

South Yorkshire Weekly Policy Briefing

10th February 2023

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This Week's Policy Highlights:

- GDP figures released on Friday indicate that the UK technically avoided a recession but has zero growth.
- This week the PM reshuffled Cabinet, with several restructured departments and new ministerial appointments. This includes a new Department for Energy Security and Net Zero.
- A report by think tank Common Wealth looks into the evolution of the UK's electricity sector, comparing the system against other countries to explain different outcomes in the source, security of supply, and retail price of electricity.
- Spatial analysis of deprivation in education and skills, as well as sectoral employment concentration, reveals a patchwork of trends in South Yorkshire.

UK GDP

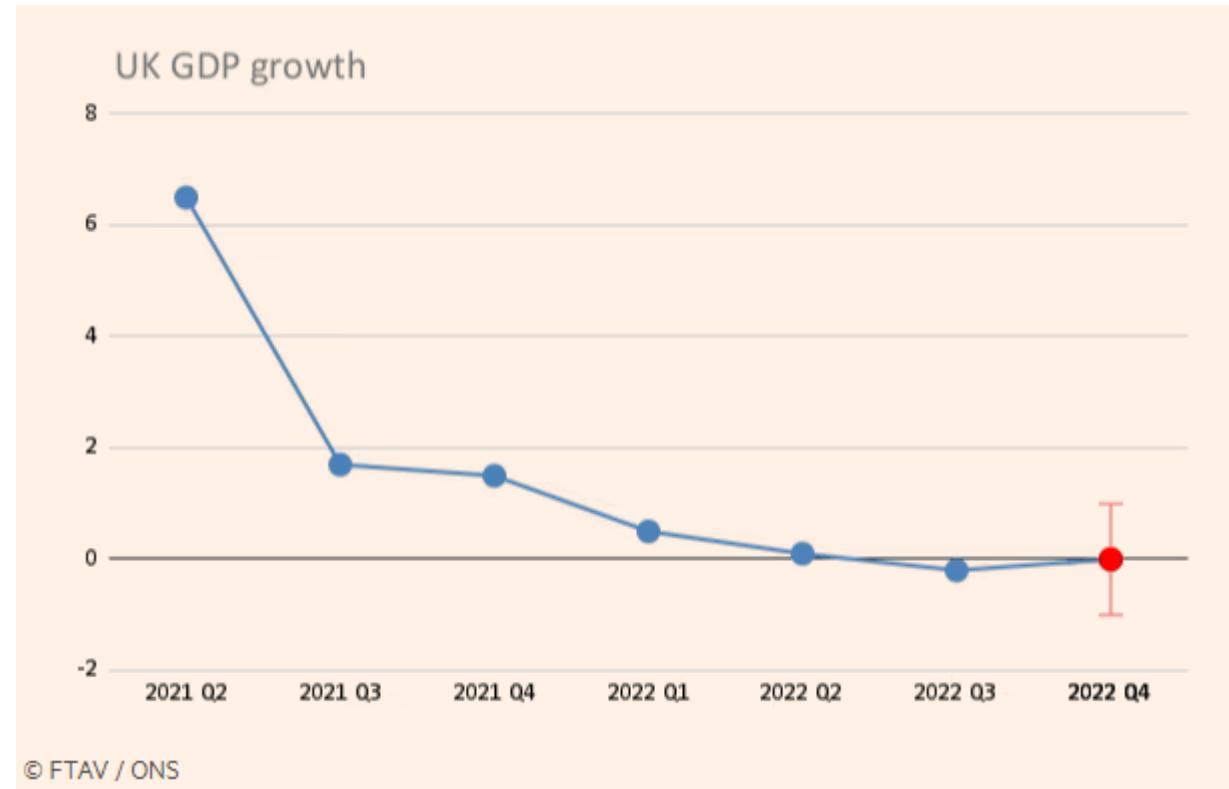


UK GDP flatlined

The UK technically avoided a recession given that economic output in Q4 of 2022 didn't fall. However, it was zero, i.e. output was the same as the previous quarter.

The Chancellor said that although the UK was "not out of the woods yet" in terms of the economic impact of recent price inflation, the UK economy grew relatively quickly last year at 4.0% compared to other economies like Germany (1.9%) and the US (2.1%).

Think tank NIESR point out that while we may not technically be in a recession, it still feels that way for households given the erosion of living standards that inflation is having.



