The Heritage Alliance

Spending Review 2025

11 June 2025

On Wednesday 11 June 2025, the Chancellor of the Exchequer (Rachel Reeves MP) presented the spending review to Parliament, setting departmental budgets through to 2028-29 for day-to-day spending and 2029-30 for capital investment. This represents a significant multi-year spending settlement with total departmental budgets growing by an overall average of 2.3% across the review period. Key departmental budgets can be summarised as follows:

Culture, Media & Sport. The total departmental budget is planned to fall by an annual average of 0.2% across the period of 2023/24 to 2028/29, and by a larger 1.4% from 2025/26 to 2028/29. Day-to-day spending drops by an annual average of 1.2% from 2025/26 to 2028/29.

Housing, Communities & Local Government. Total spending on local government is planned to rise by an annual average of 5.2% from 2023/24 to 2028/29 and by 1.1% from 2025/26 to 2028/29. Day-to-day/resource spending by the department is planned to fall by an average per year of 1.4% from 2025/26 to 2028/29.

Environment, Food & Rural Affairs. The total budget drops by an annual average of 0.7% from 2023/24 to 2028/29 and falls by 2.3% from 2025/26 to 2028/29. Day-to-day spending is set to fall by an average of 2.7% per year from 2025/26 to 2028/29.

Energy Security & Net Zero. The total departmental budget, excluding costs related to Sizewell C, is planned to rise by an average of 16.0% per year across the period 2023/24 to 2028/29, and up by a smaller average of 2.7% from 2025/26 to 2028/29. Day-to-day/resource spending by the department is set to grow by a much smaller average of just 0.5% per year from 2025/26 to 2028/29.

Devolved nations. On average the devolved governments are set to receive an additional £4.8 billion per year for day-to-day spending between 2026-27 and 2028-29 and £930 million capital between 2026-27 and 2029-30. This includes on average per year £2.4 billion resource and £510 million capital for the Scottish Government, £1.4 billion resource and £200 million capital for the Welsh Government and £1 billion resource and £220 million capital for the Northern Ireland Executive. The devolved government settlements are the largest in real terms since devolution in 1998.

This paper provides a brief analysis of the key points and where there may be relevance for the heritage sector.

In summary, there are some welcome announcements which could prove beneficial for the heritage sector. Though the detail is yet to emerge, the capital settlements for DCMS could prove beneficial for heritage – very much in tune with the recommendations in our Backing the Bedrock Priorities for a Culture Growth Fund. The government's review of the Green Book – the guidance issued by HM Treasury on how to appraise policies, programmes and projects – with its fresh focus on place-based projects, could provide significant opportunities for heritage where its important role in placemaking is recognised. Together with regional investment to support community cohesion and the public realm, and guidance on local growth plans for mayors, these provide opportunities for our sector to make the case for how heritage supports pride in place, local regeneration and growth.

The reaffirmation of government's focus on the creative industries as a key growth sector is also welcome, but, as we have advocated for in our recent Heritage Creates report, it will be important that heritage is recognised as a productive subsector of the creative industries in the forthcoming Industrial Strategy which is now expected at the end of this month.

Please see below our analysis of the spending review announcements which are likely to be of greatest interest to the heritage sector.

Spending review and supporting documents can be found on the Government website.

DCMS Budget Overview

DEL – Departmental Expenditure Limits

£ billion (current prices)	Outturn 2023-24	Plans (1) 2024-25	Plans (2) 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30(3)	Average annual real growth(4)	
								Phase 2 Period(5)	SR 2025 Period (6)
Resource DEL	1.5	1.6	1.5	1.6	1.6	2.0	-	-1.2%	-2.1%
Capital DEL(7)	0.5	0.7	0.7	0.7	0.7	0.7	0.7	-2.8%	2.9%
Of which Financial Transactions	0.0	0.0	-	-	-	-	-	-	-
Total DEL	**2.1**	**2.4**	**2.3**	**2.3**	**2.4**	**2.8**	**-**	**-1.4%**	**-0.2%**

Culture, Heritage and Arts

Capital investment confirmed for cultural and heritage infrastructure. The Department for Culture, Media and Sport (DCMS) will invest £2.9 billion in capital investment over the spending review period for culture, heritage, youth and sports infrastructure. There is no detail at present on what this means in practice.

Creative industries prioritised as growth sector. The government has designated creative industries as one of eight priority growth-driving sectors in its forthcoming Industrial Strategy, with DCMS receiving a "significant funding increase to support regional growth and innovation in this area". The government also confirmed that it will publish its modern Industrial Strategy later this month.

