

WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Title of proposal:	Local Growth Fund
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SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

Long term

The Local Growth Fund (LGF) is a UK Government-funded programme providing £547 million over three years (April 2026 to March 2029) to support economic development across Wales. It is designed as a stable, multi-year investment framework that supports sustainable, place-based economic growth.

Long-term trends likely to affect Wales include persistent regional inequalities, uneven productivity growth, demographic change, outward migration—particularly among young people—and pressures on local delivery capacity. These challenges are especially acute in rural, coastal, post-industrial and Welsh-speaking areas, where weaker connectivity, limited access to higher-skilled employment and constrained local economies can undermine long-term resilience and community sustainability.

The LGF is intended to respond to these trends by strengthening the economic foundations of communities across Wales. By investing in skills, employment pathways, business development and local infrastructure, the Fund aims to support fair work, improve local labour markets and help communities adapt to economic, technological and environmental change. Improved physical and digital connectivity can support access to employment, education and services, particularly in more rural and remote areas.

For Welsh-speaking communities, the long-term intent of the LGF could be significant. Evidence from the consultation and policy analysis consistently highlights the link between economic vitality, community sustainability and linguistic vitality. Limited access to employment, affordable housing and essential services increases the risk of outward migration and reduces opportunities to use Welsh in everyday life. By supporting locally rooted economic activity and skilled employment, the LGF can contribute to the long-term aims of Cymraeg 2050 and to creating the conditions in which the Welsh language can thrive.

Prevention

In line with the Well-being of Future Generations (Wales) Act 2015, the LGF adopts a preventative approach that seeks to contribute to wider efforts to address the underlying structural causes of economic inactivity, low productivity, social exclusion and place-based disadvantage, rather than focusing solely on short-term outputs.

By targeting investment at areas and groups facing persistent disadvantage, the Fund can support early intervention to break negative cycles such as poverty, poor health outcomes and long-term worklessness. Investment in skills, employability and business support can

improve access to fair work and progression opportunities, reducing long-term reliance on public services. Investment in local infrastructure, transport and digital connectivity can help reduce isolation, improve access to services and support participation in education, employment and community life.

Environmental sustainability is embedded across the programme, with an expectation that funded activity supports low-carbon development, resource efficiency and climate resilience on a cross-cutting basis. Nature-based solutions, energy efficiency and sustainable transport can deliver preventative benefits by improving environmental quality, reducing emissions, tackling fuel poverty and strengthening resilience to climate risks—particularly in rural and coastal communities.

Overall, the LGF is designed to support the change the conditions that drive long-term inequality and disadvantage, ensuring that economic development contributes positively to social, cultural, linguistic and environmental wellbeing.

Integration

The LGF is designed to integrate with existing Welsh Government priorities and statutory duties, including the Programme for Government, national wellbeing objectives, regional wellbeing plans and obligations under the Welsh Language (Wales) Measure 2011.

Regional investment plans developed by Corporate Joint Committees (CJCs) and partners will be expected to demonstrate alignment with:

- economic development and skills priorities
- decarbonisation and environmental objectives
- equality and socio-economic duty considerations
- the promotion and facilitation of the Welsh language, where relevant

This integrated approach supports the delivery of multiple benefits from individual investments. For example, transport or digital infrastructure projects can improve access to employment and services, support healthier lifestyles, strengthen community cohesion and enable greater participation in cultural and Welsh-language activity.

The proposal recognises that positive impacts—particularly for equality and the Welsh language—are not automatic. Effective integration depends on early consideration of impacts, bilingual service design, workforce capacity and compliance with Welsh Language Standards. The LGF therefore places expectations on regional planning and project design to ensure that these considerations are embedded from the outset rather than treated as add-ons.

Collaboration

The development of the LGF has been informed by extensive collaboration across Welsh Government and with external partners. Engagement has included local authorities, CJsCs, businesses, third-sector organisations, education providers and policy teams, including those responsible for the Welsh language.

