



Ministry of Housing,
Communities &
Local Government

Nesil Caliskan MP

*Parliamentary Under-Secretary of State for
Devolution, Local Growth and Communities*
2 Marsham Street
London
SW1P 4DF

Our reference: MC2026/14689

Sonia Williams Cynghorydd – Councillor
CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
Swyddfa'r Sir LLANGEFNI Ynys Môn -
Anglesey LL77 7TW

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22 June 2026

Dear Councillor Sonia Williams,

Thank you for your letter dated 21st May 2026, to the Secretary of State, the Rt Hon Steve Reed OBE MP, setting out concerns for the split of capital and revenue elements for the Local Growth Fund in Wales. I am replying as the Minister responsible for this policy area.

At the Spending Review, the UK Government made a commitment to protect funding for interventions that drive growth and strengthen communities in Wales for the next three years, keeping it at the same overall level in cash terms as under the UK Shared Prosperity Fund (UKSPF) in the current year. The Welsh Government is also receiving £22.4 billion per year on average over the next three years, representing the largest settlement in real terms since devolution and providing additional flexibility to target revenue funding in line with priorities.

The Local Growth Fund was never intended to replace UKSPF on a like for like basis. It is designed to prioritise the economic infrastructure and long-term investment that underpin productivity and growth. This funding must also be considered in the wider context of the June 2025 Spending Review and Autumn Budget settlements for devolved governments, which provide record levels of additional revenue and capital to deliver on priorities such as health, education, transport and housing.

I recognise that the transition to a new funding model with a different balance of resource and capital funding may create operational pressures. In recognition of this, we have extended the deadline for expenditure of UKSPF funding from 31 March 2026 to 30 September 2026, giving projects greater flexibility to maximise spend.

The Government remains committed to working closely with both the Welsh Government and with local government partners to help manage the transition.

Thank you for taking the time to write, if you require further information or clarification, please do not hesitate to contact me or my officials. I am copying this letter to the Secretary of State for Wales.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Nesil Caliskan', enclosed in a light blue rectangular box.

NESIL CALISKAN MP

Parliamentary Under-Secretary of State for Devolution, Local Growth and Communities