

South Yorkshire Weekly Policy Briefing

28th April 2023

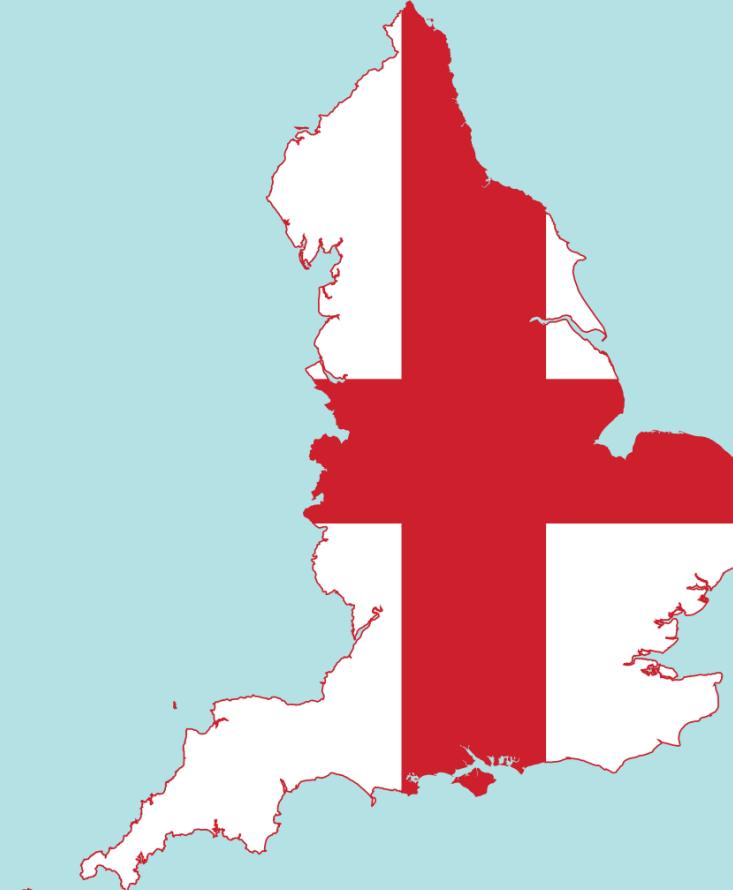
SYMCA Policy Team
economy@southyorkshire-ca.gov.uk



This Week's Policy Highlights:

- A recent report by the [Institute for Government and Bennett Institute for Public Policy](#) highlights the complex and incoherent nature of governance in England, revealing the 25 different geographies spanning different public services and civic boundaries, arguing that they cause confusion, uncertainty and a lack of accountability.
- Research from the [Special Interest Group of Municipal Authorities \(SIGOMA\)](#) has found that on average the most deprived councils in England have received a real terms 28.3% cut to their spending power in the last 13 years while the richest 10 have received only 10.1% reduction.
- Figures from the [Office for National Statistics](#) highlight that the sickness absence rate (the percentage of working hours lost because of sickness or injury) rose to 2.6% in 2022, an increase of 0.4 percentage points from 2021 and the highest it has been since 2004, when it was 2.7%.

