

## **New Local Growth Fund update – Revenue allocation methodology approved.**

**11** There was submitted a report by the Director of Regional Economic Growth regarding an update on the new Local Growth Fund (LGF) budget announcement, initial programme parameters and proposed Revenue and Capital allocation methodologies for the Glasgow City Region (GCR) and individual Member Authorities (MAs), advising

- (1) that the UK Government (UKG) Spending Review on 11th June 2025 had made a commitment to “regional growth and devolution” advising that funding in Scotland, Wales and Northern Ireland would receive the same overall level in cash terms for 2026/27 to 2028/29 as it was for the UK Shared Prosperity Fund (UKSPF);
- (2) that from 2026/27, the UKG would provide targeted, long-term funding to support local growth across the UK, completing the transition from the UKSPF and for the next 3 years this funding would be across 4 new programmes and of the funding streams that would make up the Local Growth Fund:
  - (a) Pride in Place Programme (PIPP) Phase 2;
  - (b) Pride Place Impact Fund (PIPIF);
  - (c) New Local Growth Fund (LGF); and
  - (d) Growth Mission Fund;
- (3) of the GCR allocations under the first 3 interventions, a summary of both the Capital and Revenue allocations for Scotland and GCR and a breakdown of the full Scottish LGF allocations that had been announced on 8th January 2026, as detailed in the report;
- (4) of the LGF allocation methodology that had been determined by the UKG based on the regions of Scotland that had the lowest Real Disposable Household Income per capita, indicating that the allocation methodology was guided by a set of core principles, strategic objectives, geographic levels and institutions and targeting;
- (5) of the new LGF policy intent, the high-level logic model for LGF which would provide the parameters for the programme and a summary of the proposed Revenue allocation to individual MAs for 2026/27, as detailed in the report;
- (6) that for the Capital allocation, the UKG had emphasised the requirement for regional activity at scale and of impact, particularly where the immediate outcome was considered:
  - (a) increased development-ready land and sites;
  - (b) increased housing supply;

- (c) improved utilities and energy upgrades;
  - (d) increased physical connectivity; and
  - (e) increased digital connectivity; and
- (7) of the next steps, as detailed in the report.

After consideration, the Cabinet

- (i) noted the report; and
- (ii) approved the revenue allocation methodology to individual Member Authorities for 2026/27, as detailed in the report.