A national consultation and regional stakeholder engagement events provided evidence on local needs, delivery risks and opportunities. Stakeholders consistently emphasised the importance of:

- place-based decision-making
- continuity of services during the transition from previous funding programmes
- flexibility to reflect local economic, social and linguistic contexts
- meaningful involvement of communities and delivery partners

This collaboration has directly shaped the design of the LGF, including the introduction of a transition year, the emphasis on flexible regional planning and the focus on long-term outcomes rather than short-term outputs.

Involvement

People and organisations likely to be affected by the LGF have been involved through a national consultation and a series of regional stakeholder engagement events. These brought together local authorities, businesses, third-sector organisations, skills and education providers, community bodies and public sector partners.

Participants contributed evidence on regional priorities, delivery capacity, funding risks and the importance of continuity for people-facing services. Engagement highlighted the specific needs of rural, coastal, post-industrial and Welsh-speaking communities, as well as the barriers faced by disadvantaged groups in accessing employment, skills and services.

This involvement has informed the Fund's objectives, delivery model and mitigation measures, ensuring that the LGF reflects lived experience and regional diversity. Ongoing involvement will continue through regional partnerships, co-design of priorities and engagement with delivery partners during implementation.

Impact

The LGF is expected to deliver significant positive impacts across economic, social, cultural, linguistic and environmental wellbeing.

Arguments in favour of the proposal include its ability to contribute to efforts to address long-standing structural challenges such as uneven productivity, limited job opportunities and regional inequalities. Stakeholders expressed strong support for a coordinated, regionally led model that aligns infrastructure, business support and skills investment. The Fund can also support low-carbon development, climate resilience and nature-based solutions, contributing to Wales's environmental and decarbonisation goals.

Potential risks identified through engagement include variation in regional delivery capacity, uncertainty around long-term funding arrangements and concerns that a capital-heavy funding profile could reduce support for revenue-funded, people-centred services. Evidence gaps remain in relation to some long-term outcomes, particularly for rural areas and disadvantaged groups.

These risks will be mitigated through clear guidance, a transition year, early evaluation activity, strengthened monitoring and continued engagement with regions and stakeholders to refine delivery over time.

Costs and Savings

The LGF represents a £547 million programme delivered over three years, funded by the UK Government through an annual budget transfer to the Welsh Government. Investment will focus on infrastructure, RD& and business support, and skills and employment, with an approximate 70% capital and 30% revenue split.

Costs can be reduced through coordinated planning, shared delivery arrangements and alignment with existing programmes and regional structures. Joint planning, shared procurement routes – where applicable - and proportionate monitoring can help avoid duplication and improve value for money.

Savings may also arise through economies of scale, more efficient regional governance and the ability to crowd-in private and third-sector investment alongside public funding. Together, these approaches support effective delivery while strengthening long-term regional economic capacity.

SECTION 8. CONCLUSION

8.1 How have people most likely to be affected by the proposal been involved in developing it?

The Local Growth Fund was developed through extensive engagement with people and organisations most likely to be affected by the proposals. This included a six-week national consultation and four regional online stakeholder engagement events, bringing together local government, businesses, third-sector organisations, skills and education providers and other public bodies. The consultation received 154 responses, with evidence and insights analysed across sectors and regions.

Children and Their Representatives

Although the consultation focused primarily on economic development, views relevant to children and young people were gathered through organisations representing youth, education and progression pathways, including The King’s Trust and Blaenau Gwent Youth Service. These organisations highlighted barriers faced by young people and the importance of continuity and accessibility in skills and employability provision.

People with Protected Characteristics

A wide range of equality-focused stakeholders, including organisations working with disabled people, ethnic minority groups, women and people experiencing socio-economic disadvantage, contributed evidence. Feedback highlighted risks associated with reductions in revenue-funded services, access barriers and the need for inclusive, locally tailored delivery models.

Welsh Speakers and Welsh-Language Groups

Stakeholders provided detailed feedback on the Welsh language, emphasising the need for bilingual provision and for investment to support the sustainability of Welsh-speaking communities. Responses highlighted opportunities to strengthen Welsh-language use and cultural identity through LGF-supported projects.