Governing England

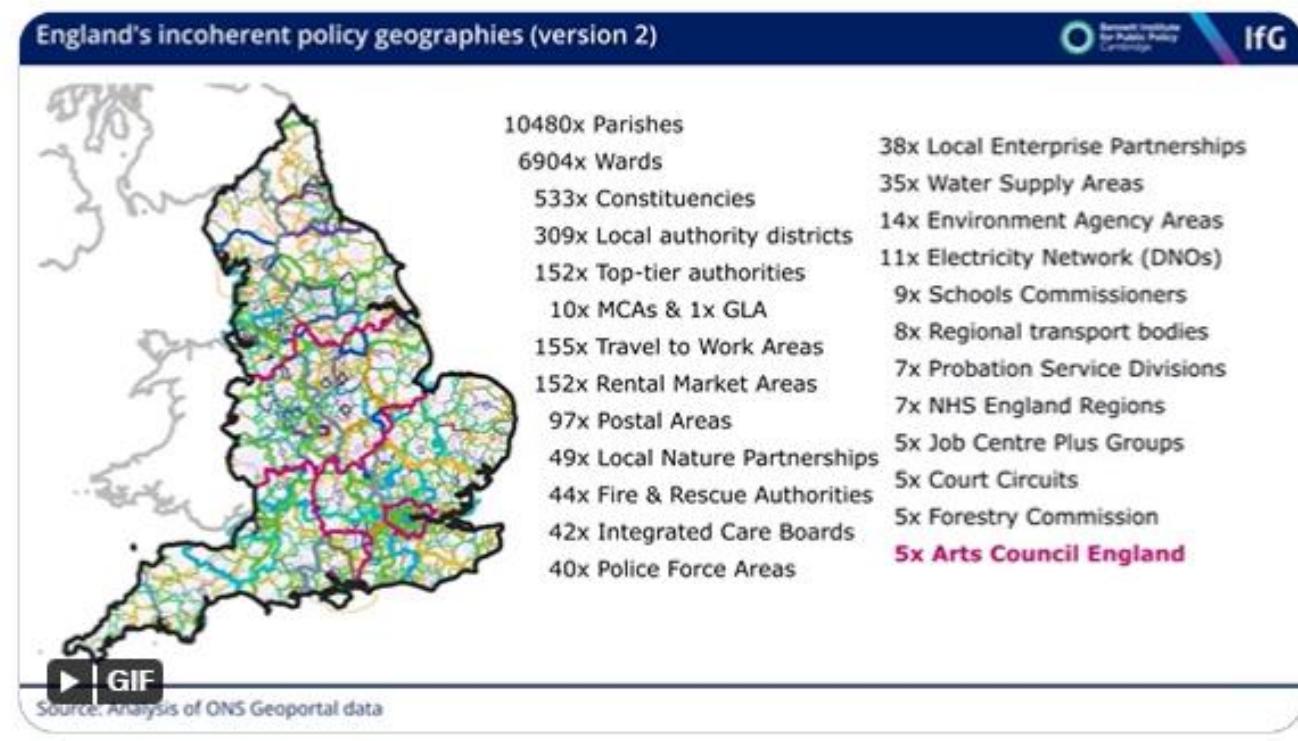


Incoherent English Government Boundaries

A recent report by the [Institute for Government](#) and [Bennett Institute for Public Policy](#) explores how England, the largest and most populated territory within the UK, is governed.

It makes the case for more systematic attention to be paid to the increasingly incoherent and dysfunctional character of its administration.

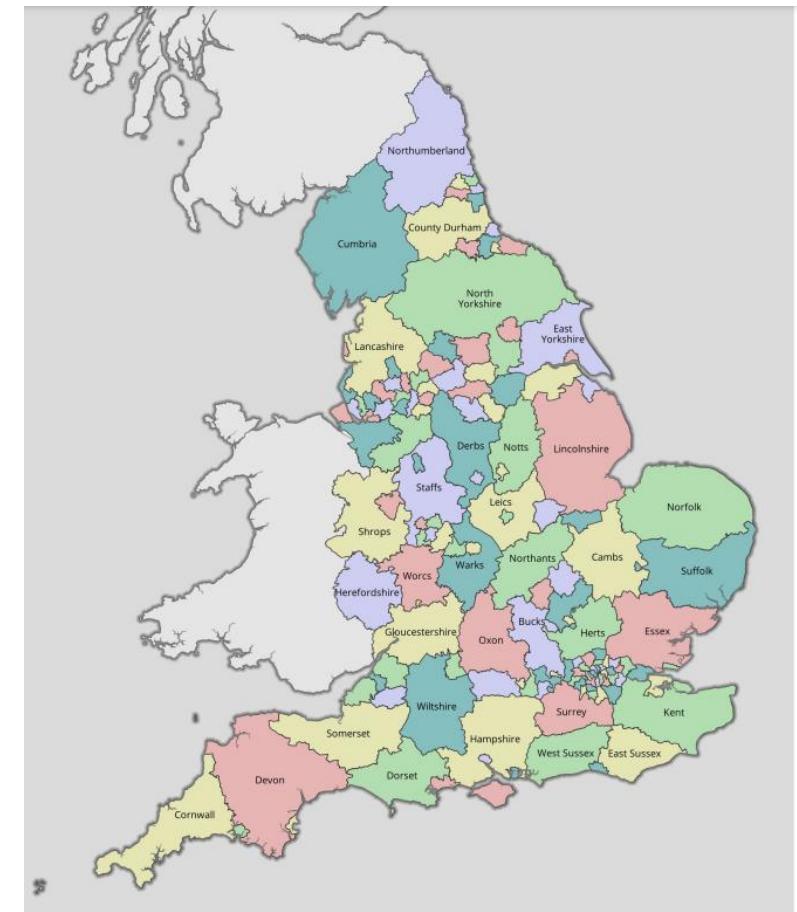
Accompanied by a report from The [House of Commons Library](#), maps highlight many of the similarities and differences between local administrative boundaries in England. A GIF (see right) has been created showing the complexity of boundaries, with 25 different geographies in use across the nation spanning different public services.



