



Llywodraeth Cymru
Welsh Government

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Consultation Document

Proposals for an approach to the UK Local Growth Fund in Wales

Date of issue: 07 November 2025

Action required: Responses by 19 December 2025

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

Overview

This consultation is seeking your views on our investment proposals for a Local Growth Fund in Wales, funded by the UK Government, between 2026 and 2029. The Welsh Government will design and implement a three-year Investment Plan to direct this funding and will work with the UK Government to ensure our plan delivers on UK-wide objectives for growth. This consultation seeks views on our proposals for this Investment Plan, including the overarching principles, core priorities and objectives for investment, and the delivery model.

How to respond

This is a six-week consultation. The closing date for responses is **19 December 2025**.

The reason for a six-week consultation is the Welsh Government undertook a full public consultation to develop a Regional Investment Framework for Wales in 2020, with the core principles agreed and remaining key to our plans for post-2026. A longer consultation period would risk the development of a new Investment Plan with Welsh partners leading to a delay to programme delivery from April 2026.

Please either respond using the [online form](#) or complete the consultation [response form](#) and send it to any of the following:

Email:

RegionallInvestmentinWales@gov.wales

Post:

Local Growth Fund in Wales Consultation
Economic Strategy and Regulation Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Contact details

For further information:

Economic Strategy and Regulation Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: RegionallInvestmentinWales@gov.wales

Rydym yn croesawu gohebiaeth yn Gymraeg / We welcome correspondence in Welsh.

This document is also available in [Welsh](#).

UK General Data Protection Regulation (UK GDPR)

The Welsh Government will be data controller for Welsh Government consultations and for any personal data you provide as part of your response to the consultation.

Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. The lawful basis for processing information in this data collection exercise is our public task; that is, exercising our official authority to undertake the core role and functions of the Welsh Government. (Art 6(1)(e))

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. In the case of joint consultations this may also include other public authorities. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. The Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

To show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation and the Welsh Government may be under a legal obligation to disclose some information.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by the Welsh Government will be kept for no more than three years.

Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the UK GDPR, please see contact details below:

Data Protection Officer:
Welsh Government
Cathays Park, CARDIFF
CF10 3NQ
e-mail: dataprotectionofficer@gov.wales

The contact details for the Information
Commissioner's Office are:
Wycliffe House, Water Lane
Wilmslow, Cheshire SK9 5AF
Tel: 0303 123 1113
Website: <https://ico.org.uk/>

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Foreword by the Cabinet Secretary for Economy, Energy and Planning



Wales is a confident and forward-looking nation built on a proud industrial heritage. Each region in Wales has built on their strengths to adjust to a changing economy and respond to global challenges. Targeted public investment has been important to help support this process of continuous change and renewal and to help the private sector grow. We have been unable to carry out as much of this investment as we would like in recent years with the loss of EU funds.

Working hand-in-hand with local government, and together with our partners across Wales, we have an opportunity with the UK Government funding coming to us via the Local Growth Fund to invest across the whole of Wales to respond to and maximise growth opportunities within Wales, the UK and globally.

The Local Growth Fund in Wales marks a significant strengthening in our collaboration with the UK Government. Powers and decision-making over this post-EU funding have been returned to the Welsh Government so we can decide with our Welsh partners how it will be spent in Wales. Alongside joint initiatives like the City and Growth Deals, Freeports and Investment Zones, this is the UK and Welsh Government working together to unlock growth and deliver for Wales.

The Local Growth Fund in Wales is intended to deliver on our shared ambitions with the UK Government for growth. Our *Economic Mission* in Wales and our wider priorities for jobs and growth are already closely aligned to the UK Government's *Plan for Change* and *UK Industrial Strategy*.

We have learned so much from our partnerships within Wales. It is the strength of this partnership, where the Welsh Government comes together with local government, business and social enterprise, research and academia, the third sector and other public bodies, that will provide a solid basis on which we can drive opportunities through the Local Growth Fund with creativity and ambition.

Our *Well-being of Future Generations (Wales) Act 2015* is the cornerstone of all Welsh Government policy and shapes what we do. These consultation proposals are built on strong partnership working over several years. This includes our *Framework for Regional Investment in Wales*, our work with the Organisation for Economic Co-operation and Development (OECD), and the insights from our Regional Investment Steering Group chaired by Carolyn Thomas MS.

In Wales, our policies and models for regional and local planning and delivery are distinctive. Through our *Economic Mission*, and our proposals for the Local Growth Fund, we are seeking to empower our regions, who are better placed than the Welsh Government to identify and prioritise the unique needs, opportunities and strengths in their urban, rural, post-industrial, city, and coastal areas.

Despite significant improvements in many areas since devolution, parts of Wales continue to face structural economic weaknesses, productivity challenges, and regional inequalities. The world is evolving, and we need to continue to change with it to make the most of the opportunities offered within Wales, the UK and globally.

The Local Growth Fund presents us with an opportunity to look at the investment landscape across Wales, in each of our regions, and across communities to identify where there are gaps or opportunities not being addressed by existing funds and programmes. In this way we can make sure we are joining-up different investment strands to support growth and jobs and achieve better results and value for money.

Our trusted partnership with local government will remain critical to the development and delivery of the Local Growth Fund in Wales. For example, the proposals in this document have benefitted from, and been informed by, the regular constructive discussions I have with the WLGA economic spokespersons. Local government have significant experience of delivering investments across Wales and all levels of local government will have key roles, from local authorities through to the Corporate Joint Committees. In turn, we remain committed to ensuring the voice of local government and all other partners form part of the new model to inform investments in fresh and imaginative ways and contribute to the success of the Local Growth Fund in Wales.

To deliver growth across all parts of Wales, we aim to develop an approach which increases research and innovation and connectivity, grows businesses and social enterprises, raises skills and supports people into work, alongside investment in local infrastructure for regional growth.

We will deliver this new, three-year Local Growth Fund for Wales from April next year. With partnership at the heart of everything we do, we are committed to consulting on our plans for Wales so we provide everyone with the opportunity to give their opinion on what will work best for our people, businesses and communities.

I look forward to hearing your views so together we can maximise the opportunities presented by the Local Growth Fund to deliver a stronger, greener and fairer Wales.

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid, with a large 'R' and 'E'.