Other Affected Groups

Broader engagement captured views from rural residents, businesses, community bodies, employability providers, cultural organisations and local authorities. This input shaped key themes including place-based delivery, investment in community assets, transport and digital connectivity, and the importance of avoiding service “cliff edges” during the transition from the Shared Prosperity Fund to the Local Growth Fund.

8.2 What are the most significant impacts, positive and negative?

The Local Growth Fund (LGF) is expected to generate significant long-term benefits for people, communities, the economy, the environment and the Welsh language, while also presenting moderate risks that will need careful management.

Impact on People and Communities

The LGF could have a significant positive impact on people across Wales. By targeting investment in areas with persistent inequalities—particularly rural, coastal, Welsh-speaking and post-industrial communities—the Fund aims to improve access to jobs, skills, services, community assets and local infrastructure. Respondents identified improvements in transport, digital connectivity, employability support and community facilities as essential for enabling participation in work and education, tackling social isolation and strengthening local resilience.

However, stakeholders also expressed concerns about the short delivery window and capital-heavy funding split, which could reduce continuity for people who rely on revenue-funded programmes such as employability, mental-health support or community outreach. These risks were raised repeatedly by third-sector organisations, local authorities and individuals, who emphasised the danger of “cliff edges” as SPF-funded activity ends and LGF delivery begins.

Impact on Culture and the Welsh Language

The LGF presents moderate to significant opportunities for culture, heritage and the Welsh language. Investment in local infrastructure, community assets, active travel and regeneration can enhance access to cultural venues, sports facilities, historic places and community-led arts and culture programmes. Stakeholders stressed that culture and leisure organisations already deliver successful programmes with strong wellbeing and inclusion outcomes, and that these should be recognised as areas for investment.

The Welsh language was a strong theme throughout consultation responses. Stakeholders noted the potential for the LGF to strengthen Welsh-speaking communities, support bilingual skills, and expand opportunities to use Welsh in everyday life—especially in rural areas where the language is central to local identity and belonging. However, they also warned that without explicit expectations, Welsh-language provision risked becoming inconsistent or secondary to English. A consistent message was that full consideration of the language must be embedded from the outset in project design and delivery, supported through clear guidance and appropriate support.

Impact on the Economy

Economic impacts are expected to be significant and wide-ranging. The LGF aims to support productivity growth, business competitiveness, innovation, local employment and regional economic growth. Consultation feedback highlighted that improvements to transport, digital connectivity, business premises and community spaces create the conditions for enterprise growth, workforce participation and resilient regional economies.

Stakeholders emphasised that local infrastructure is the “platform” upon which all other economic activity depends.

The Fund also creates opportunities to leverage private investment—particularly in renewable energy, digital infrastructure and high-value innovation sectors. However, stakeholders highlighted pressures on some local authorities and CJs, risks of funding being diverted to protect core budgets, and concerns about uneven readiness across regions, which could exacerbate geographic inequalities if not mitigated. Guidance will be put in place to address these risks.

Impact on the Environment and Natural Resources

The LGF is strongly aligned with Wales’s environmental and decarbonisation goals. The programme can make significant positive contributions by supporting:

- Nature-based solutions, such as green infrastructure, urban greening, and biodiversity enhancement
- Renewable and low-carbon energy, including community renewables, offshore wind and enabling infrastructure
- Energy efficiency, particularly for housing and community facilities, helping tackle fuel poverty and reduce emissions
- Climate adaptation, including flood mitigation, resilient transport and improved environmental quality

These interventions help tackle multiple national challenges including biodiversity loss, climate change, air quality, water management and public health.

Environmental risks relate primarily to the short timescale, which may limit the ability to deliver more complex or long-lead-time projects.

Themes Emerging from Involvement

Across engagement activities, several themes consistently emerged:

Place-based delivery must remain central, allowing CJs and local government to shape investment around needs.

Continuity of support is essential - stakeholders repeatedly warned against service gaps during the transition from SPF to LGF.

Balanced capital and revenue: Stakeholders urged more flexibility to ensure people-focused services are not displaced.

