eight years, we have evolved from a Combined Authority working with the Local Enterprise Partnership (LEP), delivering the largest City Growth Deal in the country, to agreeing a historic devolution deal with a directly elected mayor delivering for the people of West Yorkshire. Our Growth deal is a good practice example of a long-term commitment creating the certainty and confidence needed to develop and deliver a pipeline of transformational schemes.

We have a long track record of delivering in partnership, which shows that a place-based approach to funding can have a real and long-lasting impact on local economic growth. We know that there is more that we can do with long-term commitment on powers and funding for our region. We have some fantastic opportunities, which we can build on, for example supporting 'year of culture' programmes in each of our 5 local authorities, culminating in Bradford UK City of Culture 2025.

We have been clear on the frustrations of competitive bidding which creates unnecessary distraction from the vital work that needs to be done to level up. Restrictive criteria, alongside short timescales stifles innovation and leads to siloed approaches with curtailed ambition. With greater control and powers, we can deliver so much more and meet our ambitious vision for the region.

Rather than coming from individual government departments, we believe that a direct funding allocation from the Treasury to Combined Authorities would be the most



efficient model of allocating funding enabling both national and local outcomes to be met avoiding unnecessary thematic and departmental silos.

We have the knowledge, the expertise, and the will to build on these achievements. Our commitment to evidence-based policy development means that we have in place the right strategies for the future.

To enable West Yorkshire to successfully level-up, our strategic asks for this budget, are:

- West Yorkshire to be included in the next wave of devolution trailblazer deals to negotiate further **devolution** of funding and powers, to include:
 - Flexibility and **long-term certainty** of funding allocations 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, allocate and manage resources effectively.
- 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** to enable our significant cultural assets and sectoral strengths to continue to grow and prosper.
- 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, and business support investment** to support business growth and productivity.

Further detail is provided below.

We hope that our budget submission gives you great confidence that we will utilise our strengths to support delivery of priorities, making a real difference, be innovative and level up.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tracy Brabin", with a stylized flourish at the end.

Tracy Brabin
Mayor of West Yorkshire

West Yorkshire Submission to the Spring Budget 2023

Introduction

West Yorkshire is key to growing and re-balancing the national economy and enabling the north of England to contribute fully to, and benefit from, national economic growth and prosperity.

In West Yorkshire, we are pioneers, we're determined, full of ideas and not afraid to take on challenges. Traits that put us at the forefront of the Industrial Revolution making us the manufacturing powerhouse of the world.

We embrace our industrial heritage to innovate and collaborate, paving the way for the emergence of new industries at the cutting edge of health and technology, ideas and innovations that will tackle the climate emergency and help people live fulfilled lives.

In West Yorkshire we recognise the value of working together and the benefits this brings. We work together to ensure that all people make the most of the opportunities our region has to offer and reflect the rich diversity of our region.

The latest annual State of the Region report, which monitors how West Yorkshire is performing against a basket of indicators, shows that West Yorkshire is recovering from the effects of the pandemic with a rise in employment, productivity, and skills.

It also shows that more people from diverse backgrounds are now in work, there has been a shift towards more cycling and walking, and high-speed internet coverage is better than the UK average.

However, the report also highlights the risks to people and businesses posed by the cost-of-living crisis and areas around transport, skills, housing and the environment where progress could be faster or more effective with greater devolved powers.

Our strategic asks therefore for the Spring Budget are:

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.

Further to recent discussions with Rt Hon Michael Gove MP, West Yorkshire would welcome an opportunity to continue our discussions about West Yorkshire being included in the next wave of devolution trailblazer deals.

Further devolution will enable delivery of sustainable and inclusive growth and empower innovative approaches to boost productivity and tackle inequalities.

Key areas for discussion include skills, innovation, transport, climate, and culture.



