Northern Ireland Office

Rt Hon Hilary Benn MP
Secretary of State for Northern Ireland
1 Horse Guards Road
London
SW1A 2HQ
Erskine House
20-32 Chichester St
Belfast
BT1 4GF

Our reference: MC/26/47

Tonia Antoniazzi MP
Chair of the Northern Ireland Affairs Committee
House of Commons
Palace of Westminster
Westminster
SW1A 0AA

17 February 2026

Dear Tonia,

Thank you for your correspondence of 21 January and 6 February. I value your constructive engagement on the Local Growth Fund. I am responding on behalf of the Northern Ireland Office and Ministry of Housing, Communities and Local Government.

I recognise that the transition to a new funding model with a different balance of resource and capital funding brings changes that will affect which projects can be supported.

The Local Growth Fund represents a significant change in the UK's investment strategy, supporting each nation and region to deliver long-term infrastructure for sustained economic growth. This will be done through delegating power to nations and regions to invest in projects that help to create lasting jobs and opportunities in their areas.

The Local Growth Fund forms part of a broader suite of interventions and was never designed to replicate UKSPF on a like-for-like basis. The Local Growth Fund, however, is not the only way in which economic inactivity programmes in Northern Ireland can be funded. In fact, the total amount of local growth funding (£136m) should be considered alongside the record £19.3bn settlement the NI Executive has received for the Spending Review period. This settlement - as well as the £370 million announced at the Budget - provides the NI Executive with the means to provide additional funding to support the voluntary and community sector through resource funding, if it wishes to.

There is also the ability for the sector to apply for funding through the PEACEPLUS programme, which the UK is investing £730 million into. Under the programme, there is the Changemaker Funding Programme which offers a streamlined application process ensuring that community and voluntary groups, as well as other organisations, can access funding without being overwhelmed by administrative requirements. I am also exploring with the Special EU Programmes Body if there are other ways for PEACEPLUS to support the sector.

I will take your questions in turn, which cover both of your letters:

1. Urgently to meet representatives from the sector to hear their concerns.

Myself, Minister Patrick and Minister Fahnbulleh met representatives from the sector in Belfast on 4 February. We had a frank discussion and engaged the sector on the availability of PEACEPLUS funding. We remain committed to meeting stakeholders across Northern Ireland on matters relating to the Local Growth Fund.

Our officials, alongside officials in the Northern Ireland Department of Finance, also met with representatives from the sector in November and December last year. We will keep talking to stakeholders in the coming weeks as we shape the Investment Plan for the Local Growth Fund, including capital allocations for 26/27, and all allocations for 2027-29.

2. To revise the capital-revenue split to a suitable level for Northern Ireland and, if not, explain why and introduce a bridging arrangement.

I understand your continued concerns about the split between capital and resource funding. This, however, needs to be considered in the context of the Government's wider approach to local growth funding at the July 2025 UK Spending Review. The Spending Review was clear that funding across these new interventions would match 2025/26 UKSPF funding levels. In Northern Ireland, these interventions will deliver £136m over the next three years. Within this context and despite the fiscal constraints inherited by this government, Northern Ireland's local growth funding represents a significant settlement.

In recognition that we are moving to a new funding model with a different capital /resource model, the Government has put a number of mitigations in place, including additional flexibilities that have not been made available in Scotland and Wales. For example, the funding allocated at Autumn budget under the Pride in Place Programme can now be used more flexibly in Northern Ireland on local growth priorities. This flexibility increased the local growth revenue funding available for Northern Ireland by over £11 million in total between 2026-29.

The Government has also extended the deadline for expenditure of UKSPF funding from 31 March 2026 to 30 September 2026, giving projects greater flexibility to maximise spend and address any unexpected, last-minute delays.

In addition, at the request of NI Executive Ministers in November, MHCLG agreed as an interim measure for 2026-2027, to manage a Local Growth Fund project commission for economic inactivity deliverers that are currently funded through the UKSPF. As set out in the previous letter, the commissioning process is now underway. In parallel, the Northern Ireland Executive and Northern Ireland Office plan to talk to the sector and other parties on Local Growth Fund delivery from 2027.

3. Explain why, when the end of funding date has been known for months, your departments decided it was appropriate to inform organisations days before Christmas of the cuts to the sector, and place them in the position of having to submit revised bids by 30 January?

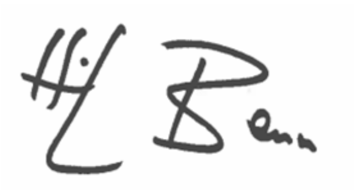
Following the announcements on local growth at Spending Review in June 2025, officials worked at pace to finalise business planning, to confirm the funding settlement and engaged with the NI Executive to agree a way forward.