Cabinet Reshuffle



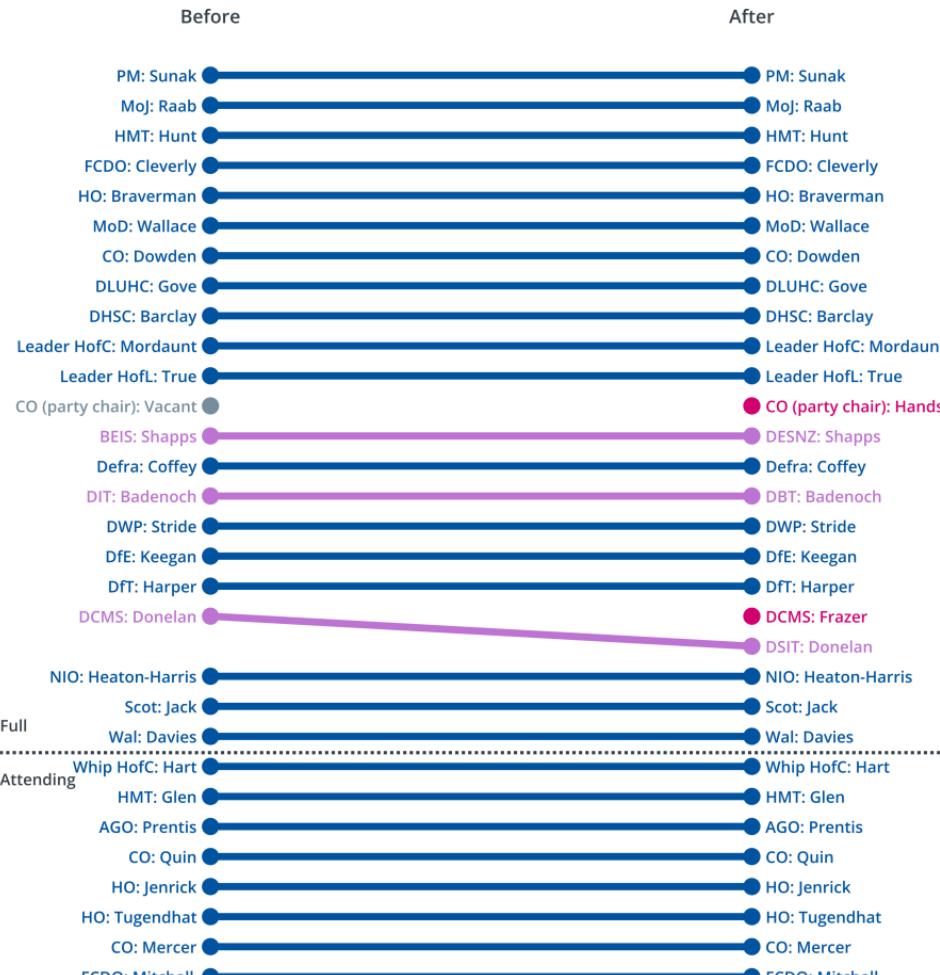
'Rishiuffle' of Cabinet Ministers

This week, the Prime Minister reshuffled his Cabinet, restructuring several departments, and appointing new ministers to head them.

The [Institute for Government](#) reveals the changes in Government departments with Lucy Frazer (Culture, Media and Sport) and Greg Hands (Party Chairman) entering the Cabinet following the sacking of Nadhim Zahawi and changes to Government departments.

Cabinet moves, 11:30, 7 February 2023

IfG



Confirmed in post Not yet confirmed in post Left post Vacant New in post Departmental reorganisation; change of responsibilities