Rather than coming from individual government departments, the most efficient model of allocating funding enabling both national and local outcomes to be met would be a **direct funding allocation from the Treasury to Combined Authorities.**

Combined Authorities have the knowledge, expertise, and the will to build on local achievements and evidence-based policy development. Further devolution would enable investment in the areas that will level up West Yorkshire on transport, skills, and culture. The region has a significant track record of delivery, and a robust programme for the future and is in a prime position to agree a trailblazer deal with government. There is more that can be done with long-term commitment on powers and funding for our region.

Competitive bidding creates unnecessary distraction from the vital work that needs to be done to level up, it is time-consuming with over-engineered processes diverting too much time and money into project management and administration with little added value for communities. Restrictive criteria, alongside short timescales stifles innovation and leads to siloed approaches with curtailed ambition. With greater control and powers so much more can be delivered.

Examples of the problems with the current system include:

- Short term, small pots, that need to be bid for, which drain resource both locally and for department officials – (e.g., Levelling Up Fund, Ministry of Justice funds, and the recent bid, with three days notice, for capital funding that needs to be spent by March). For example, Bradford Council spent £610k preparing the recent LUF bidding process.
- The UK Shared Prosperity Fund having the same rules for MCAs as it does for district councils, meaning that it is difficult to align it with other funding as part of operating a Single Investment Fund – i.e., different rules and reporting requirements. Government took longer to make a decision about approving the UKSPF plans, than local areas had to write them. The national assessments of the LIPS caused delays to delivery start dates with no clear demonstrable added value of the review undertaken.
- The Brownfield Housing Fund requires more flexibility at a local level and at a programme level, which will enable West Yorkshire to level up faster and focus investment in areas where new markets need to be created, bringing forward sites which have remained dormant for many years - technically and financially the most challenging to deliver. With increased flexibility we can increase supply and bring forward more sites in areas where levelling up is needed.

In addition to the details provided below, it would be important for a trailblazer deal to include full devolution of all adult skills and careers funding including employment support in order that people can gain the right skills needed for good quality work in their area. The current system is fragmented and disparate, with responsibility led by different government departments and shared between various bodies. A devolved system could support local labour markets and accelerate inclusive growth with local leadership accountable for ensuring that investment provides for local communities.



Full devolution of all adult employment, skills, and careers funding so people can gain the right skills needed for good quality work.

There has never been a more important time to invest in skills and training with major structural transformations taking place in our economy that our skills and training programmes must respond to. In many ways it has turbocharged this process, with whole industries and sectors being changed beyond recognition in a frighteningly short amount of time, to match this pace of change it is critical that employment and skills programmes are able to quickly pivot to local labour markets.

That flexibility in the design of employment and skills programmes is also key to support the most disadvantaged in the labour market, without the right targeted help with upskilling and retraining in sectors where there is current and future demand, we risk damaging the life chances of a whole generation and missing opportunities to build on our potential in key growing areas of our economy particularly in green and digital skills.

Investing in skills is also essential for the future prosperity of our region's businesses and our economy. Yet too many employers do not see how investing in training and development may be of benefit. What training does take place is often about meeting statutory requirements rather than developing the potential and productivity of their workforce. We also need to start building the skills for the industries of tomorrow. Over the coming years and decades, West Yorkshire has the potential to create thousands of good jobs in the zero carbon economy, in the health sector and in high growth digital industries. These are areas where our region can make a real contribution to the UK recovery as well as addressing global challenges, but only if we support them with the right skills.

The Combined Authority has a proven track record in delivering devolved skills programmes including Adult Education Budget, Free Courses for Jobs and Skills Bootcamps. To build on this and to contribute the UK economy and a highly skilled productive workforce, increased investment in West Yorkshire is needed in the following areas:

Careers inspiration and enterprise education: young people are amongst the worst affected during the pandemic with disruption to their education and social opportunities. Increased investment in the future of the workforce and to support young people fulfil their ambitions is central to future innovation and productivity in the UK. The next step to achieving this is devolution of all careers budgets.

Post 16 skills: Alongside opportunities to co-design programmes at the national level and existing devolved skills programmes devolution of skills bootcamps would simplify the system for individuals and employers who access it and for the educators delivering it through devolved and strategic commissioning of all adult skills programmes.

