

PRIDE IN PLACE PROGRAMME

The situation in Scotland

- **Nearly half of Scotland’s local growth funding allocation set to go on neighbourhoods programme**
- **At least 72% reduction in local authority funding for local growth compared to UKSPF funding up to March 2025**

At the Alliance Scotland meeting on 23 September, representatives were alerted to concerns regarding the size of the new Local Growth Fund once funding had been allocated to investment in deprived communities. The announcement of the Pride in Place Programme offers a clearer, but still alarming, picture.

The concern

In June 2025, the Spending Review established four funds in place of the previous government’s Levelling Up funding streams. The key two for Scotland are a new Local Growth Fund and a programme of investment in deprived communities.

The Spending Review specified for the three financial years beginning in April 2026, funding in Scotland for both of these schemes *“will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26”*.

As the details of neither fund had at that point been announced, there were concerns that the investment in neighbourhoods could consume a considerable portion of the funding and leave little for the Local Growth Fund, which would be expected cover regeneration and employability activities previously supported by the UK Shared Prosperity Fund and delivered by local authorities.

Pride in Place Programme

The government’s neighbourhoods initiative, the Pride in Place Programme, consists of three distinct parts:

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| <i>Phase 1</i> | Initially announced as the Long-Term Plan for Towns under the previous government, then rebadged as Plan for Neighbourhoods. Provides £2m per year over ten years to 10 towns ¹ in Scotland. |
| <i>Phase 2</i> | Announced in September 2025, £2m per year for ten years to an additional 14 neighbourhoods in Scotland (to be selected at a later date). These include the 'trailblazer neighbourhoods' mentioned in the Spending Review. |
| <i>Impact Fund</i> | New smaller fund allocating £1.5m each to 8 local authorities in Scotland to be spent over two years. |

¹ Allocated to ONS Built Up Areas (BUAs)

How much funding is available?

Based on 2025-26 UKSPF allocations from MHCLG, Scotland is set to receive £230m over the next three years (c. £75m a year).

The first stage of funding for Phase 1 of the Pride in Place Programme is due to be delivered in Spring 2026. However, the initial funding for Phase 2 is not scheduled until Spring 2027. This lag means that over the next three years, the allocated funding needs to cover:

- Phase 1 funding for three years
- Phase 2 funding for two years
- Impact Fund – to be delivered over two years (2025/26 and 2026/7)

Pride in Place Programme allocation in Scotland (2026/27 – 2028/29)				
	Phase 1 (from 2026)	Phase 2 (from 2027)	Impact Fund (2026/27 only)	Total
Number of places	10	14	8	32
Funding allocated	£60m	£56m	£6m	£122

This means that of the £230m allocated in the Spending Review, **£108m is remaining**.

What is the impact?

While not the absolute worst-case scenario, this nevertheless represents a sizeable reduction in local growth funding to local authorities.

Once the Pride in Place Programme has been accounted for, less than half of the funds allocated to Scotland remain for the activities previously funded by the UK Shared Prosperity Fund. However, the 2025-26 UKSPF allocation was itself a significant reduction (40%) from previous years.

The current allocation, therefore, represents an **overall reduction of 72% compared to UKSPF funding prior to March 2025**.

This reduction will create real damage to regeneration activities, including redundancies. Glasgow City Region, for example, estimate a cut of 50% would result in the loss of 100 local authority jobs alone, plus more in the third sector which provides much of the training and support.

Given the government's previously stated intention to involve the devolved government in the administration of local growth funding, there is also no guarantee that all of the remaining funding will be allocated to local authorities.