



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities
in the industrial areas of England, Scotland and Wales

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Lucy Rigby MP
Chief Secretary to the Treasury
HM Treasury

By email to: ceu.enquiries@hmtreasury.gov.uk

28 May 2026

Dear Lucy,

Timeframe for capital spending

First, can I extend congratulations on your recent appointment as Chief Secretary to the Treasury.

I'd like to pick up on an exchange with your predecessor, James Murray, regarding the new Local Growth Funds for England, Scotland and Wales, and specifically on the timeframe for capital spending. I know this is a matter for which the Treasury is ultimately responsible.

I chair the Industrial Communities Alliance, the all-party association representing local authorities in Britain's older industrial areas. Our authorities cover many of the most disadvantaged parts of the country, badly hit by job losses over decades. As you might expect, we have a strong interest in all aspects of regeneration including the new Local Growth Funds.

In a letter to James Murray dated 6 February, I flagged up the new Funds' tight timescale for capital spending – just three years in Scotland and Wales, four in England. Importantly, I also noted that this falls well short of the commitment in the Spending Review (p.36) to establish "*a new local growth fund, including 10-year capital settlements from 2026-27 to 2035-36*".

In Labour's Autumn Budget in 2024 (p.66) there had also been a commitment to set "*five-year capital budgets, to be extended every two years at regular spending reviews*".

Our authorities strongly welcomed the government's commitment to a longer timeframe for capital spending. Indeed, we had thought the Treasury had learnt the lesson, so clearly demonstrated by the Johnson-era levelling up initiatives, that it is unrealistic to expect meaningful capital projects to be delivered on short timescales. It takes time to design projects, to secure the relevant permissions and to issue contracts, let alone to deliver on the ground. The most ambitious and transformative projects nearly always take longest.

James Murray's reply, dated 22 April, failed to respond to the discrepancy between the Spending Review and the subsequent announcements on the Local Growth Funds. Our authorities are now doubly concerned because the new Funds are heavily weighted towards capital spending, especially in Scotland and Wales.

Prior to the general election, we drew attention to the problems arising from short timeframes for capital spending and the Treasury officials with whom we dealt clearly understood the issue. Our concerns were also formally endorsed by the Local Government Association. It is therefore worrying that we now appear to be moving backwards on this important issue.

Our authorities would therefore be grateful for your thoughts on how the recent announcements on the Local Growth Funds can be squared with commitments in the Spending Review and 2024 Budget, and how we might develop a workable way forward.

Our National Secretariat has significant expertise on these matters and would of course be pleased to explore the issues and options with your officials.

I look forward to hearing from you.

Yours,

A handwritten signature in black ink that reads "Keith Cunliffe". The signature is written in a cursive, flowing style.

Cllr Keith Cunliffe
National Chair