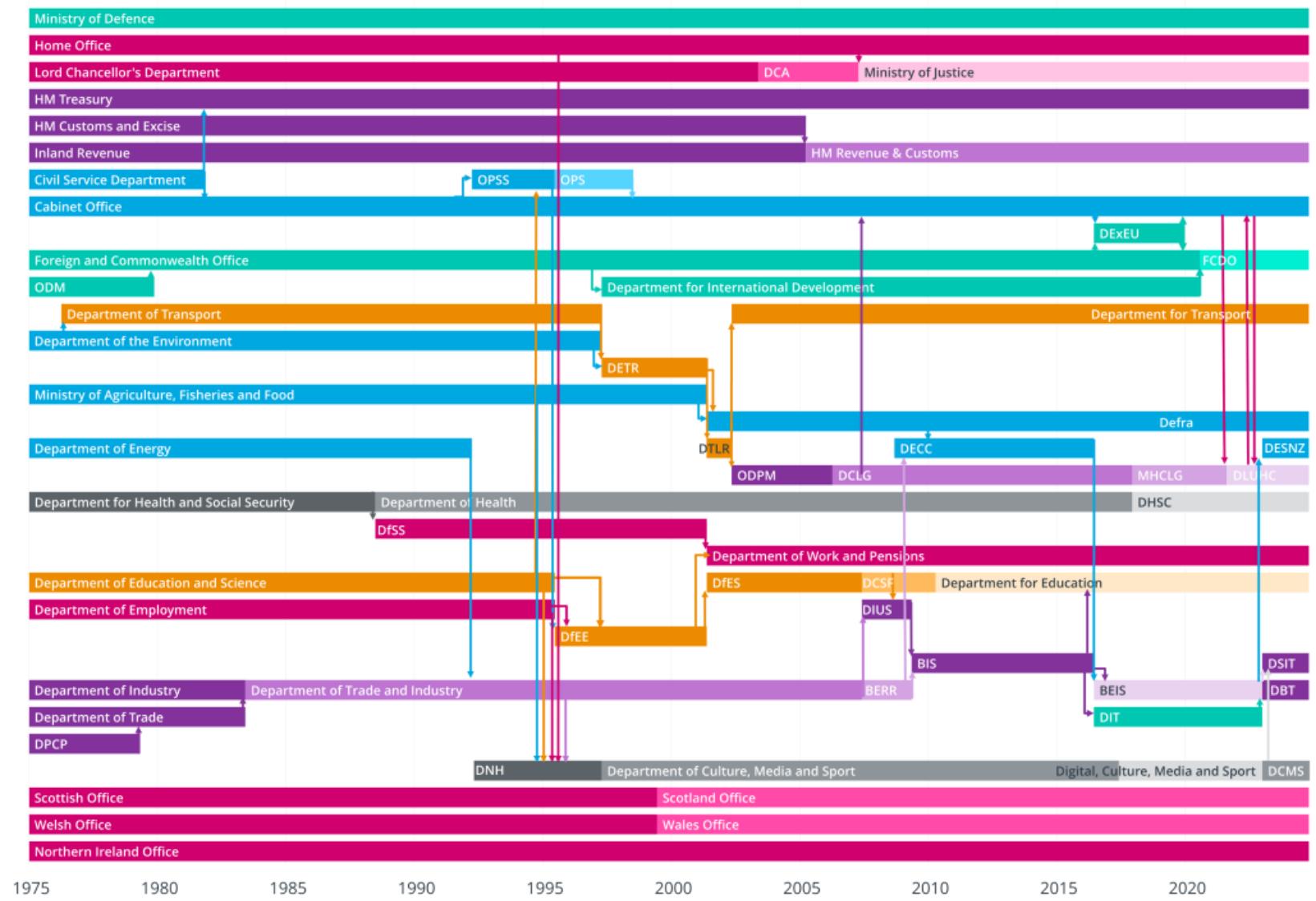
New Departments

The reshuffle created the following new departments:

- Department for Energy Security and Net Zero (includes green and climate policy responsibilities)
- Department for Business and Trade
- Department for Science, Innovation and Technology (includes digital)

This Institute for Government graph shows the change in Government department names over time.

History of departmental reorganisations, 1975 to 7 February 2023



Source: Institute for Government analysis of data from House of Commons, and Butler and Butler, *British Political Facts*, Palgrave Macmillan, 1986.

