COMMENTARY
On the response of Communities Minister Miatta Fahnbulleh MP to the letter from ICA National Chair Cllr Keith Cunliffe

1. *"We are moving away from short-term funding…"*

The timeframe for the new Local Growth Funds – three years, with a fourth in England for further capital spending – is pretty much identical to the timeframe for most of the pre-2026 levelling up funds and compares unfavourably with the seven-year allocation of EU funding that preceded the establishment of the UK Shared Prosperity Fund (UKSPF).

2. *"The Local Growth Fund is not a replacement for the UKSPF."*

This is not credible. The aims of the funds are the same – to invest in projects to improve infrastructure, provide business support and skills development. The Local Growth Funds also come into operation at the same time as the UKSPF ends.

3. *"…it is one of several targeted interventions within a wider approach…."*

The UK-wide Industrial Strategy lacks measures to target the less prosperous parts of the country previously supported by the UKSPF. The Spending Review increased the Department for Transport's budget by only 0.5% a year in real terms. The additional money going to city region local transport is funded by the previous government's decision to scrap the northern leg of HS2 and the major projects are mostly those announced at the time.

4. "*….and additional funding through the Local Government Financial Settlement."*

The increase for English local authorities is funded principally by a £2bn a year cut in local growth funding, achieved by winding up the Johnson-era levelling up programmes and cutting the UKSPF. Treasury officials do not dissent from this assessment. The Settlement favours the North and Midlands (the principal beneficiaries of former levelling up monies) but not as generously as first hoped. Pressures on local authorities mean that the extra money is likely to end up paying for adult social care and children services, not local economic development.

5. *The Pride in Place programme will provide up to £5bn over ten years…"*

This is not new money. It's being taken directly from what was previously the UKSPF budget and is thereby reducing the new Local Growth Funds pound-for-pound. For Scotland and Wales the Spending Review was explicit on this point, and for England the arithmetic provides confirmation.

6. “*…11 MSA (Mayoral Strategic Authorities) were selected to benefit from this funding…”*”

The rest of England misses out, including places such as Staffordshire and Lancashire where combined authorities are not yet in place. And in nine of the eleven city regions the annual funding from the Local Growth Fund is less than from the UKSPF.

7. *“We are committed to working with them to ensure effective delivery, minimise disruption to services and maximise the benefits of investment.”*

The Minister entirely ignores the request to shift the capital/revenue split in the new Local Growth Funds in favour of revenue spending in order to help protect existing services and jobs and to provide a more realistic timeframe for capital spending. At present, 4,000 local authority jobs in England alone are estimated to be directly supported by UKSPF funding, and probably at least as many in Third Sector organisations delivering UKSPF-funded services. The majority of these jobs and the services they provide are now at immediate risk.

8. *“…substantial budget increases through the Barnett formula from increased English spending…”*

In Scotland and Wales, UKSPF and levelling up monies went directly to local authorities to spend on local development projects. The Barnett formula means the monies that went to local authorities will now go to the devolved governments to be spent as they see fit, which may well be on something completely different (schools, hospitals...etc.).

9. *“This collaborative approach…”*

There has been negligible collaboration with local authorities, who are presently the principal partners in the UKSPF and other projects in England, Scotland and Wales. The capital/revenue split, for example, is being imposed from Whitehall without consultation and in the face of strong opposition.

National Secretariat
Industrial Communities Alliance
26 January 2026