Source: Institute for Government

The report sets out an argument based on six main foundations:

- The position of England in the UK and the consequences of serial changes to its subnational governance are major issues that have been neglected by policymakers.
- Basic questions about the character and future of subnational devolution in England remain unanswered.
- The system and culture of central government have been too slow to adapt to the changing structures of subnational administration.
- The development of a more stable and comprehensive model of English devolution – an ambition that both main British political parties share – requires significant reforms at the heart of British government.
- England's misaligned administrative boundaries cause confusion and uncertainty, and contribute to a lack of accountability.
- There is a growing, concerning democratic deficit in England.



Upper Tier Local Authorities in England (the simple bit)

Addressing the complexities

The report argues that if English devolution is to be given the chance to bed in and progress over the coming years, new structures in Whitehall are needed to oversee and protect the devolution process.

They argue that otherwise there is likely to be a continuation of the cycle in which new subnational institutions are created, only to be abolished or reorganised a decade later, leaving little opportunity for English devolution to take root. The report recommends:

- The establishment of a new independent commission that would be tasked with examining in depth how England is currently governed.
- A commitment from both parties to complete the devolution map by 2030.
- The introduction of an English Governance Act, which would gather together and codify the existing legislation on England's local and regional government structures.
- The establishment of an English Devolution Council, a body that would represent local government in the heart of the UK government.
- The creation of an England Office within the structures of central government and an England-focused cabinet committee.

What this means for South Yorkshire

South Yorkshire has several co-terminus boundaries where public services cover the same geography at a sub-regional level (more on that [here](#)).

In addition, most of South Yorkshire have local authority areas that share large proportions of populations and boundaries with functional areas.

This means the boundaries are simpler and clearer, and can facilitate joining up between public bodies, enabling more effective policy-making and delivery at the sub-regional level. They include:

- South Yorkshire Mayoral Combined Authority
- Work Programme
- South Yorkshire Fire and Rescue Service
- South Yorkshire Police
- Community Rehabilitation Company
- Local Enterprise Partnership



Council Funding



Falling Spending Power

Research from the [Special Interest Group of Municipal Authorities \(SIGOMA\)](#) has found that on average the most deprived councils in England have received a real terms 28.3% cut to their spending power in the last 13 years while the richest 10 have received only 10.1% reduction.

They found that this disparity was down to reforms which increased the reliance on council tax and retained business rates, which has unfairly disadvantaged the poorest councils over the last three years.

This is because structures that support the fair distribution of funds raised through taxation have been replaced by ones that tend to reward high-value housing stock and a large and thriving business rate base, which are often lacking in poorer areas.

Government funding represented over 55% of council's core spending power in 2013-14 but now represents just 37% in 2023-24.