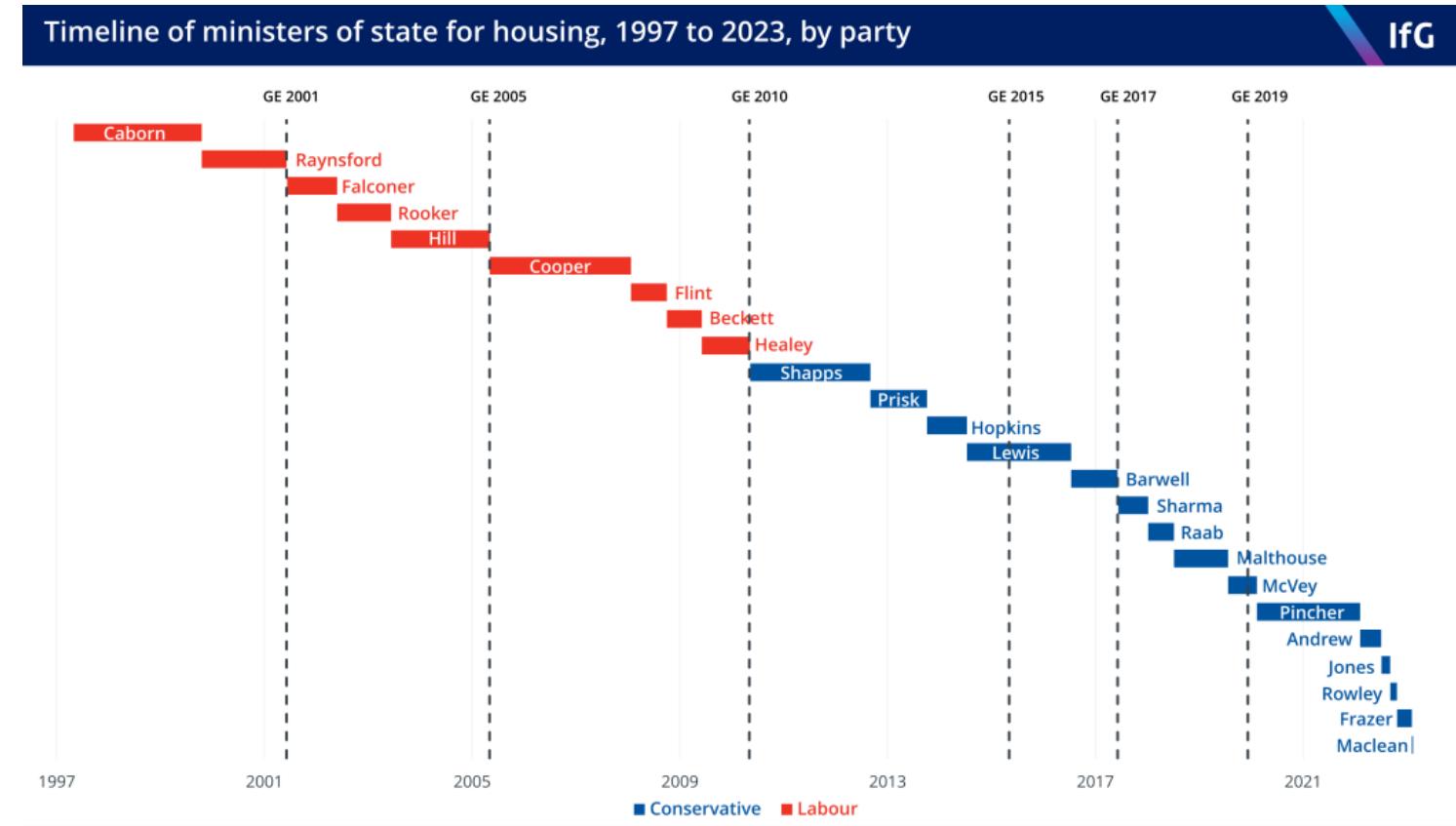
Prioritising Energy, Innovation and Growth

The new Department for Science, Innovation and Technology creates an opportunity to focus Government attention and generating growth across the country.

Also, the new Department for Energy Security and Net Zero will enable net zero to remain a Cabinet-level as the country faces serious energy challenges.

Despite this, it removes Industrial Strategy removed from Secretary of State level meaning that industries like steel and manufacturing that need political attention, could be ignored in Government direction.