Rebecca Evans MS
Cabinet Secretary for Economy, Energy and Planning

SECTION 1: CONTEXT

1.1 Policy Context

The UK Government has confirmed £547m of local growth funding will be made available to the Welsh Government over three years between April 2026 and March 2029. This funding will be transferred to the Welsh Government each year to deliver a Local Growth Fund, which is the subject of this consultation. In parallel the UK Government will deliver its Pride in Place programme¹.

Across the whole of the UK, Local Growth Funds will deliver on the UK Government *Plan for Change*², five missions for boosting growth, the *UK Industrial Strategy*³, and contribute to UK-wide strategies like *Backing your Business*⁴. In Wales, we will ensure our approach delivers against the *Well-being of Future Generations (Wales) Act 2015*⁵, the Welsh Government's *Economic Mission*⁶, and key Welsh Government policies and programmes⁷ to support our economy and labour market.

The UK and Welsh Governments are working in partnership to support the Welsh economy and the Local Growth Fund forms one part of this picture. The return of decision-making on this fund to the Welsh Government in Wales delivers on the UK Government's promise to restore decision-making for the replacement of EU structural funds to the representatives of Wales. In turn, we can now ensure funding is part of a joined-up approach to regional economic development and works alongside other regionally targeted investments to support jobs and growth, including City and Growth Deals and Investment Zones.

Our objective for the Local Growth Fund is to ***support productivity growth and tackle issues leading to economic inequalities across Wales.***

The UK Government has developed three broad themes for the Local Growth Fund to contribute to its strategic aims for achieving higher real disposable incomes and boosting GDP. These broad themes already broadly reflect the investment priorities and proposals set out in this consultation.

The Welsh Government will design and deliver with Welsh partners a Local Growth Fund investment plan (to be published on wales.gov and gov.uk) which is evidence-based, reflects need and opportunity in Wales, and responds with tailored, effective solutions. In doing so we will meet shared ambitions to do so in partnership with a wide range of organisations in Wales. The investment plan will cover the three years

¹ [£214m new funding for Welsh communities to improve neighbourhoods and restore pride - GOV.UK](#)

² [Plan for Change - GOV.UK](#)

³ [The UK Modern Industrial Strategy 2025 - GOV.UK](#)

⁴ [Backing your business: our plan for small and medium sized businesses](#)

⁵ [Well-being of Future Generations \(Wales\) Act 2015: the essentials \[HTML\] | GOV.WALES](#)

⁶ [Economic mission: priorities for a stronger economy \[HTML\] | GOV.WALES](#)

⁷ For example, *Plan for Employability and Skills*: [Stronger, fairer, greener Wales: a plan for employability and skills | GOV.WALES](#); *Innovation Strategy for Wales*: [Innovation strategy for Wales | GOV.WALES](#); *Fair Work Wales*: [A guide to fair work | GOV.WALES](#) and [Fair Work Wales | GOV.WALES](#); *International Strategy and Delivery Plan*: <https://gov.wales/international-strategy-for-wales> and [International delivery plan \[HTML\] | GOV.WALES](#);

of funding confirmed in the Spending Review and funding will be released to Welsh Government via budget cover transfer each year, subject to an annual review process to check progress against that plan.

The UK Government's three broad themes and this consultation will directly inform that plan. The three themes set out by the UK Government are:

- **Enabling local growth infrastructure:** including infrastructure development and transport and mobility to improve access to jobs and boost productivity
- **Support for business:** including business support, investment funds, research and development and fostering innovation
- **Skills and employment support for growth:** including support for skills programmes and addressing vacancies in growth sectors

The UK Government's objectives for the Local Growth Fund also require a coherent, joined-up vision, reflecting the governance and delivery contexts in the respective nation. We will meet this requirement and our commitment to our own well-being goals through this consultation and the work we will actively take forward to develop and deliver an investment plan with Welsh partners from local government, business and social enterprise, the third sector, and higher and further education.

***Note:** The analysis and proposals set out in this document were developed before the UK framework but are broadly aligned. We therefore expect to organise our final Investment Plan around the UK framework themes for consistency (e.g. to consolidate objectives under a single infrastructure priority) but this does not affect the content or substance of the consultation.*

1.2 Guiding principles

To meet our ambition to **support productivity growth and tackle issues leading to economic inequalities across Wales**, we propose the following principles to guide Local Growth Fund plans and investments. These were developed through our work with Welsh partners and the OECD over several years⁸:

- a) Focus on delivering outcomes** to support long-term changes. Investments should contribute to regional and national priorities and demonstrate clear impact.
- b) Support and empower regions through our Corporate Joint Committees (CJCs)** to prioritise portfolios of investments based on regional and local opportunities and needs. We expect CJCs to leverage wider investment with this

⁸ [Regional Investment for Wales after Brexit; Framework for regional investment in Wales: consultation | GOV.WALES](#). OECD projects: [OECD multi-level governance review: report | GOV.WALES](#) and [Written Statement: OECD report: Regional Governance and Public Investment in Wales, Moving Forward Together \(16 April 2024\) | GOV.WALES](#)

funding and to work closely with local authorities and the wider partnership.

- c) **Integrate with and add value to other UK and Welsh Government programmes** to avoid duplication and increase impact and value for money.
- d) **Provide enough flexibility** to respond to new and emerging evidence and needs, whilst delivering on the UK and Welsh Governments' shared ambitions.
- e) **Plan strategically on a multi-annual basis** to provide a greater focus on longer-term outcomes as opposed to spending money quickly.
- f) **Integrate equality, sustainable development and the Welsh language** in all of our investments.
- g) **Encourage collaborative working across borders**, within Wales, and across the UK and internationally where we have shared needs or opportunities.
- h) **Ensure CJs, local authorities and key partners have the right capability and capacity** to design and deliver the Local Growth Fund, including for transition arrangements and investing in long-term capacity.
- i) Deliver on our commitment to **openness, fairness and transparency of investments** by publishing information and data on delivery regularly.

Question 1: Do you agree with the core guiding principles and that they should be applied to all parts of a new Investment Plan for Wales?

Question 2: Are there any other principles we should be considering?

1.3 Socio-economic analysis

A summary socio-economic analysis supports this consultation ([Annex A](#)). This analyses long-term trends to highlight the current challenges and opportunities of Wales' economy and labour market. A full socio-economic analysis will be informed by this consultation and will accompany our final Investment Plan for Wales.