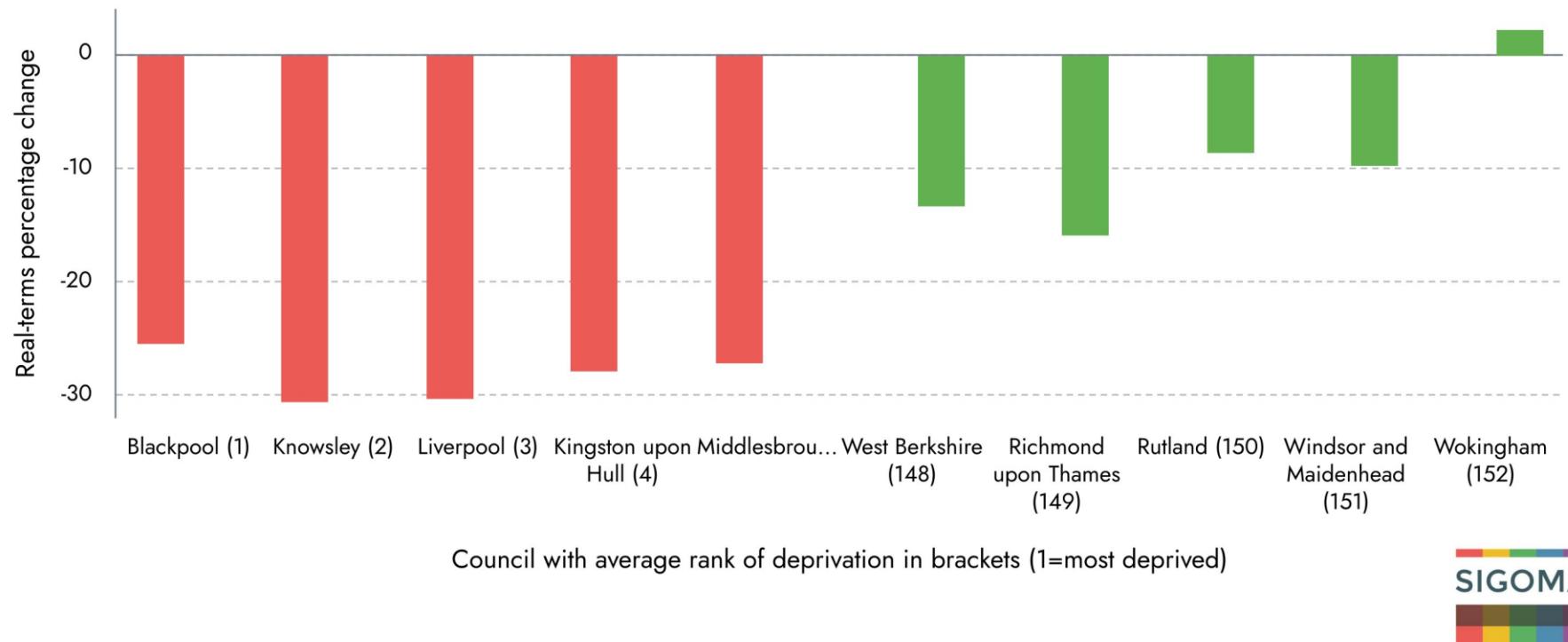
At the same time, the percentage of council funding from local revenue - such as council tax - has increased to over 62 per cent in 2023 as they try to plug the funding gap, an increase of almost 18% since 2013 (when it was 45%).

As the graph shows, national Government has been lowering the amount of funding for local government since 2010/11.

In 2013-14, they paid some £4.9 billion more in grant than councils handed over in business rates.

By 2023 the overall fall in funding meant councils will receive £4.5 billion less than will be raised from business rates, a reversal of some £9.4 billion.

Real-term percentage change to Core Spending Power between 2010-11 and 2023-24 for the 5 most deprived and the least deprived councils



Source: ONS

Addressing Funding Issues

To address these disparities, SIGOMA propose a new model that provides five steps to creating a fairer funding system for councils:

Step 1: The Government must publish data showing all un-ringfenced council revenue funding, including business rate growth, so that councils and the public have a clear idea of how much revenue funding is available at council level.

Step 2: Create a revenue funding model. The switch from incentive funding to needs funding must begin at the first available opportunity and be maintained. Retained business rates growth should diminish as a new needs formula is introduced and we would expect a transition fund would be introduced for those worst affected to provide a soft landing to their new needs share.

Step 3: A full or partial re-set of business rates to allocate more funding according to needs.

Step 4: The existing needs formula should be populated with more up-to-date data, again neutral to the overall Budget, giving a more up to date reflection and understanding of relative needs.

Step 5: The Government should increase the proportions of rate income distributed as funding back up to the level of 100%, in 24-25 this would begin with the additional social care grant already planned in the Budget announcement.

What this means for South Yorkshire

Both Sheffield and Doncaster feature high up on the list of affected councils, with cuts of 27.2% and 25.8% respectively between 2010/11 and 2023/24.