Sustained funding for national institutions. "Billions over the spending review period" confirmed for National Museums and Galleries and Arts Council England, supporting local cultural projects nationwide. We have yet so see how much of this is an extension of current funding.

Youth and community cultural programmes expanded. £132.5 million of dormant assets funding will be unlocked to support disadvantaged young people's access to cultural activities through investment in facilities and libraries. A new National Youth Strategy will also be published by DCMS this autumn, which will set out how government will support young people to build connections and skills.

Arms length bodies (ALB) review ongoing. The government has commenced a comprehensive review of all ALBs that will identify opportunities for closures, mergers and consolidations, with further details on the outcomes of the review expected in "due course".

Our Analysis: *Initial indications are that this represents a better than expected settlement for culture and heritage, with substantial capital investment providing opportunities for major infrastructure projects and regeneration – though details will need to follow. The designation of creative industries as a priority growth sector is welcome and could unlock additional support for heritage organisations, though it will be important that heritage is duly recognised as an important subsector of the creative industries in the forthcoming Industrial Strategy, as we have articulated in Heritage Creates in our Backing the Bedrock report.*

The forthcoming National Youth Strategy may also provide an opportunity for heritage organisations to make the case for strengthening young peoples' connections with their communities, for instance through subsidised youth entry to heritage sites. This important area is emerging as a priority also in development of the forthcoming sector resilience plan as part of the work of the Historic Environment Forum.

However, the review of ALBs creates significant uncertainty for the sector, particularly given that today's announcement confirmed that all departments have been asked to deliver 5% in efficiencies and savings over the review period, with DCMS set to reduce its estate footprint across its eight public bodies and core department. While DCMS' target for efficiencies is not exceptional compared to other government departments, it remains significant given that a large proportion of DCMS' budget goes to Arms-Length Bodies (ALBs). Efficiency savings will need to be delivered in a way that does not undermines the core cultural and creative infrastructure of the U.K. As of yet, there is much unsaid in the Spending Review of interest to the sector, such as the future of the Listed Places of Worship Grant scheme, alongside ALB settlements. This may take weeks and even months to be articulated in detail. We will share any further detail as and when it emerges.

Local Government

Increased funding for local authorities. Local government is set to receive an additional £3.4 billion grant funding per year by 2028-29, with core spending power growing by 3.1% annually in real terms. This marks a significant policy shift toward multi-year funding stability and represents the most comprehensive local government funding package in over a decade. Despite this, large cuts in funding seen in 2010 mean that total funding in the current year remains approximately 10% lower in real terms than in 2010-11.

Regional growth programmes. There will be a new local growth fund for mayoral city regions in the North and Midlands, plus investment in up to 350 deprived communities across the UK for regeneration, community cohesion and the public realm. Guidance has also been produced for Mayoral Strategic Authorities on the development of local growth plans.

Multi-year funding certainty provided. The government committed to multi-year allocations and simplified funding through consolidation of revenue streams into the Local Government Finance Settlement.

Our Analysis: *Increased funding for local government is welcome following our ask for fair, long-term funding settlement for local government to enable council-funded museums and heritage sites to keep delivering positive community outcomes. While further detail and clarity is needed, this funding could, along with regional investment for regeneration and public realm interventions support heritage-led regeneration in deprived communities, positioning heritage assets as economic catalysts.*

Planning, Communities and Housing

Green Book review. A review of the Green Book – the Government's guidance on appraisal – has been carried out, concluding that there is an insufficient emphasis on place-based objectives. It has recommended that the Treasury work with MHCLG, Department for Transport (DfT) and local government to introduce place-based business cases.

Growth Mission Fund. The establishment of a Growth Mission Fund – which will invest £240 million of capital from 2026-27 to 2029-30 in projects that enable local job creation and the economic regeneration of local communities – was also announced, with further detail expected in summer.

Massive house building programme launched. The government has previously committed to building 1.5 million homes, with £39 billion confirmed in the spending review for a new 10-year Affordable Homes Programme and major planning system reforms.

Social housing focus. £4 billion per year spending on affordable housing by 2029-30, with a 10-year social housing rent settlement and additional investment in remediation programmes.

Infrastructure investment to support development. Investment in infrastructure and land remediation announced to deliver new housing schemes in partnership with the private sector, including plans for New Towns and Cambridge expansion.