Wales' economy is deeply embedded within the wider UK economy and the general picture is of Wales performing similarly to the rest of the UK, excluding London. However, longstanding gaps between the UK and Wales persist, even if they have not widened. Economic growth is lower than historical standards following economic shocks since 2008, such as the financial crisis, leaving the EU, and the Covid pandemic. More recently, growth has been driven by an increase in hours worked, rather than productivity (efficiency in the production of goods and services)⁹.

Improving productivity is essential for improving living standards and developing a sustainable and growing economy which produces more with less, innovates,

⁹ [Wales Economic and Fiscal report 2024](#)

creates returns and rewards to workers and business owners through better wages and incomes. We will also want to help ensure the benefits of productivity growth are fairly shared with employees through our commitments to fair work and inclusion.

In 2023, Wales' labour productivity increased by 1.3%, the second highest of any UK nation or region and above the UK average (-0.2%)¹⁰. However, Wales' productivity remains the lowest of the UK nations and regions and poor productivity growth remains an issue for all parts of the UK. We want to focus on factors linked to improving productivity, including those likely to contribute to the variation between Wales and the rest of the UK. Amongst others, these factors are likely to include enhancing skills levels, more investment in research and innovation, higher capital investment, better connectivity, and a healthier population.

Economic inequalities are often linked to differences in income, both from wages and benefits. Wales has a high employment and low unemployment rate by historical standards, with both close to the UK average. Economic inactivity rates (the proportion of working-age people neither in work nor looking for work) have been historically high in Wales, but we saw a significant narrowing of the gap between Wales and the UK before 2019¹¹. Whilst levels remain lower than historical standards, rates have begun to increase again, as has the gap between the UK and Wales. This appears to be driven by rising rates of long-term sickness.

Economic inactivity can have significant negative impacts by reducing the available workforce, slowing economic and productivity growth, negatively impacting individual wellbeing, and increasing pressures on public finances.

Question 3: Do you agree the key issues identified in the summary socio-economic analysis (Annex A) are the right ones we should focus on addressing?

¹⁰ [Sub-regional productivity: 2002 to 2023 \[HTML\] | GOV.WALES](#)

¹¹ [Labour Market Overview, August 2025](#)

SECTION 2: PRIORITIES AND OBJECTIVES

The investment priorities and strategic objectives proposed below reflect the UK Government's broad themes for the UK Local Growth Fund ([see section 1](#)), the emerging evidence from the socio-economic analysis summary, and ongoing evidence on regional economic development, including international best practice. The proposed strategic objectives under the priorities will be reviewed in light of the response to this consultation, and our development of the Investment Plan for Wales with local government and our wider partners.

Later sections discuss our proposed delivery mechanism, but the strategic objectives set out in this chapter under each priority area are intended to provide an initial menu of options to help prioritise a portfolio of national, regional, and local projects. This consultation is seeking views on which areas are the most important areas of focus, recognising we cannot deliver against all these ambitions with the funding and timescale available. We will agree headline expected outcomes and outputs for each priority with the UK Government. We will collectively need to carefully prioritise investment and leverage other investment. We intend to set priorities for Wales, but relevant frameworks will also need to be considered at regional (e.g. strategic development plans, regional transport plans, etc.) and local levels (e.g. local development plans, etc.).

The priority areas in this consultation were developed before the UK Government themes, but they are closely aligned (see table below). We therefore expect the final Investment Plan to be organised with a single priority area focused on infrastructure. The focus for this consultation is on the specific objectives sitting below those priority areas.

UK Government Local Growth Fund Theme	Welsh Government Local Growth Fund in Wales consultation
Support for business	More productive and competitive businesses
Skills and employment support for growth	Supporting people into work and increasing skills
Enabling local growth infrastructure	Green Infrastructure and energy efficiency
	Local infrastructure driving regional economies

The list of strategic objectives below are options under each investment priority in this consultation, reflecting the current needs and opportunities in our economy and labour market. We are seeking views to narrow down that menu of options to focus the available funding for greater cumulative impact. Even with a narrower set of objectives, the need for prioritisation and coordination of available funding will mean not all activity will happen everywhere. Each region will have different local and regional needs and opportunities, and each will need to prioritise to maximise cumulative impacts.

This consultation's priority areas are interdependent and activity in one priority area should complement one or more of the others. We want to see a complementary portfolio of projects which all work together to deliver for a region, alongside other investments, so the whole is greater than the sum of its parts. For example, a focus on a specific cluster within a region might incorporate needs-based sector skills, investment in research capacity, and improving key sites.

The majority of the Local Growth Fund will consist of capital funding, with a smaller amount of revenue funding available. While we hope future spending reviews will confirm funding in future years, we must currently plan on the basis of the three-year window for which funding has been confirmed.

2.1 More productive and competitive businesses

We want investment to drive productivity growth by supporting the right conditions for entrepreneurs, start-ups and businesses, including social enterprises, to grow, become more productive, and create and retain high quality jobs in Wales¹². Investment in assets, infrastructure and technology will help improve firm level productivity, which in turn can provide the basis for jobs and wage growth to increase living standards, reduce in-work poverty, and boost resilience across Wales.

We want to see more new firms emerging in high growth-potential areas, including social enterprises and firms run by under-represented groups. A regular cycle of business births and diverse owners are vital to maintain a dynamic economy which embraces innovation and offers people new opportunities.

We want to see more firms growing and expanding within Wales to be competitive across the UK and internationally. This means looking at the barriers to growth for those businesses with potential to grow and helping address market failures which prevent them from taking those steps and reaching those tipping points. The challenges may vary between businesses, but commonly include expanding premises, investing in capital, accessing finance, workforce development or exporting for the first time.

A particular barrier can be where there are market failures in access to finance for business growth. Geography, demographics and business structure are all factors which make Wales more difficult to serve commercially. Evidence shows repayable finance provides better value for public money by increasing the potential for the recycling of benefits and outcomes over time, adding longer-lasting impact¹³.

Traditional manufacturing¹⁴ still plays an important role in the Welsh economy, but we want to grasp opportunities as we take advantage of the fourth industrial revolution. We want to accelerate technology change, adopt new ways of working, and see all sectors investing more in RD&I. We need to increase our specialist research capacity and capability in those areas where we have genuine strengths or competitive advantage, such as the circular economy. We want to see institutions and businesses across Wales access more of the billions of competitive investment opportunities available through the UK Government, other agencies (e.g. Innovate UK / UK Research and Innovation), and internationally (e.g. Horizon Europe).

