



**Ministry of Housing,
Communities &
Local Government**

Miatta Fahnbulleh MP

Minister for Devolution, Faith and Communities
2 Marsham Street
London
SW1P 4DF

Our reference: MC2025/34727

Cllr Keith Cunliffe
National Chair
Industrial Communities Alliance
Regent Street
Barnsley
S70 2EG

20 January 2026

Dear Cllr Cunliffe,

Thank you for your letter of 5 December regarding the Local Growth Fund.

We value the role of the Industrial Communities Alliance in representing local authorities in some of the most disadvantaged parts of Britain and recognise the challenges you have highlighted as places prepare for the conclusion of the UK Shared Prosperity Fund (UKSPF).

With UKSPF ending in 2026, the UK Government is changing how local growth is funded. We are moving away from short-term funding and introducing a long-term, more predictable system that gives local authorities the certainty they need to plan. Our approach is complemented by targeted interventions designed to drive growth and strengthen communities across the UK.

It is important to be clear that the Local Growth Fund is not a replacement for the UKSPF; it is one of several targeted interventions within a wider approach that includes the UK-wide Industrial Strategy, the biggest ever investment into city region local transport across England, the expansion of devolution, providing places with the tools and autonomy to shape their own futures, programmes such as Pride in Place, and additional funding through the Local Government Finance Settlement. Together, these measures represent a significant shift towards sustained investment in local services and communities.

In England, the Local Government Finance Settlement is our most significant move yet to make English local government more sustainable. The Government is making good on long-overdue promises to fundamentally update the way we fund local authorities. We are delivering fairer funding and targeting money where it is needed most through the first multi-year Settlement in a decade.

The Spending Review 2025 provides over £5 billion of new grant funding over the next three years for local services on which communities rely. This includes £3.4 billion of new grant funding that will be delivered through the Settlement for 2026-27 to 2028-29.

The Pride in Place programme will provide up to £5 billion over ten years to support 244 places across the country and help build strong, resilient and integrated communities in areas facing the most entrenched social and economic challenges. The Pride in Place Impact Fund will provide up to £150 million by March 2027 to help rebuild pride in local areas.

The Mayoral Revolving Growth Fund is a new £500 million programme designed to empower Mayoral Strategic Authorities (MSAs) to accelerate investment and unlock growth.

The Local Growth Fund in England will focus on unlocking productivity in MSA areas in the North and Midlands, where productivity lags behind the UK average, costing the UK billions in growth potential. The Fund will be delivered by existing MSAs to strengthen decision-making and enable mayors to take a joined-up approach to investment. We are committed to working closely with them to ensure effective delivery, minimise disruption to services and maximise the benefits of investment. 11 MSAs were selected to benefit from this funding based on their GDP per head being below the UK average. This will ensure the Fund targets areas with the largest economic catch-up potential.

In Scotland, Wales and Northern Ireland, the UK Government will deliver its commitment to maintain funding for interventions that drive growth and strengthen communities over the next three years at the same overall level in cash terms as under the final year of the UKSPF. This comes alongside substantial budget increases through the Barnett formula from increased English spending, which will give devolved governments additional flexibility to target resource spending to their priorities. Across Scotland, Wales and Northern Ireland, we are working with the Offices for the Nations and other partners to design and implement the Local Growth Fund. This collaborative approach will ensure funding is directed to projects that matter most to local communities, while driving productivity and growth.

Thank you again for your engagement on this important matter. We will continue to consider your points as we finalise delivery arrangements.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Miatta Fahnbulleh', is centered within a white rectangular box.

MIATTA FAHNBULLEH MP

Minister for Devolution, Faith and Communities