Subsequently, officials from across our two departments and the Northern Ireland Executive have worked intensively to confirm an approach that provides organisations with the certainty they need to plan for this year. Officials held an event on 11 November, at which the capital/resource split was confirmed to stakeholders and as soon as a joint approach was agreed by both the UK Government and the Northern Ireland Executive on the resource element of the funding for 2026/27, I provided this clarity to stakeholders on 18 December.

At this meeting officials sought the views of community and voluntary representatives on the process and timings for arrangements that would ensure that Local Growth Fund-supported activity could be in place from 1 April. Taking account of stakeholder feedback, our departments concluded that informing organisations on 19 December, while not optimal, was clearly better than delaying until the New Year.

I will continue to engage with projects to try and ensure as smooth a transition to the Local Growth Fund as possible.

Yours sincerely,



THE RT HON HILARY BENN MP
Secretary of State for Northern Ireland

Northern Ireland Affairs Committee

Rt Hon Steve Reed MP
Secretary of State for Housing, Communities & Local Government

Rt Hon Hilary Benn MP
Secretary of State for Northern Ireland

By email only

From the Chair, Tonia Antoniazzi MP
6 February 2026

Dear Steve, dear Hilary,

Last week, my Committee visited Northern Ireland and met charities that are being impacted by funding cuts under the new Local Growth Fund. Further to my letter of 21 January, I wanted to convey the anger and disappointment around the table at the "cruel and devastating cuts", and the impact they will have on people in Northern Ireland.

The organisations shared stories about how UKSPF had taken economically inactive individuals into employment, transforming individuals' career opportunities and helping to fill vacancies in a challenging recruitment climate. Some 6,200 of Belfast Works clients have achieved a qualification, and 1,400 people have secured a job – their programmes cost £800 per person to deliver. Womens Tec have an impressive 20% conversation rate into employment for vulnerable women, many of whom have experienced domestic or sexual violence. Stepping Stones shared a moving message about the parent of a young person supported by them and its impact on his life.

But we also heard about the consequences of the 70-30 capital-revenue split of the new Local Growth Fund. Mencap told us that over 50 people with disabilities they support will lose the programmes that help them to find jobs and then stay in work, and they will be reducing their staff team. They told us that these people will be left with nowhere to go, facing social isolation. The 1,600 people with mental ill health whom Action Mental Health support will lose this resource, and this is already having an impact on their wellbeing.

The YouthStart consortium will see its funding nearly halved. Belfast Works will make 75 of its 100 staff redundant. All organisations present at the meeting agreed that these organisations reach into communities in a way that Government or other public services cannot, and that this ability will be lost. We heard how the cut will dismantle the infrastructure surrounding the voluntary sector, setting the sector back 30 years.

This is just a fraction of the distressing details the organisations in attendance shared with my Committee. The sector once more underlined that a 70-30 capital-revenue split is not

House of Commons
Palace of Westminster
Westminster
SW1A 0AA

northircom@parliament.uk
+44 (0)20 7219 3672
Social: @CommonsNIAC

Northern Ireland Affairs Committee

appropriate for Northern Ireland. The sector does not need new buildings or computers, it needs people delivering programmes and a strong civil society. A building will not help someone get a job.

While in Northern Ireland, my Committee also met young people to discuss their hopes and ambitions for the future. I was encouraged to hear that the support many of them had received had inspired them to pursue careers in youth work. They spoke with such passion, and had dreams of supporting others from complex and challenging backgrounds. However, these young people were despondent about their future career opportunities in the sector, as they felt the youth-work industry would not exist in 5 years' time.

In a separate meeting with the PSNI, they also raised concern about the impact the cut could have on crime and policing, particularly around key events when youth organisations play a key role in keeping vulnerable young people away from potential disorder.

I ask that you urgently reverse the 70-30 capital-revenue split for Northern Ireland to prevent these devastating cuts.

I was also particularly frustrated to hear how communication to the sector was handled, with the email informing organisations of the funding cuts sent at 10:30 on 19 December. When organisations replied to the email later that day, they received an out of office response. These organisations were put in the unenviable position of cutting programmes and having to make decisions about redundancies over the Christmas period. They were left to feel that the Government does not care.

This is not the first funding cut the sector has faced. Understandably, they are frustrated to find themselves in this position once more. The people of Northern Ireland deserve better.

Yours sincerely

Tonia Antoniazzi

Tonia Antoniazzi MP
Chair of the Northern Ireland Affairs Committee

House of Commons
Palace of Westminster
Westminster
SW1A 0AA

northircom@parliament.uk
+44 (0)20 7219 3672
Social: @CommonsNIAC