We need to maximise opportunities to prioritise clusters and build on Wales' core capabilities and opportunities, such as health and bio-tech, advanced manufacturing, FinTech, the circular economy, or low-carbon energy. We also need to see all sectors

¹² The Economic Contract with Business Wales, Social Business Wales, Working Wales, and the Development Bank of Wales sets out our commitment to provide clear leadership and business support. [The Economic Contract | Business Wales](#)

¹³ Wales SME Access to Finance report [Wales SME Access to Finance Report - 2025 | British Business Bank](#)

¹⁴ [A manufacturing future for Wales: our journey to Wales 4.0 | GOV.WALES](#)

take advantage of new developments in artificial intelligence (AI), data, and digital transformation which can help contribute to productivity gains in the future¹⁵.

Strategic objectives ([see also Theory of Change annex](#))

- 1. Increase the creation of start-ups and spinouts with growth potential, including a focus on under-represented groups and social enterprises.**
- 2. Address barriers to growth (e.g. expansion, capital investment, export and attracting investors) for high-growth potential SMEs and social enterprises.**
- 3. Address specific market failures in the access to repayable finance to establish and grow Welsh businesses and social enterprises.**
- 4. Increase levels of investment in RD&I capacity and knowledge exchange in businesses and research organisations, including in the areas of AI, cybersecurity, digital and green growth.**

Applying the key principles

The Welsh Government, local government, Business Wales, the Development Bank for Wales, business representatives, and other key partners will need to agree where the Local Growth Fund can best add value to the existing business support landscape and avoid fragmentation and duplication. This is particularly important given limited revenue funding available from this fund.

The need to leverage additional funding and learn from what works would suggest prioritising loan or equity finance over grants, which could be more focussed on investments businesses would not make otherwise.

The available funding will mean it is essential to secure wider leverage and access to wider investment to tackle the challenges identified. For example, investment in research capacity should be carefully targeted so it improves access to other investments (e.g. competitive funding or attracting private investment).

RD&I investment might also be expected to focus on activities close to the market, such as on industrial collaboration, adopting new technology, or promoting innovation diffusion across and within sectors, so the benefits of investment are translated into productivity and business growth.

Question 4: Which of these strategic objectives, or others, would you prioritise to deliver more productive and competitive businesses?

¹⁵ *Wales Innovates*: See Strategy and Delivery Plan at [Wales innovates, creating a stronger, fairer, greener wales: delivery plan \[HTML\] | GOV.WALES](#)

2.2 Supporting people into work and increasing skills

We want to address gaps in the support needed to help people into good quality, sustainable work, for which they receive fair pay, and to prepare the workforce for challenges of the future.

Unemployment, under-employment and economic inactivity are significant drivers of inequality. There is strong evidence to show long periods of economic inactivity and unemployment early in life can have a detrimental impact on a range of outcomes in later life. Periods over a year are particularly damaging for young people. Older workers can also experience barriers to returning to work following redundancy.

We want to arrest and reverse the increase in economic inactivity we have seen since 2019 and respond to the challenge of long-term sickness. Economic inactivity is more prevalent among groups such as disabled people, young people, older adults, and individuals with lower educational attainment. This affects the distribution of income, wealth and opportunities.

The factors behind economic inactivity rates are complex, but we know economic inactivity has a detrimental effect on household income, increasing poverty rates, which are substantially higher in households where no adults work. Economic inactivity can lead to a less resilient economy. Wales' workforce is shrinking, leading to staff shortages, including in some sectors where demand is forecast to grow such as health and social care.

We want to look at where there are gaps in provision and work alongside existing programmes such as Job Centre Plus employment support, our new Employability Support Programme from 2027, and our Young Person's Guarantee¹⁶, which gives everyone aged 16-24 the offer of support to either continue in education, pursue training, start an apprenticeship, enter employment, or launch their own business.

A focus on reducing economic inactivity will require improving opportunity, especially among young people, disabled people, and those for whom unemployment may already be entrenched in their family. Prioritising health and well-being, and supported employment and job coaching services, is essential to help more people to consider entering, returning to and remaining in employment. Improving labour market outcomes for ethnic minority people and women will ensure everyone has the best chance to find and keep decent, fair work with long-term prospects.

The achievement of softer outcomes and addressing gaps in existing provision will be critical to support those least likely to seek employment, so these groups can get closer to the labour market or progression to education, training or employment. We will encourage the use of existing infrastructure for community-based learning and delivery and align support with the evolving UK and Welsh policy landscape.

To make these step changes, and to ensure people can stay in work and progress, businesses will need support and encouragement to make work better, fairer and

¹⁶ [The Young Person's Guarantee | GOV.WALES](#)

more secure. For example, disabled people or people with chronic illnesses may need more flexible arrangements to enter, maintain and thrive in employment.

Higher skills are closely associated with higher productivity and are required by an increasing proportion of jobs. A skilled, mobile, innovative workforce is important for carrying out tasks more efficiently and adapting to new challenges and opportunities. This could be achieved by expanding flexible and personal learning for people both in and out of work to improve their skills, find work or retrain. People with higher level qualifications and skills are more likely to be in sustained employment, with larger earning and wage gains, particularly for individuals from disadvantaged areas.

Essential skills are also vital if we want to help address economic inequalities. There is much to gain if we can help address gaps in literacy, numeracy and digital skills, so individuals can take advantage of new work opportunities and secure higher wages. For example, we know that basic digital skills are often the initial step to progress with employment and will consider how a Minimum Digital Living Standard can be used to ensure no household in Wales is below the threshold. We should identify opportunities to upskill and match people to the needs of employers and industry (including growth areas like decarbonisation, digital and AI technology), which can help individual progression and business growth.

Strategic objectives ([see also Theory of Change annex](#))

- 1. Reduce levels of economic inactivity, notably among young people, disabled people, women and people from ethnic minority backgrounds.**
- 2. Improve the in-work retention and progression of under-represented groups, including challenges of low paid and insecure employment.**
- 3. Improve qualification and/or skills levels, focusing on basic and higher-level skills.**
- 4. Tailored demand-led skills support and training for high growth potential or regionally important sectors.**

Applying the key principles

The scale of the challenge and the available funding will mean adding value to existing provision by identifying underserved target groups and identifying where funding can make a real difference or trying something new.