Transport investment for cities and towns. £15.6 billion in total by 2031-32 through the new Transport for City Regions (TCR) settlements to give metro mayors of some of England's largest city regions long-term transport settlements; a £2.3 billion investment for the Local Transport Grant to improve local transport links including bus lanes, cycleways and congestion improvements; £2.2 billion in Phase 2 of the SR period for Transport for London improvements. The government also highlighted that it will contribute £3.5 billion toward the ongoing TransPennine Route Upgrade over the SR period, as well as allocating £2.5 billion to progress East West Rail delivery.

Our Analysis: *The government's review of the Green Book – and fresh focus on place-based projects – could provide significant opportunities for heritage where its important role in placemaking and local regeneration is recognised; however with DCMS absent from the list of relevant departments mentioned (and a seemingly narrow focus on housing and transport) it will be important that the sector makes the case for its involvement in the taskforce tasked with coordinating these business cases, and that the role of heritage be recognised. Similarly, the growing evidence base on cultural and heritage capital continues to reinforce the economic value of local heritage and should be part of this new approach.*

While the spending review did not make any announcements regarding Community Ownership Fund, we will watch this space closely for any updates. It is possible that the new Growth Mission Fund may pick up the baton from the previous Levelling Up agenda.

The government's planning reforms present both opportunities and challenges for the sector – as we have highlighted, for instance, in our briefing to parliamentarians during the passage of the Planning and Infrastructure Bill (and will continue to do so as it enters the House of Lords).

Research and Development

R&D investment reaches £22.6 billion annually by 2029-30. This includes increased support for UK Research and Innovation and association to Horizon Europe, with new fellowship schemes to attract international talent.

£500 million R&D Missions Accelerator Programme. This will leverage £1.5 billion private investment in innovation challenges supporting government missions.

Our Analysis: *The Missions Accelerator Programme could support heritage-relevant challenges around climate adaptation and sustainable communities. The increased international collaboration through Horizon Europe will likely benefit heritage research partnerships and is good news.*

Education and Skills

Skills investment programme. £1.2 billion additional investment per year by 2028-29, supporting 1.3 million 16–19-year-olds accessing high-quality training and 65,000 additional learners annually.

Construction skills priority. The spending review re-confirmed the announcement from earlier this year that £625 million will be invested between 2025-26 and 2028-29 to train up to 60,000 skilled construction workers, addressing critical sector shortages.

Employment support expansion. Funding for employment support set to increase to over £3.5 billion by 2028-29, with personalised support for people with health conditions or disabilities.

Schools: The spending review an increase in the core schools' budget by £2 billion in real terms over the period in support of the government's mission to break down barriers to opportunity and deliver a world class curriculum and teaching staff. The government also reaffirmed its commitment to rebuild over 500 schools through the School Rebuilding Programme, providing around £2.4 billion in each of the next four years. Additionally, an increase in annual maintenance investment was announced, rising to £2.3 billion in 2029-30 to improve the condition of school estates.

Our Analysis: *The construction skills investment offers crucial opportunities to address traditional building craft shortages that affect heritage conservation. The scale of training provision could include specialist heritage skills if properly targeted. Capital support for the improvement of school buildings could benefit the site of historic school buildings.*

Energy and Environment

Clean energy investment programme. Great British Energy and Great British Energy-Nuclear will invest more than £8.3 billion in homegrown clean power, with major nuclear and renewable energy projects.

Warm Homes Plan. £13.2 billion recommitted to invest in home energy efficiency through insulation, heat pumps, solar panels and batteries.

Environmental programmes maintained. More than £2.7 billion annually for sustainable farming and nature recovery, plus £4.2 billion over three years for flood defences, with increasing support for nature-friendly farming through Environmental Land Management (ELM) schemes from £800 million in 2023-24 to £2 billion by 2028-29

Our Analysis: *The Warm Homes Plan represents a significant energy efficiency investment programme. However, the heritage sector will need to ensure traditional building expertise is embedded in delivery programmes to avoid inappropriate interventions. The flood defence investment is welcome for protecting heritage assets in vulnerable locations. ELMs can help to deliver on government commitments to enhancing beauty, heritage, and engagement with the natural environment, but this requires sufficient long-term funding, whilst we await clarity on the future of the Sustainable Farming Incentive (SFI) - it's imperative that historic and archaeological features remain a central part of the SFI, as we have called for. The increase in funding for ELMs is to be welcomed.*

Contact information:
Neil Andrews
Policy & Advocacy Manager
advocacy@theheritagealliance.org.uk