

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

SUMMARY

This briefing note is on the Budget which the Chancellor presented on the 27th October 2021 and sets out:

- Background to the Budget
- Headline Announcements
- Headline Implications for Liverpool City Region

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1.) BACKGROUND TO THE BUDGET

The Budget is presented by the Chancellor of the Exchequer and is a statement on the nation's finances and Government's proposals for changes to taxation.

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.

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 March 3rd, 2021 and was titled “Protecting the Jobs and Livelihoods of the British People”. This had been delayed from the Autumn of 2020, and before this the budget prior had taken place on the 11th March 2020.

2.) HEADLINE ANNOUNCEMENTS

Transport

- The Government has announced that £6.9 Billion to spend on train, tram, bus and cycle projects
- This includes £710m for the Liverpool City Region - £454 per head

Health and Social Care

- **£5.9bn** will be allocated to tackle the backlog of people waiting for tests and scans.
- **£2.3bn** will be allocated for diagnostic tests, **£1.5bn** on beds equipment and surgical hubs, and **£2.1bn** to improve IT.
- **£5bn** will be allocated to the NHS over the next **three years** for research and development.
- **£5m** for research grants to develop new surgery and treatment options for amputee and blast victims.
- Recruiting 50,000 more nurses and providing 50m more primary care appointments

Education and Skills

- **£2.6bn** will be allocated to create 30,000 new school places for children with disabilities and special needs.
- **£4.7bn** for the schools budget by 2024/25
- **£1.6bn** will be allocated over **3 years** to roll out new T-Levels (Equivalent to 3 A-Levels with blended learning/on the job experience) for 16-19 year olds.
- Budget will include **£500m** for adult skills in England.
- **£830m** allocated to modernise colleges in England.

Taxes and Revenue

- The **Fuel Duty** will be frozen for the twelfth year in a row.
- A tax change to encourage shipping companies to the UK.

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.

Housing

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

- **£9m** allocated to help Councils turn derelict urban areas into “pocket parks” which are roughly the size of a tennis court.
- **£65m** will be allocated to digitising the planning process in England.
- **£24bn** has been earmarked for housing, **£11.5bn** investment through the Affordable Homes Programme.

Business and Research

- **£345m** aimed at increasing resilience for future pandemics.
- **£800m** for the production of electric vehicles in the North-East and Midlands.
- **£150m** will be allocated to the British Business Bank to encourage development of “Dragon’s Den” style regional investors outside of the South West.

Families and Children

- **£200bn** to fund families with complex issues.
- **£82m** to fund centres in 75 areas to provide advice for parents.
- **£100m** for mental health support.
- **£50m** for breastfeeding support.
- **£300m** Start for Life offer for families to provide high priority parenting programmes, and tailored services for perinatal mental health
- Additional **£170m** for childcare providers by 2024/2025
- **£560m** for youth services, enough for 300 new youth clubs

Sports and Culture

- **£850m** will be allocated to restore museums and art galleries, including the **Tate**
- **£700m** for football pitches, tennis courts and youth facilities.

Crime and Immigration

- **£435m** will be allocated to prevent crime, protect communities and help victims.
- **£700m** to protect UK borders including **£74m** for a fleet of new patrol boats.

Welfare and Social Spending

- Universal Credit taper rate will be cut by **8%** no later than December, bringing it down from 63% to 55%.

3.) HEADLINE IMPLICATIONS FOR THE LIVERPOOL CITY REGION

Employment, Education and Skills

Main Announcements:

- Increasing skills spending by £3.8bn, including expanding T-levels, building institutes of technology, upgrading further education estates, quadrupling places in skills bootcamps and apprenticeship funding.
- A UK-wide £560m scheme called 'Multiply', which will provide skills development to those with a low level of numeracy.
- £300m Start for Life offer for families to provide high priority parenting programmes, and tailored services for perinatal mental health
- Funding to create a network of family hubs around the country

Impact on the Liverpool City Region:

- All programmes have been previously announced apart from 'Multiply' numeracy programme
- Numeracy programme is being drawn from future UKSPF funding, which will be delivered through and with local areas

Housing

Main Announcements:

- A 4% levy will be placed on property developers that have profits over £25m to help raise **£5bn** fund to remove unsafe cladding.
- **£24bn** is being earmarked for housing. **£11.5bn** funding has been re-announced for up to 180,000 affordable homes (65% of the funding will be for homes outside London).
- **£1.8bn new funding** allocated for Brownfield sites to Unlock Housing supply (£300m locally led grant funding distributed to Mayoral Combined Authorities and Local Authorities) and £1.5 Billion to regenerate underused land.
- **£639m** resource funding by 2024-25, a cash increase of 85% compared to 2019-209 as part of the government's commitment to end rough sleeping.