Higher Level skills: SMEs comprise 99.5% of our business population within West Yorkshire, retention of those high-level skills is essential to the region's productivity.



Piloting approaches to give SMEs, universities and graduates the support they need with onboarding and training that would address challenges around skills gaps, recruitment, and retention in key sector areas.

Employment support: We have a long track record of delivering targeted and intensive employment support, through Local Authorities, with over 10,000 people supported since 2019. Greater devolution of employment service and support would allow us to better align this with devolved skills funding, particularly for basic maths, English and digital skills, to get more people into work in West Yorkshire. Flexibility to deliver pilots to support employers to support the most vulnerable in the labour market is also key to support more people into work.

Certainty, stability, and fairness in Local Government Funding to enable our local authorities to plan and allocate and manage resources effectively.

Levelling up can only happen, and businesses can only thrive, if there is a strong foundation of public services. Local Authorities play a significant role in driving economic growth, yet core services continue to be under significant and increasing pressure, having lost nearly £15 billion of core government funding over the last decade. Government must recognise the crucial role that councils play in growth and provide sufficient funding and certainty for councils in the long term. This should include a long-term solution for funding adult social care and support for SEND.

The position of the five West Yorkshire local authorities is dire, having lost 100s of millions of pounds collectively. Kirklees has seen about a 60% reduction in their budget. Leeds City Council has seen core government funding reduced by approximately £263 million for each year between 2011 and 2023 – but no equivalent reduction in demand for services.

To ensure the whole system can work effectively to deliver local and national visions, greater certainty of secure, stable, and fair local government funding and public sector resourcing is required, that enables confidence, long term planning, flexibility, and innovation.

Provide assurance of the Government's continued commitment to mass transit in West Yorkshire.

Continued support for a new mass transit system with £200m funding in the next five years, the current Ministers have been supportive of plans. A high-tech, seamless, sustainable Mass Transit system will connect West Yorkshire's cities, towns, and district centres, serve areas of new housing development and employment growth, and provide links to inter-city rail services, efficiently connecting bus, cycle and walking routes. Ongoing financial and political support from Government beyond the first five years will enable development of the scheme with confidence, to bring forward consultation, secure land and to take the scheme through the appropriate planning processes.



Commitment to these plans and working with government to see them delivered is essential. Securing the full support of DfT and wider Government to the detailed timetable and co-produced delivery will be essential to achieving this. West Yorkshire mass transit has attracted extensive interest from global companies willing to partner locally, something which aligns with plans from government.

It is our view that the commitment should recognise the economic imperative to better connect Leeds and Bradford, the largest two of West Yorkshire's cities with significant commuter flows.

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.

Enable delivery of the full Northern Powerhouse Rail (NPR) network, with a new station in central Bradford linked to the wider 120ha Bradford Gateway regeneration plans, delivery of fast trains from Sheffield to Leeds and the delivery of Transpennine Route Upgrade. These are core to the future plans for cities and the wider region. They would be transformational for the local economy, for decarbonisation, and the additional rail capacity we need. Electrification of the Calder Valley line would be transformational, adding capacity to communities isolated without transport options after decades of underfunding. Also, the need to radically improve capacity at Leeds has not gone away as the underlying drivers of growth re-emerge. The 'T-shaped station' proposed as part of HS2 should be committed as soon as possible alongside the improvements to the surrounding network needed to ensure it can cope with growth.

A clear long-term investment plan is also required for the East Coast Mainline, and timely commitments to funding and delivery. We look forward to continuing to work with you to see approval of the works necessary to enable two-hourly services between Bradford and London in time for UK City of Culture in 2025.

Secure money, powers, and market reform for buses.

Including assessment of bus franchising to make this process as simple and expedient as possible so we can establish the best mechanism to deliver better buses, in line with the National Bus Strategy, for the people of West Yorkshire now and into the future.

Support for the continuation of services is crucial to maximise the benefits of the transformational Bus Service Improvement Plan funding to deliver the National Bus Strategy. We urge a modernisation of bus funding recognising the key role of the Local Transport Authority.