Skills are important across the board, but a potential focus may be on higher-level and demand-led skills in high growth-potential sectors to support productivity growth and jobs of the future, as well as basic skills for specific target groups or places to help address economic inequalities.

Inclusion should be considered in the design of interventions, including digital inclusion, to ensure opportunities are accessible to all particularly where this may be a barrier for some communities or places.

All interventions under this priority will need to demonstrate how they fit within the wider skills and employability ecosystem, in particular how they address a specific gap or do something innovative to add value rather than duplicate that provision.

We expect this priority will attract the majority of revenue funding available in the Local Growth Fund, with other priorities expected to have a greater focus on capital. There will also be opportunities for capital investment across this priority, which can indirectly support the objectives where part of a clear plan for the region.

Question 5: Which of these strategic objectives, or others, would you prioritise to support people into work and increase skills?
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2.3 Green infrastructure and energy efficiency

The climate crisis is the global challenge of our age. A just transition to a zero-carbon economy can bring opportunities for clean, energy efficient economic development, quality jobs and global market advantages, as well as wider benefits to our environment, health, natural capital and ecosystem services. Wales is already in transition¹⁷, reducing its emissions¹⁸ and unlocking clean economic development opportunities. We need to ensure the pathway we take minimises the risks to those already at a socio-economic disadvantage, and we manage the impact on affected industries. Our focus is on addressing market failures and identifying economic opportunities which can help reduce carbon emissions and address fuel poverty.

Generating power from renewable energy sources and the development of storage solutions¹⁹ need to increase at scale if we are to meet the equivalent of 100% of our annual electricity consumption from renewable sources by 2035 and continue to keep pace with consumption thereafter. Actions in this area will need to be carefully planned, involving partners like Natural Resources Wales from the outset and assessing National Grid capacity where relevant. The National Grid has been at full capacity for years and, despite plans for 'The Great Grid Upgrade'²⁰, we may need to discuss plans with the National Grid to ensure capacity is available.

Decarbonising housing will not only help meet our emission targets but can also help tackle income and economic inequalities by reducing costs of power and heating and improving health and living conditions, particularly for fuel poor, vulnerable households, whilst driving economic opportunities for businesses and social enterprises in every community²¹. There are ways in which housing energy emissions can be reduced through behavioural changes, energy efficiency and low carbon heating measures, including heat pumps.

We want communities to benefit directly from energy projects in their locality, with a target for at least 1.5 GW of renewable energy capacity to be locally owned by 2035. We want to help power communities with energy generated locally as part of a smarter, flexible energy system. Keeping production and their benefits closer together reduces the costs of transporting energy over long distances, reduces the need for new power lines and increases the opportunity for local ownership.

Connectivity between people, businesses, and markets is essential in promoting high-growth clusters, achieving the benefits of agglomeration and generating an exchange of people and ideas. Wales is more sparsely populated than other parts of the UK, so has more to gain from improving connectivity. We also need to reduce the emissions associated with this vital economic activity and further encourage active travel. We can do this through actions to support more walking and cycling routes,

¹⁷ [Net Zero Wales Carbon Budget 2 \(2021 to 2025\) | GOV.WALES](#) includes policies and proposals for delivering the carbon budget and laying the foundations for future decarbonisation. The [Net Zero Skills Action Plan](#) sets out actions to identify and deliver skills to support net zero.

¹⁸ See [Welsh Emissions Sources 2021](#)

¹⁹ Storage is likely to be in the form of distributed battery storage and longer duration storage options. Green hydrogen will also offer fuel switching options for industrial partners.

²⁰ [The Great Grid Upgrade | Powering The Things You Love](#)

²¹ For example, the *Warm Homes Programme* intervenes in fuel poor homes to reduce bills and emissions.

the use of public transport services, and better integration of these services, reducing the dependence on private motor vehicles. There are also opportunities to benefit from digital networks across the UK and internationally via improved digital connectivity.

Strategic objectives ([see also Theory of Change annex](#))

- 1. Increase renewable and low-carbon energy generation, particularly where locally owned and delivering against regional priorities.**
- 2. Support low-carbon transport and digital connectivity infrastructure where it supports regional growth priorities.**
- 3. Support capital investment, where there is market failure, to tackle fuel poverty and improve energy efficiency in housing.**

Applying the key principles

Capital investments under this priority may be complex and will need early consideration to deliver within three years. This will require strong co-ordination of activities between the public sector, business, and local communities at all levels.

Strategic Development Plans are developed by CJs and can provide a robust evidence base and support the prioritisation of regionally important investments.

The prioritisation of renewable energy and energy efficiency projects at a regional level can be supported by existing regional energy strategies²² and local area energy plans, which provide a strong evidence base to inform prioritising interventions.

Regional Transport Plans, developed by CJs, can provide an evidence base and support prioritisation of locally-led investments in key regional low-carbon transport initiatives.

Addressing market failures and adding value will also mean considering where any investment in housing energy efficiency can best be targeted considering both where commercial companies operate and existing schemes are in place.

Question 6: Which of these strategic objectives would you prioritise to drive opportunities from low-carbon energy and connectivity for growth and to reduce inequalities?

²² We have worked with Wales' four regions to develop an evidence base, and the opportunities and challenges expected as the energy sector transitions to net zero is set out in four [Regional energy strategies](#) | [GOV.WALES](#). These are supported by local authorities' Local Area Energy Plans, which contain more granular data about the type and location of potential projects. Taken together this provides a solid evidence base for regions to develop portfolios of projects.

2.4 Local infrastructure to drive regional economies

A healthy, happy workforce and well-connected, strong and resilient communities are economic assets which benefit everyone. A stronger, fairer and greener economy will need investment in local infrastructure which enables people to participate in the local, regional and national economy. We want to ensure communities of place and of people have the resilience, connectivity and structures they need, so no-one is left behind. Wales has strong communities which we can support so people live long, happy lives and fulfil their potential to contribute productively to our economy and society.

Inequalities in health outcomes are driven by economic inequality, and there remain obstacles preventing people from participating in education, employment and training and from fulfilling their full potential. Some people are still unable to access digital services, while limited access to public transport or active travel can affect access to care, services or employment, creating barriers to productivity and growth.

There is evidence to show places with stronger social capital have higher educational attainment, lower crime and faster economic growth²³. There may be benefits in building and rebuilding the social infrastructure in urban, rural, post-industrial, city and coastal communities right across Wales.

