

Spending Review 2021

Purpose of report

For information.

Summary

This paper sets out the key CTS-related announcements made in the Spending Review.

Is this report confidential? Yes No

Recommendation/s

That the Board notes the announcements and considers alignment with the Board's lobbying positions and work programme.

Action/s

Officers to progress in line with the Board's views.

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Spending Review 2021

Background

1. The LGA has published a comprehensive [on the day briefing](#) on all budget announcements and their implications for local government.
2. We are pleased that today's Spending Review has provided new government grant funding of £1.6 billion per annum (total £4.8bn over the period) for councils over the next three years to support vital local services. This will help meet some - but not all - of the extra cost and demand pressures they face just to provide services at today's levels.
3. Initial LGA analysis suggests that the increases to core spending power projected by the Government, including all councils increasing council tax to the maximum, will meet estimated forward pressures in 2022/23 to keep services at the at their 2019/20 level of quality and access, but will fall short by more than £1 billion in the last year of the Spending Review period.
4. The release of the first £1.7 billion of the Levelling Up Fund gives those councils who were successful in the bidding process an opportunity to deliver much needed improvements for their communities. The forthcoming Levelling Up White Paper presents an opportunity to reset the relationship between central and local government and put councils at the heart of delivering the Government's ambitious programme to improve opportunities in all parts of the country. However, for levelling up to be a success, the Government needs to move away from a pattern of piecemeal and fragmented funding streams, many of which fund very similar activity.
5. The Spending Review makes no mention of whether local government will receive a three-year financial settlement or whether and when local government finance reforms, such as the fair funding review, will be implemented. Councils look forward to receiving early certainty with a three year local government finance settlement. In recent years, settlements have been published in draft form very late in December, after the stated target of 5 December. This target should be met.

CTS announcements and analysis

Culture, national events, and the creative industries

6. **The Chancellor announced that:**
 - 6.1. The UK's cultural sectors will benefit from temporary rate uplifts to the Theatre, Orchestra and Museums & Galleries Exhibition tax reliefs. SR21 also provides £42 million to support the UK's world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries. (*Page 65, paragraph 2.87*)

6.2. The Budget and SR maintains funding for the UK City of Culture programme, which honours the great cultural diversity of cities across the UK through culture-led regeneration. *(Page 90, paragraph 3.40)*

6.3. The settlement will grow the UK's world-leading culture and heritage sectors, building on unprecedented government support during the pandemic by:

6.3.1. investing over £850 million over the SR21 period for cultural and heritage infrastructure to safeguard national treasures and boost culture in local communities and on high streets

6.3.2. providing £52 million in new funding for museums and cultural and sporting bodies next year to support recovery from COVID-19 and an additional £49 million in 2024-25 to thrive thereafter

6.3.3. providing £14 million in each year of the SR21 to support our world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries

6.3.4. funding the £800 million Live Events Reinsurance Scheme and an extension to the £500 million Film & TV Production Restart Scheme, to enable UK events and productions to thrive and plan with certainty

6.3.5. committing to work with relevant Arms' Length Bodies and their sponsoring departments to update and codify the operational and financial freedoms first introduced in 2013 for such organisations, to ensure that the freedoms are fit for purpose and that all stakeholders understand their scope going forward. *(Pages 115-116, paragraph 4.79)*

LGA view

7. Government has recognised the vital role cultural infrastructure can play in our national recovery from COVID-19 and responded to LGA calls for previous commitments to capital investment in museums and libraries to be honoured. This funding will provide immediate support to boost the cultural sectors, including council cultural assets, as they work to regain solid footing after the last 18 months.
8. To deliver maximum impact on these funding streams, Government and its Arms-Length Bodies should commit to strategic working with councils to ensure we are making optimal use of our combined funding at a place-based level and have a shared vision for levelling up our cultural infrastructure across the country. It will also be important to continue involving in councils at an early stage as plans for national festivals and celebrations develop, ensuring all communities can benefit over the longer term from these important events.
9. We are pleased to see a package of tax reliefs targeted at cultural organisations which have been among those worst affected by the pandemic, alongside targeted support for the creative industries. Councils are committed to supporting the growth of their creative industries, which have significant potential to bolster local economic growth as we move into recovery and have a key role to play in providing a supportive environment for new creative clusters to flourish at a local and regional level. Some councils' facilities and council-supported community groups will also benefit directly from these reliefs.