Under previous arrangements, all business rates went into a central pot which was then distributed on the basis of need, which South Yorkshire benefitted from due .

Now, councils with growing economies do better as they are allowed to retain half of any business rate growth, such as from a newly established business.

Local authorities in South Yorkshire tend to rely upon grants from central Government, meaning that financial pressures are greater due to more reliance on business rates and council tax.

This relies upon continued economic growth in the region which is currently slow across the country, reducing income from these streams.



Sickness absence in the UK Labour Market 2022

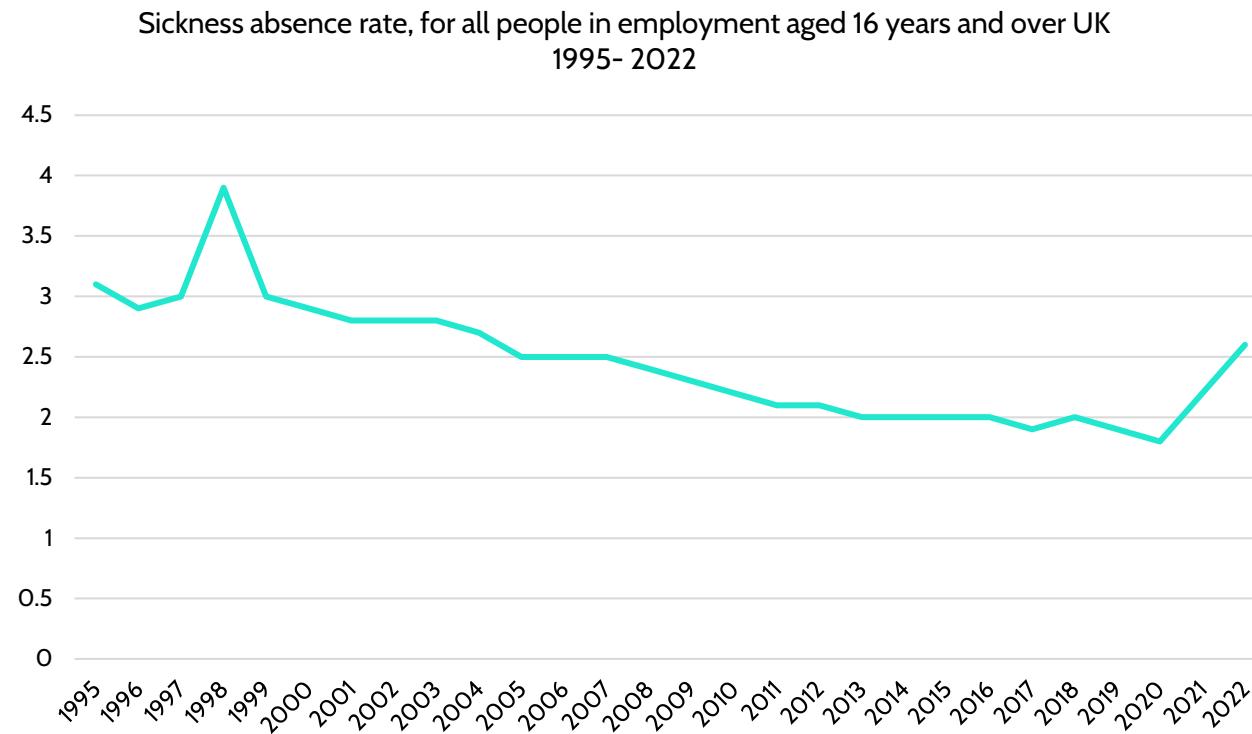


Changes over time

The sickness absence rate - the percentage of working hours lost because of sickness or injury rose to 2.6% in 2022, an increase of 0.4 percentage points from 2021 and the highest it has been since 2004, when it was 2.7%.

COVID- 19 affected sickness absences in many ways. While it may have led to additional absences, furloughing, social distancing and increased homeworking helped to reduce other causes of absence in 2020.

However, with new social distancing policies, reduced homeworking and reduction in the furlough scheme there was a rise in sickness absence in 2021 to above pandemic levels.



Source: ONS

Sector breakdown

Sickness absence rates have been consistently higher for public sector employers.