Impact on the Liverpool City Region:

- Previous cladding programmes put in place to fix this problem omitted a number of buildings in the Liverpool City Region due to their height; government haven't indicated that this will be revised
- Further details on bidding process expected on £300m brownfield grant funding

Sports, Culture and Visitor Economy

Main Announcements:

- £850m to protect museums, galleries, libraries, and local culture in England
- 100 museums and libraries to be restored and revived
- Temporarily double the headline rates of tax relief for theatres, museums and galleries from 27 October 2021 until 31 March 2023. This relief will then gradually reduce until it returns to normal levels from 1 April 2024.
- Over £160m of investment from 2022-23 to 2024-25 into new and innovative industries and minimising the risk of digital harms to the UK's economy, security and society.
- £200m to build or transform up to 8,000 community football pitches across the UK.
- £2m for The Pool project to work up business case for multi-purpose space on Liverpool waterfront
- Successful Levelling Up Fund bid - Continuing the regeneration of Liverpool's docks
- Extension tax reliefs for museums and cultural spaces to March 2024, including a doubling of the current rate of relief.

Impact on the Liverpool City Region:

- Funding for cultural projects
- More detail should be forthcoming soon on the £850m for museums, galleries etc, but the Chancellor specifically mentioned the Tate Liverpool in his speech when announcing this

Environment and Carbon Neutral

Main Announcement:

- Net Zero Strategy confirmed £26bn of public capital investment since the Ten Point Plan (already announced)
- Confirms that since March 2021 the government will have committed a total of £30bn of public investment for the green industrial revolution in the UK
- £3.9bn to decarbonise buildings, including £1.8bn to support tens of thousands of low-income households to make the transition to net zero
- £1.5bn in net zero innovation
- £1bn for Carbon Capture, Usage and Storage (CCUS), selecting **HyNet** and East Coast as the first CCUS clusters

Impact on the Liverpool City Region:

- HyNet North West is one of two projects that are eligible to take a share of the Government's £1bn CCS Infrastructure Fund

Transport

Main Announcements:

- The government has announced £6.9bn to spend on train, tram, bus and cycle projects
- This includes £1.07bn for Greater Manchester (£376 per head), £1.05bn for the West Midlands (£357 per head), £830m for West Yorkshire (£354) and **£710m for the Liverpool City Region - £454 per head**
- Air Passenger Duty flights between airports within the UK will be subject to new lower rate of air passenger duty.
- 'Ultra-long haul' band of air passenger duty to reduce emissions for the longest flights from April 2023.
- New funding to improve lorry park facilities
- Freezing vehicle excise duty for HGVs
- Investing £21bn for road building and £46bn on railways
- £2.6bn for a long-term pipeline for 50 local road upgrades
- £5bn for road maintenance, enough to fill one million more potholes a year
- £3bn of funding for buses
- The LCRCA's Levelling Up Fund public transport bid, building high-quality segregated walking and cycling routes across the region, was successful.

Impact on the Liverpool City Region:

- £710 million to Liverpool City Region over five years to transform local transport networks, for schemes such as next generation Metrolink tram-train vehicles, and battery power for rolling stock to expand the Merseyrail network
- Levelling Up Fund funding provides investment in public transport facilities and active travel (see Levelling Up Fund section)

Business, Investment and Growth

Main Announcements:

- Freeze Business rates multiplier in 2022-2023, saving business an estimated £4.6bn over the next five years.
- 50% Discount for Retail/Hospitality on Business Rates that will last for one year. Upper limit of £110,000.
- Investment relief for property improvements and Green Technology.
- Fairer rates evaluation every three years from 2023.
- £1.6bn funding for British Business Bank to increase regional financing of SMEs

Impact on the Liverpool City Region:

- LCR's retails/hospitality sectors to benefits for 1 year from discount to business rates.

