

Spending Review

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General Economic Position

- The Office for Budget Responsibility predicts that the economy will contract this year by 11.3%
- The UK economy will be around 3% smaller than expected in the March Budget
- Unemployment is expected to rise to a peak of 7.5% - or 2.6m people - in the second quarter of next year. After which it will fall every year, reaching 4.4% by the end of 2024
- The government will borrow £394bn this year - 19% of GDP
- Underlying debt is due to hit 97.5% of GDP in 2025-26

DCMS Funding

The Department for Digital Culture Media and Sport's (DCMS) settlement provides a 2.3 per cent average real terms increase per year in core resource funding from 2019-20 to 2021-22. The department's capital budget increases by £135 million in cash terms next year, taking core total DEL to £764 million. Average real growth in core departmental total DEL is 5.2 per cent per year from 2019-20 to 2021-22.

Digital:

- £1.2 billion from 2021-22 to 2024-25 to support the rollout of gigabit-capable broadband across the UK. This is part of the government's £5 billion commitment to support gigabit-capable broadband rollout to the hardest to reach areas of the UK;
- £50 million next year, as part of a £250 million commitment to building a secure and resilient 5G network;
- over £200 million UK-wide to continue digital infrastructure programmes;
- £45 million for programmes to drive growth through digital technologies and data while improving online safety and security.

Culture and Heritage:

- over £150 million on cultural and heritage infrastructure, including through the Cultural Investment Fund and Museums Infrastructure Fund, enabling the development of British Library North and continued investment in the Heritage High Streets programme;
- more than £100 million of capital investment for DCMS-supported bodies working across culture, heritage, and sports;
- over £320 million for internationally renowned galleries and museums.

Other:

- over £150 million in 2021-22 for upcoming major events, including the 2022 Commonwealth Games in Birmingham, Festival UK and the celebrations for the Queen's Jubilee;
- over £60 million for Sport England to increase participation in sport and support vital projects in communities across the country;
- almost £100 million to deliver the National Citizen Service (NCS) and invest in youth facilities. The government will review its programmes to support youth services including the NCS in the spring.

Other Relevant Highlights

- Increase in the **National Living Wage**, by 2.2% to £8.91 an hour from April 2021;
- £519 million to support the continued delivery of **Covid-19 loans**, including paying for the 12-month interest-free period on the Bounce Back Loans and Coronavirus Business Interruption Loan Schemes;
- £4 billion for a **Levelling Up Fund** that will invest in local infrastructure including upgrading town centres and community infrastructure, and local arts and culture;
- £12 bn in investment to tackle climate change and deliver the Prime Minister's Ten Point Plan for a **Green Industrial Revolution**, including:
 - £1.9 billion for charging infrastructure and consumer incentives for electric vehicles;
 - £1.1 billion to make homes and buildings net zero-ready;
 - £1 billion for a Carbon Capture and Storage Infrastructure Fund;
- £2.9 billion for a **Restart programme** to provide intensive and tailored support to over 1 million unemployed people and help them find work;
- Freeze in the **business rates** multiplier in 2021-22 with £22 million to modernise the Valuation Office Agency's (VOA) IT systems, enabling the agency to become more flexible, efficient and resilient, and £31 million to support the revaluation of Business Rates in 2023;
- Increased funding in **National Parks and Areas of Outstanding Natural Beauty** to more than £75 million, with a further £7 million for the England Coast Path and Coast-to-Coast National Trail;
- £2.4 billion in **farm support** in England to meet the government's commitment to maintaining the current annual budget to farmers in every year of this Parliament;
- Increasing core spending power for **local authorities** by an estimated 4.5 per cent in cash terms, along with over £3 billion of additional Covid 19 support;
- A refreshed **Green Book** that will link projects and programmes to Government objectives, including on levelling up and Net-Zero;
- The launch of new **National Infrastructure Strategy** outlining the government's long-term vision for infrastructure investment, and a new UK infrastructure bank - headquartered in the north of England - to work with the private sector to finance major new investment projects across the UK;
- £220m to help local areas prepare for the introduction of the **UK Shared Prosperity Fund**.

You can read HMT's full Spending Review 2020 policy paper [here](#).