The planned national £2 fare scheme is welcomed, similar to the West Yorkshire "Mayor's Fares" capped single and day fare scheme rolled out this September, with



the scheme currently indicating an increase of 5% of passengers. We would welcome discussions around how we can work together to fund further innovation in fares to grow bus use and further ease the cost-of-living crisis. We would urge the Government to work with us to expedite the process required to assess franchising and other delivery models in order to ensure the bus system is being rebuilt on strong foundations, with the interests of the region's bus passengers put first.

Increase commitment to existing mechanisms at regional and national level aligned with the net zero target.

This would include:

- Support the development and deployment of highly innovative technologies which contribute to the reaching of the nation's carbon Net Zero Targets by 2050.
- Increase energy efficiency measures.
- Facilitate the switch of energy source by companies and households.

We are making major investments that will accelerate the UK's progress towards zero carbon, from smart manufacturing and the export of electric vehicles to community-led retrofit and measures to decarbonise public transport and industrial emissions. These are all industries that will create jobs, grow the skills base, and improve community wellbeing. At COP27, the Prime Minister urged the world to go further and faster on the transition to renewable energy and to limit the devastating impact of the climate crisis.

To accelerate this work, we need new powers and multi-year sustainable funding and incentives for achieving net zero and nature recovery at regional and local levels. Giving local leaders the powers and funding, we need to invest in technology, including co-investment with the private sector, will help us achieve net zero, and position the UK as a global leader with huge economic and environmental benefits.

Investing in culture in West Yorkshire.

Investment in culture would enable our significant cultural assets and significant sectoral strengths to continue to grow and prosper, maximising the economic benefit of the major events taking place across the region including Bradford 2025

We ask that DCMS provide feedback and positive immediate determination relating to the proposal for £15m towards Bradford City of Culture, so that planning can continue with confidence.

Organisations across the north fought hard to survive the global pandemic and make sure they were ready and waiting to support our communities as the world reopened and rebuilt.

Yet almost immediately they find themselves facing another extreme challenge with the cost-of-living crisis. On top of rapidly increasing outgoings with escalating prices

in almost every area, utility bills doubling or even tripling and increased staffing costs, revenues are being hit hard too, as customers face stark choices over how to spend their now increasingly limited cash. This is further exacerbated by a squeeze on income through CSR and philanthropic donations.

Many cultural organisations received essential financial support during the pandemic to make sure they were still able to stay afloat and be here for our communities in the future. This crucial funding, made available quickly with sensitivity and foresight, quite simply prevented many organisations from going under.

If they were worth saving during Covid-19, they are worth saving now.

We note the recommendations made by the DCMS Committee in its recent report [‘Reimagining where we live: cultural placemaking and the levelling up agenda’](#), especially that *‘The Government needs to engage with these sectors as a matter of urgency and bring forward targeted support in response to the current crisis, such as through VAT or business rate relief, to prevent exacerbating long-term scarring on organisations already hit hard by Covid-19’* (paragraph 68).

But further to this, we request that consideration is given to the re-opening of the Culture Recovery Fund to provide targeted support for the culture, heritage, and sports sectors. If our vital community assets are to survive, Government must help them to weather the storm, so they will still be there to aid recovery and regeneration when the situation stabilises. We also urge the Government to learn from the Covid-19 pandemic and recognise that targeted interventions in culture and sport must be extended to the ecosystem of SMEs, sole traders, and freelancers, which are the lifeblood of the culture, heritage, and sports sectors.

We understand tough decisions need to be made and books need to be balanced, but the case for preserving and saving our precious culture, heritage, and sport assets - which outperform other sectors in terms of relative growth, productivity, R&D investment and GVA, and which enrich the lives of individuals, communities and indeed the entire county so much - cannot be understated.

Revisions to the funding formula for policing to properly reflect the challenges of policing an area with significant urban areas like West Yorkshire.