Crime and Policing

Main Announcements:

- Allocated **£3.8bn** over three years to deliver 20,000 additional prison places by the mid-2020s
- Funding for manifesto commitment to recruit 20,000 new police officers.
- £2.2bn for courts, prisons, and probation services, including half a billion for tackling the courts backlog
- Funding for programme to tackle neighbourhood crime, reoffending, county lines, violence against women and girls, victims' services, and improving responses to rape victims.
- Project ADDER has been continued in Liverpool, Knowsley and Wirral

Welfare and Poverty

Main Announcements:

- Allocated **£639m** by 2024/25 to end rough sleeping. This is a cash increase of 85% compared to 2019-20.
- Reducing the taper rate in Universal Credit from **63% to 55%** and increasing work allowances in UC by £500 a year.

North West Investment

Main Announcements:

- In 21/22, five Community Diagnostic Centres are being built in the North West, which expand diagnostic capacity whilst targeting investment at areas of deprivation.

The North West will receive of share from national funding pots:

- New funding for the expanded Northern Powerhouse Investment Fund, with £660m additional funding provided for the British Business Bank (BBB).
- £560m funding over the Spending Review period for the Youth Investment Fund and National Citizen Service.

UK Shared Prosperity Fund

Main Announcements:

- £2.6bn has been announced over the Spending Review period
- Still no further details of allocation or how the fund will be managed

- Funding for £560m 'Multiply' numeracy programme to be drawn from UKSPF
- The UKSPF will rise to £1.5 billion a year by 2024-25

Levelling Up Fund

Main Announcements:

- **£232m** allocated for 12 projects from the first tranche of allocations from the fund.

Impact on the Liverpool City Region:

Liverpool City Region had three levelling up bids approved so far:

1. Building high-quality segregated walking and cycling routes across the LCR

The package comprises of three aligned projects that prioritise the provision of new, high-quality segregated walking and cycling routes in some of the City Region's most deprived areas, supported by complementary investment in the Key Route Network (KRN).

The three investment areas, which link from Birkenhead to Liverpool city centre via the Kingsway Tunnel and north to the Maritime Corridor in Sefton via a new active travel route.

Amount awarded: £37.52m

2. Birkenhead Levelling Up Bid

The proposed bid will include the realignment of the gyratory which will trigger the release of a site for housing and a hotel; the reprovision of the Ferry Landing Stage; improvements to the Uboat museum; improvements to public realm (including walking and cycling); and site enabling works to create the development platform for two housing sites at Rose brae.

Amount awarded: £19.65m

3. Liverpool City Council Levelling Up Bid

Project split between National Museums Liverpool for Waterfront Urban Realm (area around the Canning Graving Dock, including new footbridges) for which we've supported the recent Design Competition, and Tate Liverpool reconfiguration and gallery expansion.

Amount awarded: £20m

Research and Development/Innovation

Main announcements:

- The target to increase R&D to £22bn would be maintained, but will be reached in 2026/27
- R&D spending to reach £20bn by the end of the parliament (2024/25):
- Confirmed the establishment of a new Advanced Research and Invention Agency (ARIA) with £800m by 2025/26.
- A new £1.4bn Global Britain Investment Fund, which would support life sciences among other sectors
- 1.1% of GDP will be spend on R&D by the end of this Parliament
- This funding will increase core science funding to £5.9bn per year by 2024/25 marking a cash increase of 37% meeting the costs of associating with Horizon Europe, establishing ARIA and increasing Innovate UK's annual budget to £1bn per year.

Impact on the Liverpool City Region:

- Funding opportunities for LCR's R&D sector

Tax and Revenue

Main Announcements:

- The Alcohol Duty system will undergo a major simplification, with drinks being taxed in proportion to their alcoholic content.
- Small producer relief for cider makers and other producers of drinks of less than 8.5% and cutting duty on cider.
- The end of 28% duty premium on sparkling wines.
- Draught a lower rate of alcohol duty reduced by 5% of beer and cider coming into effect February 2023.
- Retained a 3% surcharge for banks, and for smaller challenger banks would raise the annual allowance by £100m.
- Reform to the tonnage tax regime, rewarding a financial reward for UK ships that chose to fly the UK maritime ensign.

Departmental Spending

Main Announcements: Departmental spending to rise in real terms at 3.8% a year on average over this Parliament, which will be an extra allocation of **£150 Billion** a year by 2024-25. This is **£90 Billion** in real terms.

Impact on the Liverpool City Region:

- Unclear yet how the money will be allocated to local/regional authorities and how much

Local Authority Funding

Main announcements:

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

Wider Issues

Main Announcements:

- Public Sector pay freeze will end and will go back to normal pay setting process