However, there have now been fifteen Conservative Housing Ministers, including six in the last year alone. With the housing crisis, this can be seen to show a failure to grasp the seriousness of improving housing security and affordability.



Source: Institute for Government analysis of IfG ministers database and Butler and Butler's *British Political Facts*.



Impact on South Yorkshire

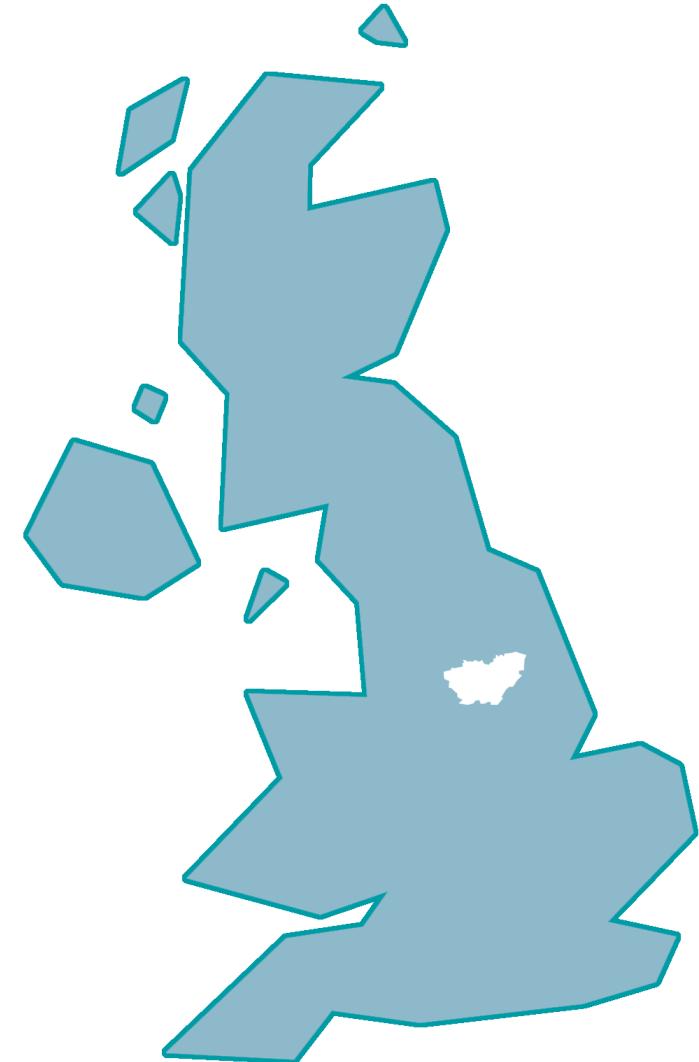
These changes present an opportunity for South Yorkshire to work closely with Government departments to build a stronger, fairer and greener region.

