

# LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 26 November 2021

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

KEY DECISION: No

## REPORT OF THE METRO MAYOR AND EXECUTIVE DIRECTOR OF POLICY, STRATEGY AND GOVERNMENT RELATIONS

### **SPENDING REVIEW AND AUTUMN BUDGET 2021 – HEADLINE IMPLICATIONS FOR LIVERPOOL CITY REGION**

#### **1. PURPOSE OF REPORT**

- 1.1. The Chancellor presented the Spending Review and Autumn Budget on the 27 October 2021. The purpose of this briefing is to provide a factual update on the announcements from the Budget and the initial headline implications of the announcements for Liverpool City Region.

#### **2. RECOMMENDATIONS**

- 2.1. It is recommended that the Liverpool City Region note the briefing on the initial, headline implications of the Budget announcements.

#### **3. BACKGROUND**

- 3.1. The Budget is presented by the Chancellor of the Exchequer and is a statement on the nation's finances and the Government's proposals for changes to taxation.
- 3.2. It outlines the state of the economy and includes decisions on Government spending. The Budget includes forecasts for the economy by the Office for Budget Responsibility (OBR) on how the UK economy will perform in the future.
- 3.3. The Autumn Budget 2021 "A Stronger Economy for the British People" pledges a path forward as the country focuses on recovering from a period of unparalleled global economic uncertainty and challenges to move towards a more promising future. The last Budget took place on 3 March 2021.

3.4. In summary, with regards to local government funding, the Spending Review was disappointing in terms of the inadequacy of funding for local authorities across the Liverpool City Region and a continued lack of detail and certainty for future years. The Combined Authority and local authorities across the City Region are continuing to impress upon government the level of pressure which councils continue to face, the need to factor deprivation into the funding formula, and the urgency of a clear, multi-year settlement. Whilst the Spending Review provided some City Region-wide positive outcomes, particularly in regard to the City Region Sustainable Transport Fund Settlement, a number of local Levelling Up Fund bids were unsuccessful and the City Region will continue to engage with Government to try and secure the funding these projects need.

3.5. The section below summarises some of the key points which are also outlined in the briefing in the appendix on headline implications for Liverpool City Region.

### 3.6. Transport

The government has announced £6.9bn to spend on train, tram, bus and cycle projects.

This includes £710m for the Liverpool City Region - £454 per head – which will be spent on transforming local transport networks, for schemes such as next generation Metrolink tram-train vehicles, and battery power for rolling stock to expand the Merseyrail network.

The LCRCA's Levelling Up Fund public transport bid was also successful.

### 3.7. Levelling Up Fund

The following Liverpool City Region levelling up bids were submitted, of which three have been approved so far:

- LCR Transport Levelling Up Bid – Amount awarded: £37.52m
- Birkenhead Levelling Up Bid – Amount awarded: £19.65m
- Liverpool City Council Levelling Up Bid – Amount awarded: £20m
- Bootle Levelling Up Bid – Amount requested: £14.5m
- Crosby Levelling Up Bid – Amount requested: £19.2m
- Huyton Levelling Up Bid – Amount requested: £20m

### 3.8. Local Authority Funding

£4.8bn of new grant funding over the SR21 period for local authorities to fund social care and other services.

Local authorities are awaiting detailed funding allocations expected in December, following which it will be clearer whether this announcement actually represents a real-terms increase after factoring in potential increases in pay and other costs, the

additional costs of the recently announced reforms to adult social care, and the demographic pressures which will fall on Councils over the coming years.

### 3.9. Housing

£1.8bn will be allocated for building 160,000 new homes on Brownfield sites across the country

### 3.10. Net Zero

Net Zero Strategy confirmed £26bn of public capital investment since the Ten Point Plan

£1bn for Carbon Capture, Usage and Storage (CCUS), selecting Hynet and East Coast as the first CCUS clusters

### 3.11. Wages and Cost of Living

The National Living wage will be going up from £8.91 to £9.50. This is a 6.6% increase for everyone 23 or over, as the wage is tiered.

The Public Sector Pay Freeze will be lifted, and independent pay review bodies will recommend how much extra pay workers will get.

### 3.12. UK Shared Prosperity Fund

£2.6bn has been announced over the Spending Review period.

The UKSPF will rise to £1.5 billion a year by 2024-25.

However, there are still no further detail on allocations or how the fund will be managed.

### 3.13. The full briefing in the appendix also includes:

- A. Employment, Education and Skills
- B. Housing
- C. Sports, Culture and Visitor Economy
- D. Environment and Carbon Neutral
- E. Transport
- F. Business, Investment and Growth
- G. Crime and Policing
- H. Welfare and Poverty
- I. North West Investment
- J. UK Shared Prosperity Fund
- K. Levelling Up Fund
- L. Research and Development/Innovation
- M. Tax and Revenue
- N. Departmental Spending
- O. Local Authority Funding

P. Wider Issues

**4. RESOURCE IMPLICATIONS**

4.1. Financial

The Government has used the Budget to set out future spending for the next 12 months. Beyond this, additional detail is required to understand long term Government expenditure. A Spending Review is expected later this year in 2021.

4.2. Human Resources

None

4.3. Physical Assets

None

4.4. Information Technology

None

**5. LEGAL IMPLICATIONS**

5.1 None

**6. RISKS AND MITIGATION**

6.1 None

**7. EQUALITY AND DIVERSITY IMPLICATIONS**

7.1. This paper sets out the Government's Budget announcements. The Government haven't yet published a full assessment of the impact on equalities in the Budget 2021 book. Many of the announcements require further detail being made available to consider the full impact; in the UK, in the Liverpool City Region and on protected characteristics. However, they have included a [section](#) (page 161) on how 'spending allocations at SR21 will help those sharing the relevant protected characteristics'. Any funding that the Combined Authority will bid for or receive will be accompanied by a full Equality Impact Assessment.

7.2. The recommendation to note the headline implications is based on an initial understanding. This may change and evolve over time based on clarifications from Government. As the detail on the implications nationally becomes available, the impact locally on protected Equality Groups in Liverpool City Region will be considered.

## **8. PRIVACY IMPLICATIONS**

8.1 None

## **9. COMMUNICATION ISSUES**

9.1. None

## **10. CONCLUSION**

10.1. This briefing provides the initial implications in Liverpool City Region of the 2021 Autumn Budget announcements. However, further details are expected from Government and these announcements and their impact will need to be considered as they become available.

STEVE ROTHERAM  
Metro Mayor of the Liverpool City Region Combined Authority

KIRSTY MCLEAN  
Executive Director of Policy, Strategy, and Government Relations

Contact Officer(s):

Gus Riddy, Government Relations and Public Affairs Officer  
[gus.riddy@liverpoolcityregion-ca.gov.uk](mailto:gus.riddy@liverpoolcityregion-ca.gov.uk)

Appendices:

Appendix One – Autumn Spending Review and Budget 2021 – Headline Implications for LCR

Background Documents:

None