Whilst we’re pleased that West Yorkshire Police has a grading of Outstanding for strategic planning, organisational management, and value for money under the HMICFRS PEEL assessment framework, we are facing unavoidable cost pressures in 2023/24. Whilst the current situation is driven by the immediate pressures of inflation on energy costs and salaries, this is against a backdrop of the Home Office grant being reduced in real terms by 17% since 2010/11 and despite levying council tax precepts in excess of inflation over the past six years we have seen an 8% reduction in funding in real terms. If the Government is reviewing the funding formula this year, we ask that the formula takes into consideration the challenges of a metropolitan urban area with



many areas of multiple deprivation and a large population of people with complex needs.

Increased Innovation, R&D & business support investment for West Yorkshire.

West Yorkshire. The beating heart of the North, the place for opportunity and the place for innovation. For over three centuries, our region has been a leading pioneer of the innovation agenda - developing some of the biggest gamechangers to transform not just our local economy, but the global economy. From the first commercial steam-train the Salamanca, to cats-eyes guiding our cars along dark roads. As a Mayoral Combined Authority, we recognise the significance of innovation and the impact it has on our businesses, universities, and people. Our innovation-intensive businesses are the catalysts for our regional economic growth, developing and commercialising new products made in West Yorkshire and sold to the world. Our research universities and institutions are spearheading cutting-edge research into new materials and technologies. All of this is down to our people. Creative and dynamic individuals and teams challenging the status quo, finding efficiencies, and supported by an open and inclusive innovation ecosystem.

As one of the youngest and most diverse regions in the UK, West Yorkshire stands ready to play a key role in the next chapters of the UK's innovation story.

Increased public investment in innovation, R&D, and business support to stimulate private activity however is critical to achieving both local and national innovation ambitions and maximising our potential as a region. It is critical to addressing both our long-term productivity challenges and building resilience and diversification through challenging times.

- Building on the new IUK Action Plan for West Yorkshire (currently being developed), we would like to see a renewed commitment to exploring further partnership opportunities, specifically Innovation Accelerators and Launchpads to build on our unique and unrivalled strengths. The West Yorkshire Launchpad application (currently being assessed) builds on our complementary cluster strengths around Healthtech, advanced manufacturing and digital and supports not only economic growth but wider societal and patient health improvements.
- Investment Zones: with seven HEIs, each with distinct specialisms and contributions to the local and national economy, West Yorkshire is a prime location for a newly remodelled Investment Zone. Clusters of academic, industry and public sector infrastructure align to create several areas of opportunity and untapped potential. Learning from experiences of University Enterprise Zones, we would welcome a conversation about how we can exploit the West Yorkshire opportunity and build on the assets we have in some of our left behind areas.
- Support for ongoing collaboration with (and investment from) DCMS on the Local Digital Partnership Trailblazer, building on the success of the West Yorkshire Digital Skills Partnership and seed corn funding as part of the original devolution deal.



Tracy Brabin
Mayor
of West Yorkshire

- Growth Hubs: commitment to longer term funding settlement for this critical infrastructure and engagement from places in the design and development of new programmes. The importance of Growth Hubs was brought to the fore during the pandemic, ensuring thousands of SMEs were able to access the support they needed at a time they needed it most. Similar rapid response was deployed via the Growth Hub in response to BREXIT related changes. It was therefore incredibly disappointing to receive a 50% cut for funding with a two-day notice. Growth Hub involvement the development in new national products and services would increase the chances of alignment with the local offer and integration in the regional ecosystem – and overall success.
- Continue to provide energy bill support for business at the current rate. West Yorkshire employers and employees at increased risk, more so than at a national level if the planned cuts are implemented. In October 2022, we calculated that there were 8,000 businesses across West Yorkshire that were particularly exposed to the increase in the cost of doing business. These are energy or trade-intensive businesses. The announced Energy Bills Discount Scheme, whilst offering some level of support to all businesses, will only provide enhanced support to around 3,000 of the 8,000 at enhanced risk in our region. Manufacturers of fabricated metals, furniture and machinery will be the sectors most affected across our region.