By bringing together business and trade in the Business and Trade department, it could allow the government to get better intelligence on what businesses need from trade policy and create the conditions for better growth.

This could help promote foreign investment into areas like South Yorkshire to create jobs and opportunities in our region.

In addition, a tighter focus within Government on energy security and the net zero transition could help support projects in South Yorkshire as we move to Net Zero by 2040.

Furthermore, the creation of department specifically for science, innovation and technology may send an encouraging signal to the science community in South Yorkshire looking for a powerful champion in government and reassurance that the uplift in R&D spending will be protected.



Britain's Energy Overhaul

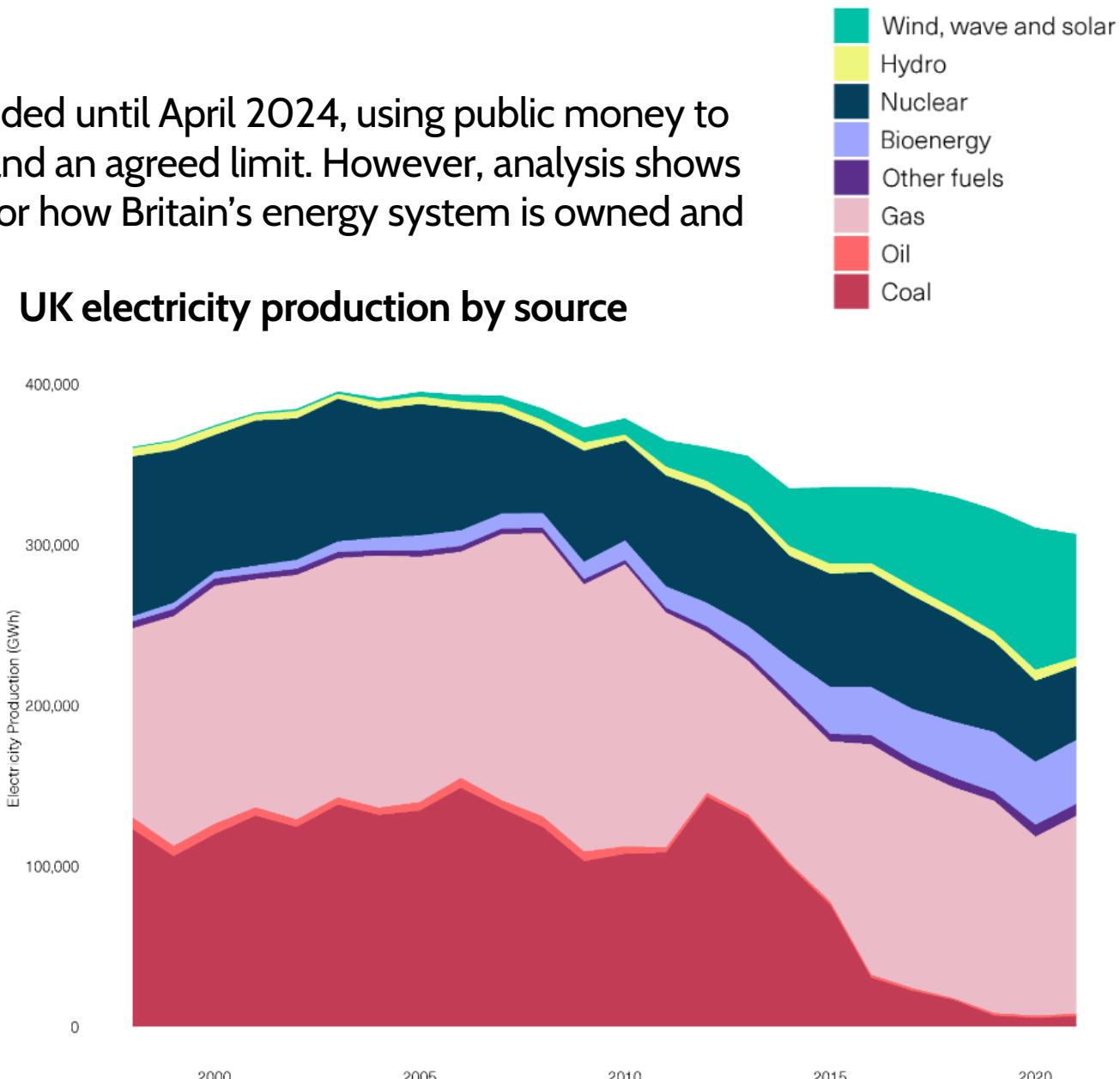


Britain's Electricity System: How Does It Work?

The Government's Energy Price Guarantee has been extended until April 2024, using public money to cover the difference between the wholesale energy price and an agreed limit. However, analysis shows that this subsidy does not represent a long-term solution for how Britain's energy system is owned and organised.

Think tank [Common Wealth](#) discuss the limitations of our current energy mix, and what can be done to reduce the impact on our future bills and fossil fuel dependency. They note that Britain is unusual in having an almost entirely privatised electricity system, including a privately owned energy grid. We are also heavily reliant on gas-powered electricity, which accounts for approximately 40% of UK generation — making Italy the only European country more reliant on gas than the UK.

Once gas is processed, it is then sold to one of 16 different firms who own and operate the 45 gas-fired power plants currently operational here.



How Does the Design of the Energy System Impact Our Energy Bills?

Before the Ukraine war began, Britain's energy system had arguably been reorganised around the interests of firms and shareholders, rather than energy security and affordability. By Britain remaining highly reliant on gas and broadly pegging the price of all electricity to the price of gas, the scale of the current energy crisis has been exacerbated.

The wholesale market pricing mechanism has played a major role in transmitting shocks directly onto families, as electricity bills have surged despite other sources like renewables remaining cheap.

At the upstream end of the chain, soaring global prices have provided Shell and BP exceptional profits between October 2021 and September 2022 of \$81 billion, with \$36 billion paid out to shareholders.

Despite this, Britain has managed to deliver impressive growth in renewable energy generation over the past decade – but government support and incentives have been critical to the speed and scale of this transition.

Ownership of UK Offshore Wind Capacity



What Is The Alternative?

Britain's energy system has been buckling this winter, and external shocks have put immense pressure on its underlying structures. This leaves us more vulnerable and intensifies the cost of this crisis.

There are many areas where policymakers could intervene to improve outcomes, but these must ensure an end to the unsustainable extraction of fossil fuel resources from the planet and of wealth from ordinary people. This implies a shift from a private and profit-driven electricity system built around the interests of fossil capital, to a public system that is governed and operated according to social and climate needs.

We should drive investment in the infrastructure required to decarbonise our grid; rapidly scale up renewable generation and “flexible” low-carbon options; reduce or eliminate shareholder payouts; and ultimately guarantee secure, affordable, green electricity for all. Such ambitious reform is the surest route to resolving this – and future – energy crises.

