



Ministry of Housing, Communities & Local Government

Alex Norris MP

*Parliamentary Under Secretary of State for
Building Safety, Fire and Local Growth*
2 Marsham Street
London
SW1P 4DF

Our reference: MC2025/21481

Councillor Keith Cunliffe
National Chair
Industrial Communities Alliance

22 August 2025

Dear Councillor Cunliffe,

Thank you for your email of 25 July regarding the Spending Review and plans for local growth funding.

At the Spending Review, the Government announced communities funding for up to 350 places, which will form the a core component of our support for regeneration and local growth over the coming years. This includes the 75 Plan for Neighbourhoods areas announced in March, alongside 25 newly designated Trailblazer areas. Each area will establish a Neighbourhood Board, representative of the local community, to generate a vision for the future of their area and set out a pathway to deliver that over the course of the 10-year programme.

The Plan for Neighbourhoods will support economic growth and help break down barriers to opportunity. It is designed to give places the flexibility they need to diagnose and address the issues that matter most locally. Boards can pursue pre-approved interventions, including the development of business support, support to get economically inactive people into work, and much more besides. We agree that neighbourhood-level investment should complement wider sub-regional regeneration efforts, and the programme empowers communities to focus on the challenges that are most important to them. Further information on the communities funding will be set out in due course.

The Government is introducing a new, targeted approach to support regional growth, tackle deprivation, and restore pride to communities. These new programmes are just one component of the Government's strategy, including: the biggest ever investment in city region local transport; the Industrial Strategy; and the expansion of devolution.

For local government as a whole, the Government's funding reforms, as set out in the consultation on the Fair Funding Review 2.0, will move funding to the places that need it.

The Government is taking action to return local government to a sustainable financial position. Earlier this year, we announced the £69 billion financial Settlement for 2025-26 - a 6.8% cash terms increase, with £600 million being directed through a one-off Recovery Grant to sustain councils with historical low tax bases and higher levels of deprivation, through to the upcoming multi-year settlement. At the Spending Review earlier this month, we also announced over £5

billion of new grant funding over the next three years. This includes £3.4 billion of new grant funding which will be delivered through the multi-year Local Government Finance Settlement.

The Government is committed to ensuring that funding is targeted effectively at the places and services that need it most and allocated in a way that empowers local leaders to deliver against local priorities. This includes committing to multi-year allocations and moving to a more up-to-date assessment of each council's needs and resources through the upcoming 2026-27 Local Government Finance Settlement (LGFS).

The local growth fund will be for specific city regions in the North and Midlands with the highest growth and agglomeration potential, ensuring funding has the greatest impact on local and national growth. Decisions on funding allocations will be set out in due course.

The Government's investment decisions at this SR, including on transport, housing and innovation, are all part of its strategy for regional growth. The Government is investing in the potential that exists in places across the country. The manifesto committed to deepening existing strategic authority devolution settlements and widening devolution to more areas, incentivised through new powers over transport, adult education and skills, housing and planning and employment support.

This Government committed to reset the relationship with the Devolved Governments, and recognises the importance of the Scottish, Welsh and Northern Irish economies in unlocking growth across the UK. For 2026-27 to 2028-29, funding for Scotland, Wales and Northern Ireland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26.

As one of the representatives for the nations, the Offices for the Nations will work with the Ministry of Housing, Communities and Local Government (MHCLG) to implement the new local growth fund, working in partnership with the Devolved Governments.

Thank you again for writing on this important matter. I hope the above information has been useful for you.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'A. Norris', with a long horizontal flourish extending to the right.

ALEX NORRIS MP

Parliamentary Under-Secretary of State for Building Safety, Fire and Local Growth