We want to connect people to assets within their community, and ensure citizens and workers have equal access to quality employment and goods and services, as these are key determinants of ensuring good mental and physical health²⁴. It will be important to focus particularly on citizens who are most at risk of socio-economic disadvantage. Equally, investing in sustainable economic opportunities for young people, wherever they live, means opportunities for getting quality, fair work will not mean them needing to 'move away', creating economic benefits.

Town centres, culture, heritage, and tourism sites also have roles to play. They can be locations for social and cultural interaction as well as economic and commercial opportunity. Over recent years, many town centres have been impacted by retail closures, an increase in online shopping and people working from home, all factors affecting footfall. These are challenges seen across Wales and the UK.

We want to add value to existing plans and investments to help us evolve town centres into vibrant hubs around living, working, learning, recreation and hospitality that can leverage additional investment into our communities, supporting biodiversity, wellbeing and inclusive economic growth.

The creation of high-quality infrastructure, developing key investment sites, remote working hubs, improved use of existing community spaces, new community assets (particularly green infrastructure), more accessible public services, and better integrated connectivity (both digital and public transport and active travel, including cross border) can help reduce economic inequalities, boost our economy and the health of our society.

²³ [Social-Capital-2025 The-Hidden-Wealth-of-Nations.pdf](#)

²⁴ <https://gov.wales/sites/default/files/publications/2019-10/a-healthier-wales-action-plan.pdf>

Investment in local infrastructure can support the regional economy and in turn the Welsh and UK economies. We want to ensure investments are focussed on spreading benefits to all parts of a region, in particular to those areas facing greatest economic barriers.

Strategic objectives ([see also Theory of Change annex](#))

- 1. Develop key sites and premises important for regional growth and in regionally prioritised growth sectors where there is market failure.**
- 2. Improve local economic infrastructure, including transport, digital connectivity, and community assets to support sustainable communities in rural, coastal, city and urban areas.**
- 3. Investment in prioritised heritage, tourism, or cultural assets to support regional growth ambitions and local opportunities.**

Applying the key principles

There are different community and regeneration schemes and different local and regional plans already in place. We would expect investments in this priority to be able to demonstrate how they can add value to those plans.

In particular we would expect Transforming Towns and the associated Placemaking Plans to provide an existing framework to support local prioritisation. For example, projects of regional importance within those pipelines could be prioritised.

Funding might therefore be used alongside Welsh Government or local authority funding, such as Transforming Towns or similar, where it demonstrably adds value and is aligned with Welsh Government priorities.

We would expect proposals to work with existing placemaking plans and governance arrangements to reduce complexity and duplication.

<p>Question 7: Which of these strategic objectives would you prioritise to target investment in local infrastructure to drive regional economies?</p>
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SECTION 3: TRANSITION AND DELIVERY MODEL

3.1 Managing the transition to the new Local Growth Fund model

The Local Growth Fund is not a continuation of the Shared Prosperity Fund (SPF). It will have a stronger focus on the UK Government growth mission and our priorities to support productivity growth and tackle economic inequalities. There is a golden thread running from the UK Government's *Plan for Change*, through the *UK Industrial Strategy*, through the Welsh Government's *Economic Mission* and priority for regional economic development, and to the ambitions of CJs and local authorities to support jobs and growth.

Prioritisation will take place at every level. The UK Government has set the broad parameters and we will further prioritise which specific objectives best reflect the needs and opportunities in Wales. We will further refine our plans with local government and Welsh partners and we aim to move to a system (described in the next section) where CJs further prioritise within these plans, identifying regional and local needs and opportunities.

We recognise this will take time to put in place and we do not want a hiatus in this much needed investment in jobs and growth. There will also be areas of overlap with the types of activity we will want to fund through the Local Growth Fund to those undertaken via the SPF. Some projects under the SPF have played vital roles in addressing gaps in provision at a regional and local level, including investments in employability and skills. We do not want to see them fail or the capacity developed over recent years lost where they provide clear added value and value for money.

Where we can collectively identify those interventions which add value, don't duplicate existing or planned provision, and fit with our Local Growth Fund Investment Plan we want to look at how we can retain that capacity. We will work with local government (via the WLGA, SPF regional administrative leads, local authorities and CJs), over the remainder of 2025, to identify priority projects and funding essential to maintain capacity and continuity where these conditions are met.

To deliver this over the first year, we expect to need to utilise existing structures and architecture in place to deliver the SPF, including drawing on expertise across local government and other partners. Our priority will be to retain capacity and capability in areas which support the objectives of the Local Growth Fund whilst regional plans are developed.

We will also explore with partners in other sectors their capacity needs, should they have a significant contribution to make in the delivery of the Local Growth Fund Investment Plan's strategic objectives. The work we will undertake with local government and partners will enable us to deliver a solid base of well-planned, integrated, investments from an early stage.

We aim to agree the approach to transition to cover the first twelve months of the programme with local government before the end of 2025. This is intended to give local authorities and CJs the confidence to retain and build capacity in the right areas. Alongside local government we will review progress after six months to make

sure any emerging issues are addressed and take stock of plans for the second and third years. We will work with the UK Government to ensure we have the flexibilities to deliver this approach and set them out in our Local Growth Fund Investment Plan.

Question 8: Do you agree with this proposed approach to managing the transition between the SPF and the Local Growth Fund in Wales or have any further views?

3.2 A multi-layered approach: national, regional and local

The Local Growth Fund has a different focus compared to SPF and will target investment on the drivers of productivity growth and tackling economic inequalities. We expect it to be regionally focussed and locally delivered. It is not expected to duplicate activity being delivered by the UK Government's Pride in Place programme. It will also be more capital intensive, which will mean a different mix of investments to programmes like the SPF.

Learning from the lessons of previous EU programmes, international best practice from our work with the OECD, lessons from the SPF, and our previous work with partners on the Framework for Regional Investment in Wales, we want to put in place an approach which ensures planning, prioritisation and delivery takes place at the most appropriate level. This also reflects our agreement with local government as set out in our Strategic Partnership Agreement.

Accountability to the UK Government for the overall co-ordination and delivery of the Wales-wide Local Growth Fund will be for the Welsh Government. This will include overall performance against objectives which contribute to UK-wide aims. The Welsh Government will report to the Senedd on the performance of the Local Growth Fund in Wales and to the UK Government through an annual review process. The Welsh Government will establish an advisory board of partners across Wales to provide advice to both the UK and Welsh Governments on the Local Growth Funds.