Parks, physical activity and sporting events

10. The Chancellor announced that:

- 10.1. To ensure every region across the UK has access to the green spaces that are vital to people's physical and mental health, the Budget and SR announces the £9 million Levelling Up Parks Fund, funding over 100 new parks in 2022-23 to ensure equal access to parks in urban areas that are deprived of green space. (*Page 77, paragraph 2.147*)
- 10.2. The government is supporting Olympians and Paralympians to prepare for a successful Paris 2024 Olympic and Paralympic Games and is committing funding for the UK and Ireland's bid to host the 2030 men's Football World Cup. To support the World Cup bid, the Budget and SR is investing £205 million across the SR to build or improve up to 8,000 community multi-use sports and football pitches across the UK. The government is also funding the UK's bids to host the 2025 women's Rugby World Cup and the 2026 Tour de France Grand Depart, aiming to bring more world class sporting events to the UK. (*Page 89, paragraph 3.39*)
- 10.3. To reduce inequalities of participation in society and support the government's ambition to level up the country, the settlement invests in world-class sports and youth facilities, including, over the SR21 period: • £205 million to transform grassroots football infrastructure and multi-use sports facilities by rolling out up to 8,000 state-of-the-art community pitches and £22 million to refurbish more than 4,500 public tennis courts. (*Page 116, paragraph 4.80*)

LGA view

11. These investments in parks, multi-use sports facilities and community pitches will be put to good use as councils work with DCMS, Sport England and National Governing Bodies to deliver on local plans for investing in sport infrastructure. By investing in community facilities, we will grow the athletes of the future and ensure people inspired by our athletes are able to participate in local activity in a way that suits their needs.
12. In particular, the lockdowns during the pandemic emphasised the importance of public parks to the physical and mental wellbeing of their communities and councils have been looking for ways to sustain and increase their provision. There remains a need to deliver some parks provision at scale rather than on the micro-scale of pocket parks.
13. There also remains a particular challenge around ageing facilities where the funding demands required to meet our climate objectives and the needs of communities will exceed the funding made available through these investments. Over the longer term, it will be important to ensure that councils can continue to access decarbonisation funding to improve their leisure estates.

14. It will be important for councils to be involved in the bidding process for national and international events as early as possible, to ensure that local facilities and activities are aligned to support the bids and deliver the maximum beneficial impact to the host communities.

Visitor economy

15. The Chancellor announced that:

15.1. Up to 400,000 retail, hospitality and leisure properties will be eligible for a new, temporary £1.7 billion of business rates relief next year. This will provide support until the next revaluation, helping the businesses that make UK high streets and town centres successful evolve and adapt to changing consumer demands. Apart from reliefs in response to COVID-19, this is the biggest single-year cut to business rates in 30 years. (*Page 62, paragraph 2.67*)

LGA view

16. The visitor economy delivers jobs and positive economic impact in every part of the country. The business rates relief will make a huge impact to businesses that have struggled over the pandemic. However, if our visitor economy is to recover at pace, government must urgently deliver on its commitment to develop tourism zones, and bring forward its response to the Independent Review of Destination Management Organisations as soon as possible, along with the funding required to deliver on the review's recommendations.

Implications for Wales

17. The Review sets out finances for the Welsh Assembly. However, the Assembly will make its own decisions on funding of culture, tourism and sport in Wales in due course.

Implications for inclusion, diversity and equality

18. There are many implications which will need to be worked through over time. The majority of funding announced under the review includes some level of targeting at communities identified as needing 'levelling up'.

Financial Implications

19. There is some significant investment in CTS areas, although the absence of any funding for the visitor economy is a concern. The investments in specific sports also lack strategic direction and there is a risk some communities in need will not benefit from either football or tennis investment, while many communities may find that their local swimming pool closes as a result of higher energy costs and poor building repair.
20. We anticipate that CTS services will continue to be squeezed as councils set their budgets for next year and that the LGA will need to continue to lobby for additional funding to support this work, and support councils in their commercialisation and efficiency programmes.

Media work

21. In addition to the on-the-day briefing, the LGA issued [11 press releases](#), of which two related to the Board's portfolio:

- 21.1. [**LGA responds to announcement of funding for the UK's culture, tourism and sport sectors**](#)
- 21.2. [**LGA responds to £9 million funding for 100 new urban 'pocket parks' across the UK**](#)

Next steps

22. Officers will work to understand and influence the delivery of the announced programmes, ensuring that councils can play a full part in levelling up and tackling inequalities as we build back local.