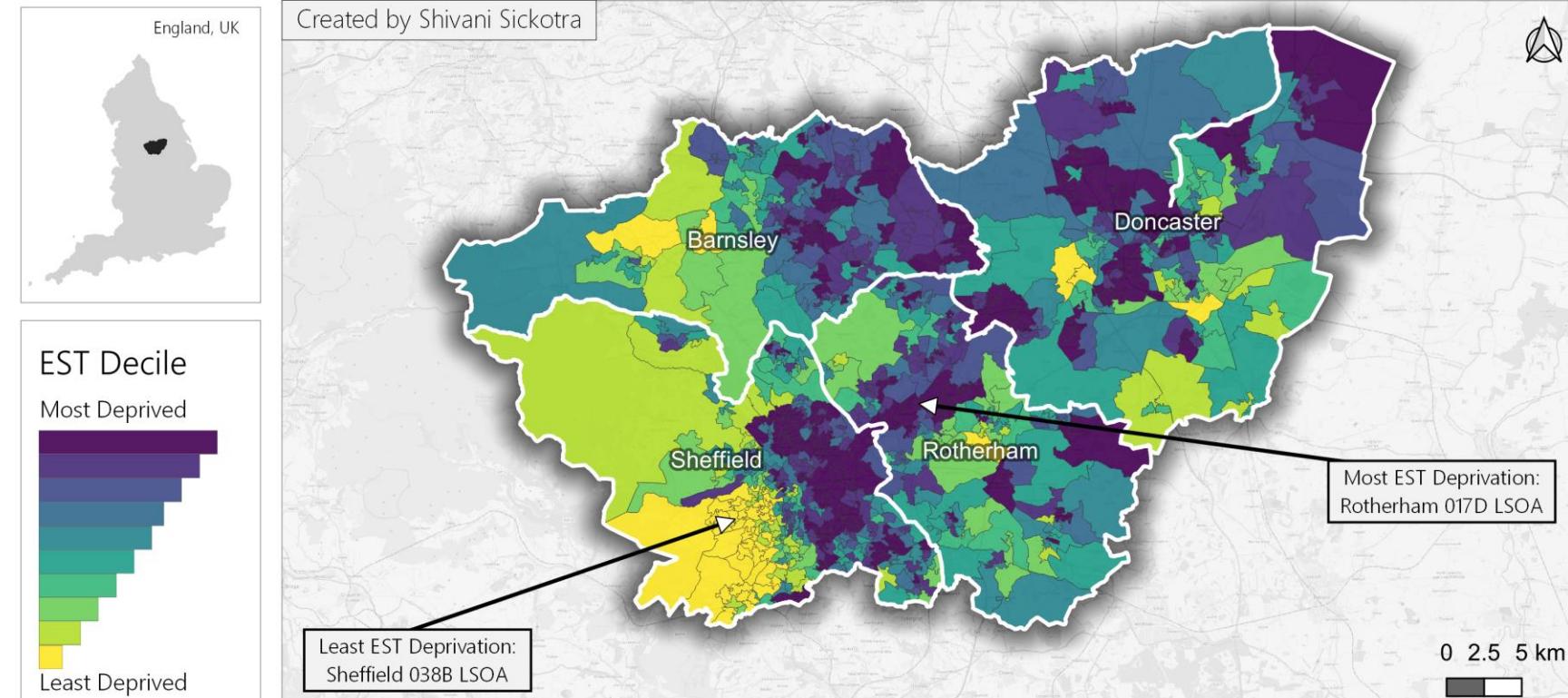


Local Data



Spatial Distribution of Education, Skills and Training (EST) Deprivation in South Yorkshire

- There is a clear divide between least deprived LSOAs in the south of Sheffield and most deprived LSOAs in the east of Sheffield.
- Rotherham exhibits a band of LSOAs in the upper region stemming from the most EST deprived LSOAs in Sheffield.
- Strong clusters of the most EST deprived LSOAs can be seen in the east of Barnsley and Doncaster.



This map shows the Education, Skills and Training (EST) deprivation at Lower Super Output Area (LSOA) level for the South Yorkshire Combined Authority and its constituent Local Authority Districts. The EST deprivation is a sub-domain of the English Index of Multiple Deprivation (IMD) 2019. The IMD consists of 7 sub-domains, where EST accounts for 13.5%. It is important to note that the deprivation deciles are relative to all LSOAs in England - LSOAs in decile 1 (shown in dark purple) fall within the most deprived 10% of LSOAs nationally.