Working with local government and partners across Wales, we will set out in our Investment Plan the national objectives, investment priorities, governance and monitoring arrangements. The Welsh Government will coordinate the planning of national interventions, where we agree with partners that is the most suitable approach. National interventions will also involve local delivery arrangements.

Strengthening our regions is a key driver of economic growth. Following the transition, we propose to allocate the majority of available funding to the Corporate Joint Committees (CJCs). We would release this funding on the basis of a regional delivery plan which can lead to a portfolio of projects which best meet their regional and local needs and opportunities. We will work with CJCs and local government so this can be in place before the end of the twelve months transition period. We will work with local government to review progress after six months of transition. CJCs were established to enable easier, quicker and more effective regional collaboration where it makes sense to do so. CJCs offer a coherent, consistent and democratically controlled framework for regional collaboration and can avoid duplication across the region. CJCs can also help integrate funds with wider regional economic development, including City and Growth Deals and Investment Zones.

Local delivery will be key to both national and regional plans. Our aim is to ensure investments complement each other, reduce fragmentation, and create efficiencies to support productivity growth and tackle economic inequalities across Wales.

We will embed transparency and aim to regularly publish information and data on progress. Bringing together a wide range of partners and the UK and Welsh Governments, we will establish a Wales-wide advisory board to inform delivery.

Our current expectations for the proposed governance responsibilities at national, regional and local levels is set out below:

UK Government

- sets strategic aims for the UK Local Growth Fund, including broad themes
- agrees the three-year Investment Plan for Wales developed by Welsh Government
- transfers funding for the Welsh Local Growth Fund to the Welsh Government annually
- monitors and evaluates overall local growth funding at UK-wide level
- undertakes annual review with Welsh Government of the Local Growth Fund in Wales prior to the release of annual funds
- part of advisory board to deliver the Local Growth Fund in Wales
- ongoing involvement in promoting the funds in Wales (e.g. publicity)

Welsh Government

- has overall responsibility for the performance and evaluation of the Local Growth Fund in Wales and annual reporting to UK Government
- works with local government to develop transition arrangements for the first year
- provides support to help co-ordinate and prioritise across the regions and nationally to ensure consistency
- prioritises investments at national (Welsh) level, working with partners
- works with CJs to agree post-transition arrangements within the context of the Investment Plan for Wales
- transfers funding to relevant accountable bodies to deliver agreed plans (e.g. relevant local government bodies)
- provides oversight of delivery by accountable bodies to ensure progress against outcomes and value for money
- identifies and shares best practice on what works and analytical support where needed

CJs (primary role will be post-transition)

- provide political leadership and accountable decision-making within the region
- develop governance capability and capacity at regional and local levels
- ensure representative partnership arrangements inform planning and delivery
- develop a three-year regional delivery plan against a ten-year vision for the region with partners, communities and citizens
- plan and manage a regional and local portfolio of projects with local authorities and other delivery partners
- ensure projects achieve agreed outcomes and share best practice
- work with Welsh Government to agree national projects which meet regional and local needs

Local authorities

- lead on transition planning and delivery via existing lead regional authority arrangements
- inform and support CJsCs' planning and delivery post-transition via arrangements to be determined by constituent members
- support the design of regional plans to reflect diverse local needs and ensure ongoing needs post-transition are accounted for
- develop co-produced bids for any local projects that contribute to the Investment Plan outcomes
- deliver any local projects using partnership approaches, and engage citizens
- ensure any local projects achieve

National investments and roles

Some funding interventions will be best planned or managed at a national, Wales-wide level. This might be to benefit from economies of scale, co-ordinate and optimise innovation across a network of partnerships, and/or take advantage of specific technical expertise not necessarily replicated across all regions. National projects will often be expected to involve local delivery mechanisms.

In applying our principles to considering national interventions we would want to apply the same tests to ensure, for example:

- There is clear added value from using this funding, which may mean trying new things, targeting new groups, or widening geographical coverage rather than just adding funding to existing projects.
- Investments are prioritised for greatest impact, such as addressing a specific market failure or targeting an underrepresented group.
- Demonstration of regional and local impacts, with endorsement by regional partners, and the consideration of local delivery options.

We propose identifying a core suite of national interventions with partners across Wales. The Welsh Government will assess the business cases for national projects, but these will be planned and delivered by the most appropriate organisation, which might include, for example, the third, or higher and further education sectors.

National schemes will be expected to be regionally and locally important. For example, improving local access for any nationally available finance, direct local delivery of a national scheme (e.g. to tackle economic inactivity), or where Wales-wide and cross-border collaboration is a key driver for local areas. Alignment with regional plans, such as CJs' Strategic Development Plans or Regional Transport Plans can also demonstrate regional importance.

During this consultation and as we develop the Local Growth Fund Investment Plan for Wales we are seeking views on what specific interventions would require a national approach. We will work with CJs and local government to consider these issues and identify and agree a suitable allocation of funding to make available.

Question 9: Do you agree with the approach to national investments?

Question 10: Do you have views on any specific interventions which should be prioritised at a national level in any of the investment priority areas described in Section 2?

3.4 Regional investments and roles

We intend for the majority of the Local Growth Fund in Wales to be planned, prioritised and managed at a regional level. This will involve Welsh Government devolving responsibility for regional prioritisation and portfolio management to empower the representatives of those regions who know their places and communities best. This will avoid the over-centralisation which was a criticism of EU funds and the fragmentation and loss of strategic coherence which has been a criticism of planning solely at a local level. To empower regions in Wales, we propose to support the four CJs, which are part of the local government architecture in Wales, to drive our regional approach.

CJs are designated bodies intended to enable easier, quicker and more effective regional collaboration where it makes sense to do so. As a public body, CJs must set and review well-being objectives and establish how they will contribute to the achievement of Sustainable Development, which requires balancing and integrating economic growth, social inclusion, and environmental protection. With Strategic Development Plans, Regional Transport Plans and the power to do anything to enhance or promote the economic well-being of their region there is already a suite of regional evidence and development work underway in the CJs. We want to offer the opportunity for CJs to work with national, regional and local partners and prioritise a joined up, regional portfolio of interventions under this programme.