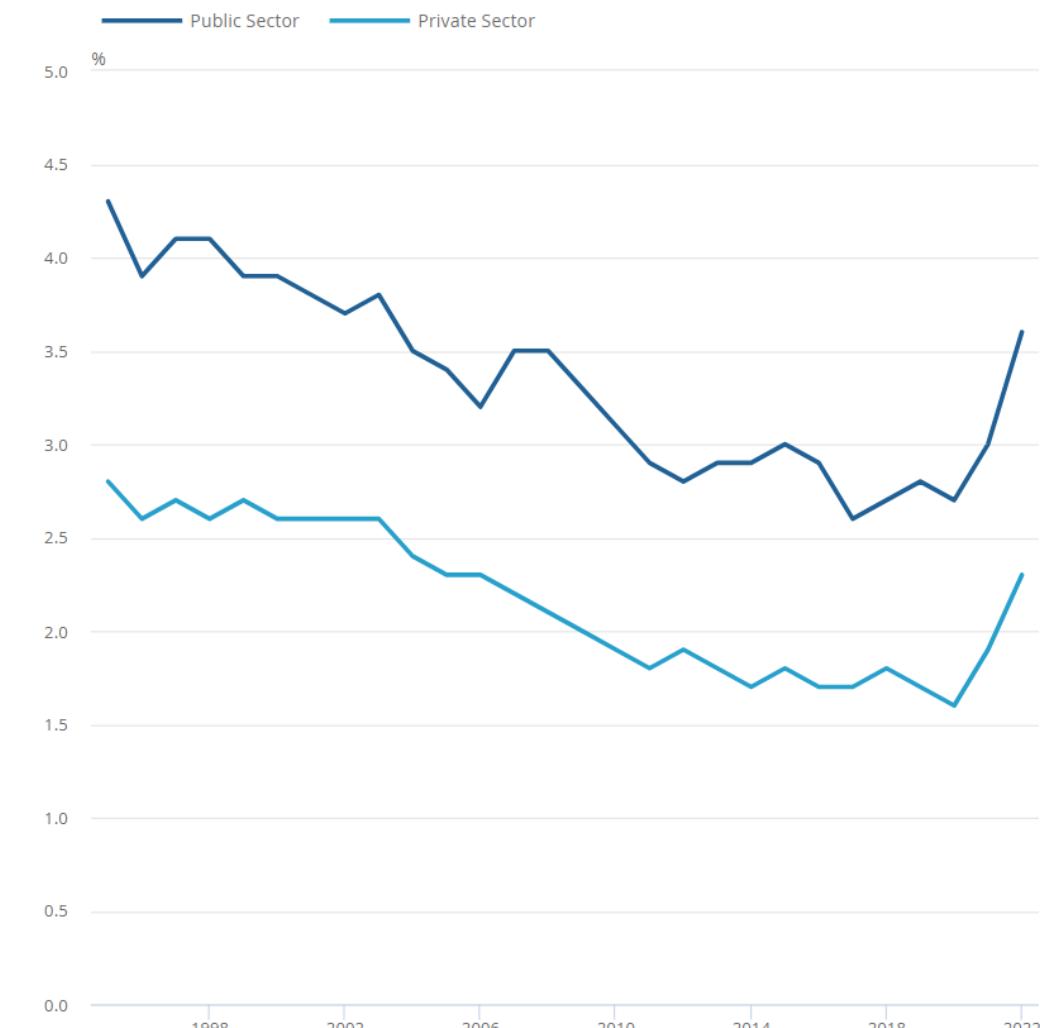
In 2022, the sickness absence rates were 3.6% for public sector workers and 2.3% for private sector workers, up 0.6 and 0.4 percentage points, respectively, from 2021.

The ONS suggest some factors as to why this difference exists:

1. Differences in types of jobs between the sectors, some of which have higher likelihoods of sickness than others.
2. Workers in the private sector are less likely to be paid for sickness absence than public sector workers.

The occupation with the highest sickness absence rate in 2022 was caring, leisure and other service. Managers and senior officials had the lowest rate.

Sickness absence rate, by public and private sector, UK, 1995 to 2022



Source: ONS

Demographic breakdown

The sickness absence rate rose for all age groups in 2022.