7.4% of South Yorkshire LSOAs fall within the most deprived national decile

1.6% of South Yorkshire LSOAs fall within the least deprived national decile



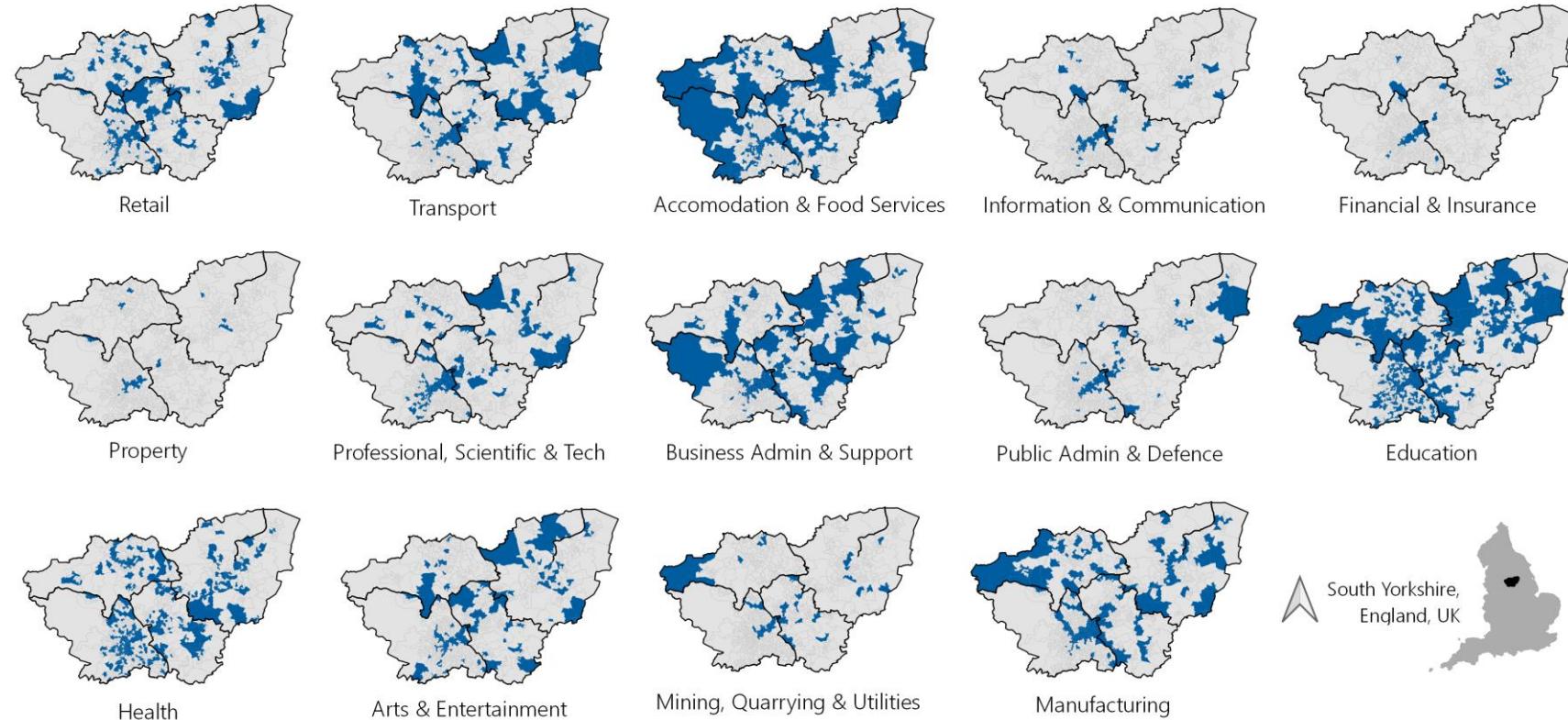
South Yorkshire Employees by Occupation Industry, 2020

This geo-visualisation disaggregates employees by their occupation industry at the LSOA level across South Yorkshire

- ‘Education’, ‘Business Admin & Support’ and ‘Accommodation & Food Services’ are the most spatially distributed industries.
- ‘Information & Communication’, ‘Financial & Insurance’ and ‘Property’ industries are very spatially concentrated and found only in a small number of LSOAs across the region.

South Yorkshire Lower Super Output Areas with at least 50 employees (excluding self-employed) by Standard Industrial Classification 2007 Broad Industrial Groups

Created by Shivani Sickotra



South Yorkshire Data & Intelligence Hub

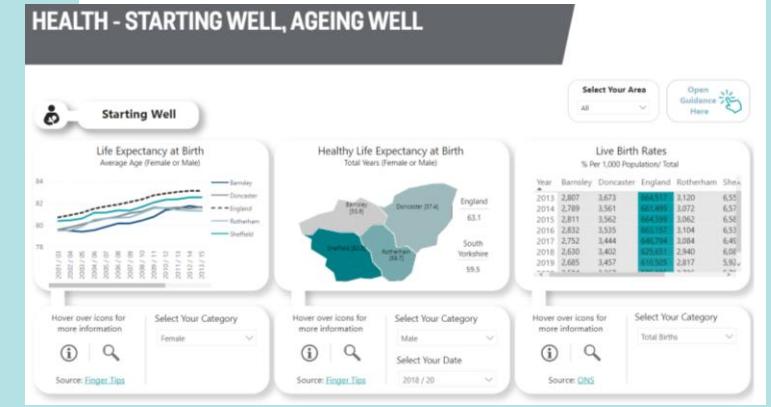
Want to access data and trends relating to South Yorkshire?

Head to the [South Yorkshire Data & Intelligence Hub](#), which provides a range of data useful for understanding the local economy, as well as social and environmental outcomes.

It also helps to understand relative performance and changes in data. See how it works on YouTube [here](#).

Whether you're a resident, employer, academic, researcher or just interested in data, this can help you understand South Yorkshire's economy and develop evidence-based solutions.

Visit the dashboard now at <https://southyorkshire-ca.gov.uk/Data-Intelligence-Hub>



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