3.4.1 Allocation methodology

For the transition year we will work closely with local government to identify allocations for the first year which best reflect the needs and opportunities as aligned to the work described under section 3.1 (Managing the transition to the new Local Growth Fund model). This may also include consideration of the factors below.

Subject to the outcomes of the consultation, we propose to agree regional allocations for the post-transition period of the Local Growth Fund in Wales for each CJC. This will be based on a set of objective criteria, linked to the priorities and outcomes we want to prioritise in our Investment Plan. We will work with local government to agree a methodology, but previous approaches have taken into account: the Welsh Index of Multiple Deprivation; productivity of the labour force; levels of unemployment and economic inactivity; and population density.

Question 11: Do you have views on the criteria which should be used to determine regional allocations, linked to the priorities?

3.4.2 Regional growth plans

To access the regional allocation, we propose each CJC will be required to link to a ten-year vision and propose a regional delivery plan to set out the priorities, needs and opportunities for their region and how they intend to use their Local Growth Fund allocation to support productivity growth and tackle economic inequalities. This should draw on and contribute to existing plans rather than reinventing them, including their Strategic Development Plan and Regional Transport Plan.

The link to a ten-year vision is intended to provide a longer-term view on how local and regional partners see the region developing and reflect the wider investment landscape beyond these funds (e.g. City and Growth Deals, Investment Zones, Freeports and others). We do not propose being prescriptive about what this looks like, recognising it will already be in place in some regions. We propose these would be owned by the CJC and will not require agreement by the Welsh Government. We will offer support to those CJs that want it to develop a vision, as doing so may also help CJs access new and emerging funding sources such as those from the UK Industrial Strategy and help make the case for longer-term funding beyond 2029.

Following the transition arrangements, each region's delivery plan will be the key document to be agreed with the Welsh Government to release funding and empower the region. It will set out how the region will prioritise investment in their region. We will provide a template to support this analysis and prioritisation. These regional plans will need to deliver against our Investment Plan for Wales, including contributing to those outcomes, and draw on the menu of strategic objectives therein. They will not need to set out every individual project. They will need to demonstrate clear prioritisation, a linked set of targets, and appropriate governance and assurance arrangements (which in most cases will already be in place).

The requirements we set and the approach we propose CJs adopt will need to be proportionate to deliver investments quickly. Proposals for investment will need to work alongside other regional programmes, filling gaps and adding value. We propose to work with CJs and local government to ensure arrangements are as simple as possible. This may mean different governance approaches but meeting common standards and adopting consistency in other areas where necessary, such as monitoring and evaluation.

Demonstrating capacity and capability within the CJC will be critical to allow for the release of funding allocations and will form part of the Welsh Government's assessment of each region's Local Growth delivery plan. The role we propose for the CJC in prioritising and coordinating a coherent portfolio of investment for the region is vital if we are to realise the benefits of a more strategic and prioritised approach. We propose a maximum of 4% of Local Growth funding allocation is used to support capacity and capability for overall programme design and delivery in the CJC, local authorities or other key delivery partners.

We also expect a strong commitment to partnership working to be reflected at the regional and local level in planning and delivery of the Local Growth Fund, both for transition and beyond. We will set out requirements for involvement of different partners, including in an advisory capacity, to ensure voices from all relevant sectors are heard and inform decisions. This will include the third sector, business, trade unions, and higher and further education. The same requirements will apply to the Welsh Government when acting in its role to coordinate national investments and to oversee overall delivery across all regions.

<p>Question 12: Do you agree with the proposal for CJs to link to a 10-year vision and agree a delivery plan for the Local Growth Funding with Welsh Government?</p>

3.4.3 Local delivery

As set out in the sections above, we would expect local delivery to remain a critical component for projects at all levels. Most interventions will involve local delivery even if planned or prioritised at a national or regional level.

Both national and regional interventions should therefore consider the role of local delivery, whether by local authorities or other bodies. For example, a national intervention around the health determinants of economic inactivity might involve targeting specific local authorities and providing local allocations for delivery.

Similarly, an investment in local infrastructure might be identified as regionally or nationally important, so while the prioritisation is done at a national or regional level the delivery is planned and implemented locally. It will also be possible for CJsCs to consider how they can best support local authorities to deliver regional plans. A key role for each CJC will be to demonstrate how local investments are being prioritised to support their regional plans.

<p>Question 13: Do you have any views on how local delivery can be built into national and regional plans?</p>

3.5 Evaluating and evidencing delivery

Robust and effective monitoring and evaluation play a crucial role in the success of all policy and investment delivery. It is vital we adopt a culture of continuous review and improvement to learn from previous experience, build on what works, and ensure value for money. In a constrained fiscal environment these matter more than ever.

We expect to agree a core suite of standardised requirements which will apply at all levels of planning and delivery to ensure comparability across both Wales and the whole of the UK. This will also enable us to show how interventions at every level are contributing to our collective goals.

We need to be proportionate in the data we collect and ensure it is limited to that which is essential to evidence progress towards our outcomes and to only collect what we need. The most important criteria will be delivering against a desired outcome, and we need to guard against rigid output targets driving perverse behaviour.

We also recognise a three-year funding cycle may not be sufficient time to see outcomes and impacts in all cases, but we will want to have mechanisms to monitor progress towards them and a robust evaluation approach at the right time.

We propose to support CJsCs and other partners and will coordinate independent evaluation activity at a programme and regional level. Evaluations at a regional and

project level should be proportionate to the scale of the investment and we will consider opportunities to evaluate suites of similar interventions together.

We will develop guidance to support effective monitoring and evaluation and we will promote transparency in that data. A key role for the Welsh Government will be to bring together CJs and delivery partners to share best practice, disseminate evidence of what works, and highlight the new and emerging evidence.

As part of our Investment Plan for Wales and the regional delivery plans we will make sure sufficient funding is allocated to enable effective monitoring and evaluation, which we expect to be met from the up to 4% available for capacity and capability.

Question 14: Do you agree to the approach to monitoring and evaluation or want to offer additional views to inform a new approach?

Effect on the Welsh Language

We would like to know your views on the effects that our proposals for the Local Growth Fund would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

Question 15: What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Question 16: Please also explain how you believe the proposals for the Local Growth Fund could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language.

Issues not covered in the consultation

Question 17: We have asked several specific questions. If you have any related issues which we have not specifically addressed, please use this consultation to address them.