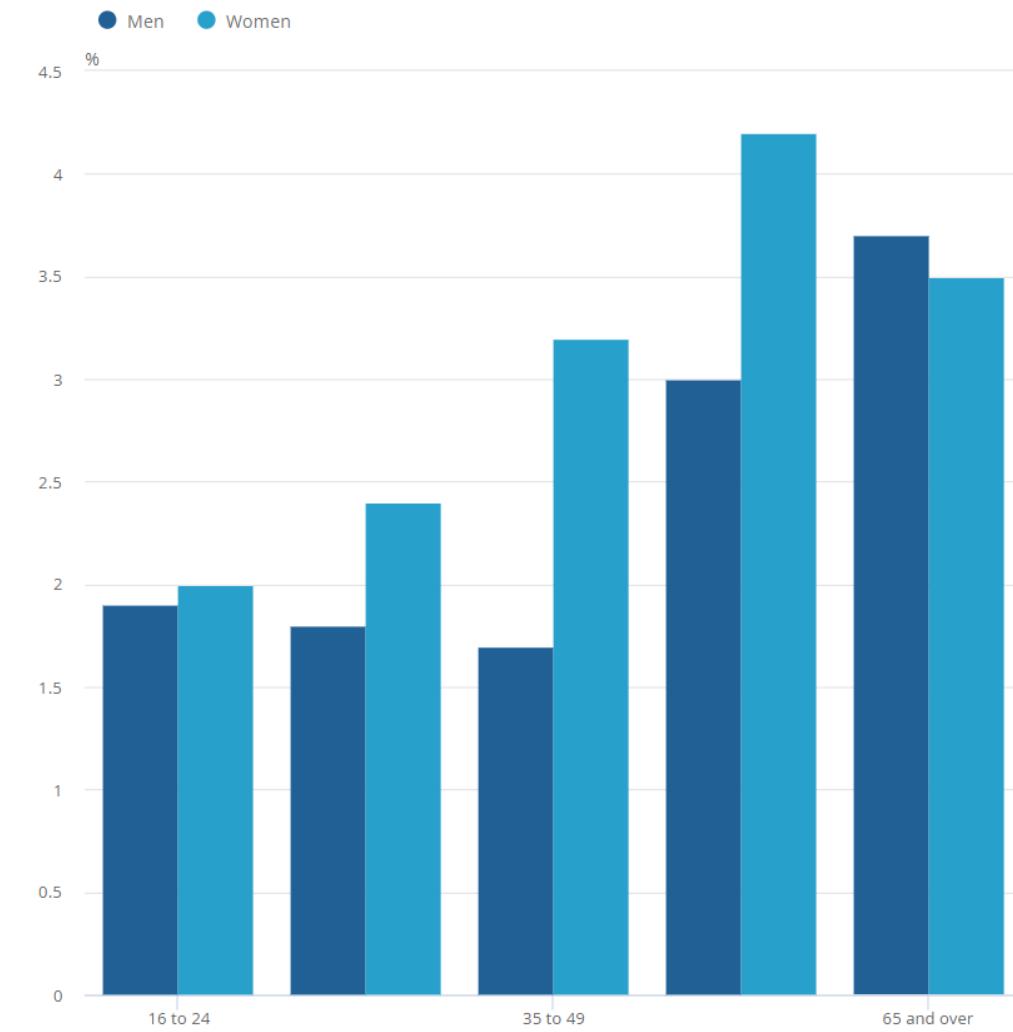
Sickness absence rates continued to be lower for men than women, as they have consistently been since 1995. In 2022, the sickness absence rate for men was 2.2% and for women 3.2%.

Rates were higher for women than men in 2022 in all age groups except for those aged 65 years and over.

There were also regional disparities in sickness absence rates. Those living in London had the lowest sickness absence rate in 2022, with the North East having the highest in England.

All countries and English regions experienced an increase from 2021 to 2022, except for the East of England, which saw no change. Yorkshire and the Humber had a 2.6% increase, the increase for England was 2.5%.

Sickness absence rate, by age group and sex, UK, 2022

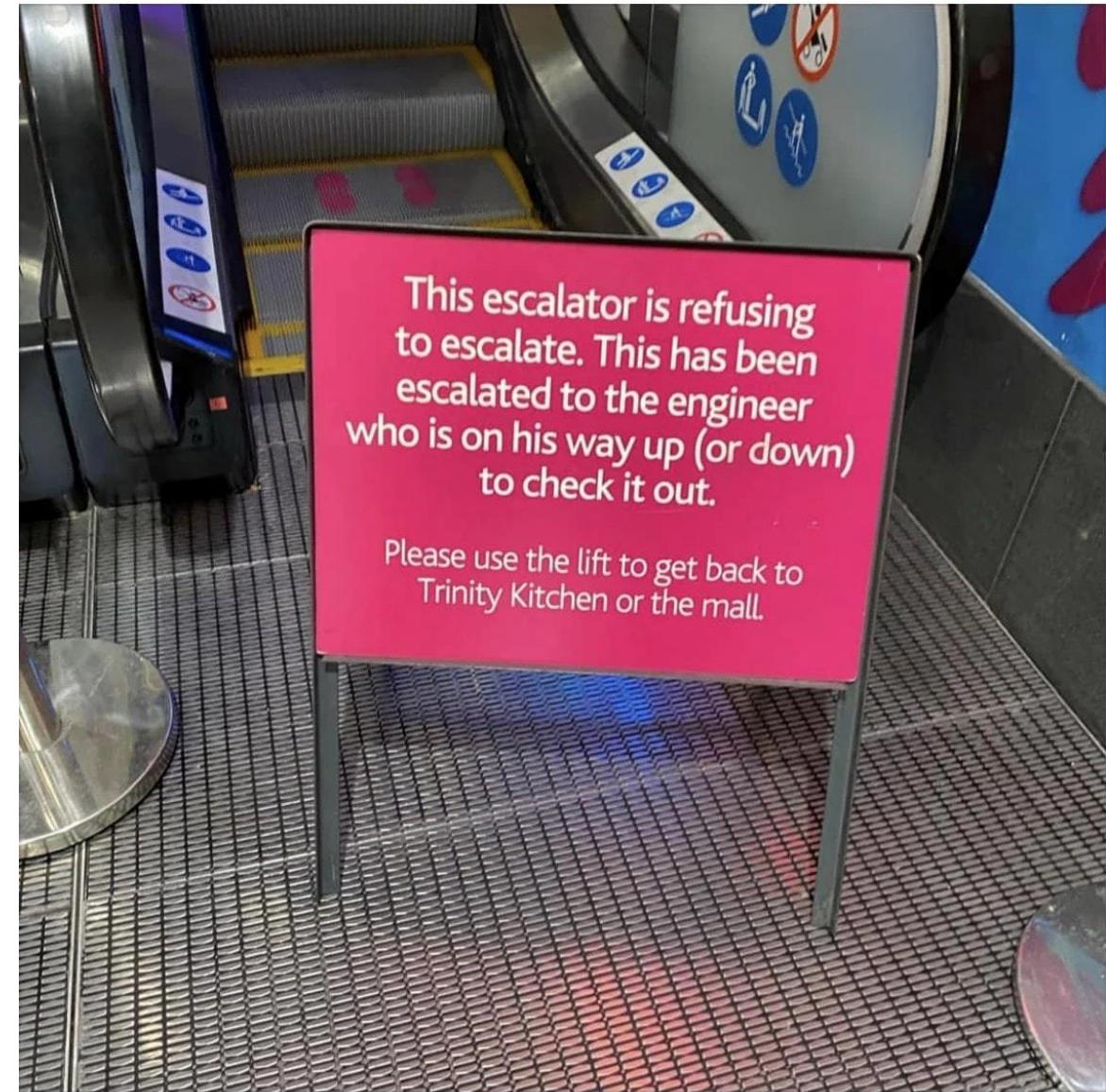


Source: ONS

In other news....

That escalated quickly...

It seems that sign designers at Trinity Kitchen in Leeds not only understand their protocols for escalator maintenance but also share some of the tongue-in-cheek humour found in South Yorkshire too.....



South Yorkshire Weekly Policy Briefing



SYMCA Policy Team

economy@southyorkshire-ca.gov.uk

South Yorkshire Mayoral Combined Authority
1 Broad Street West
Sheffield
United Kingdom
S1 2BQ