Inclusive governance: Third-sector and equality organisations stressed the need for clear mechanisms to ensure their involvement is meaningful.

Readiness for delivery: Many partners highlighted variation across regions and the need for targeted support to ensure equitable access to funding. There is an opportunity to consider working with a range of community-led projects which support Welsh language.

Strengthening Welsh-speaking communities and enhancing cultural identity: Strong expectations for the LGF to support the long-term sustainability of Welsh-speaking communities, increase the use of the language and sustain culturally significant organisations.

These risks are addressed through the mitigation measures set out in section 8.3.

8.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The Local Growth Fund (LGF) has been designed to maximise its contribution to the Welsh Government's well-being objectives and the seven well-being goals by embedding long-term, preventative, collaborative and place-based principles throughout its delivery. At the same time, the proposal includes a series of targeted actions to mitigate the key risks identified through impact assessments and stakeholder engagement.

Maximising contribution to well-being goals and objectives

A Prosperous Wales / A More Equal Wales / A Wales of Cohesive Communities

The LGF aims to strengthen regional economies through investment in infrastructure, skills, business support and key assets in communities. By targeting rural, coastal and post-industrial areas where inequalities are most persistent, the Fund supports fair work, local employment, inclusive growth and improved access to services.

A Resilient Wales / A Healthier Wales

Embedding nature-based solutions, low-carbon infrastructure and renewable energy will reduce emissions, improve environmental quality, support climate adaptation and contribute to healthier living conditions. Investments in active travel, community spaces and local amenities promote physical activity, mental wellbeing and social connection.

A Wales of Vibrant Culture and Thriving Welsh Language

The LGF can support cultural participation through investment in cultural assets, leisure facilities and heritage-led regeneration. Welsh-language communities—particularly in rural areas—can benefit from an expectation of bilingual delivery within funded projects, opportunities to strengthen local infrastructure, improve access to services, and new jobs, and more opportunities to use the language on a day to day basis..

A Globally Responsible Wales

Resource-efficient design, renewable energy projects, and focus on climate resilience contribute to decarbonisation while supporting local supply chains and green skills.

Actions to promote biodiversity, climate action and natural resources

To maximise positive environmental outcomes, Welsh Government will:

- **Encourage nature-based design** in infrastructure and regeneration projects (e.g. green infrastructure, habitat enhancement, urban greening).
- **Align LGF investment with Local Area Energy Plans**, regional energy strategies and renewable energy opportunities.
- **Encourage projects to demonstrate resource efficiency**, low-carbon design and circular-economy principles.
- **Use early evaluation and monitoring** to track environmental outcomes and promote continuous improvement.

These actions ensure alignment with Natural Resources Policy priorities and the statutory biodiversity duty.

Actions to promote children’s rights

Several LGF objectives affect young people through employability and local service access. Welsh Government will:

- Ensure Regional Plans consider barriers facing young people, particularly those not in education, employment or training.
- Encourage engage with youth-sector partners, including those who contributed to the consultation, to shape local priorities.
- Encourage projects to improve access to training, progression pathways and community facilities used by children and young people.
- Publish the Children’s Rights Impact Assessment and ensure all delivery partners understand implications for their project design.

Actions to promote equality and reduce inequalities

To advance equality and mitigate risks to under-represented groups, Welsh Government will:

- Require equality considerations to be embedded in all Regional and project-level plans.
- Promote flexible delivery models that reach groups experiencing barriers to participation (e.g. disabled people, ethnic minority groups, women, low-income households).
- Encourage partnerships with the third sector, which provides vital support for vulnerable groups.
- Enable modest revenue elements within capital projects to ensure inclusive access and service continuity.
- Publish robust guidance on inclusive engagement, procurement, accessibility and fair work.

Actions to strengthen the Welsh language

To maximise positive impacts for Welsh speakers, Welsh Government will fully embed the aims of Cymraeg 2050:

- Reiterate the legal obligations to embed the Welsh language at the core of the programme's aims and objectives.
- Support regions to identify opportunities that strengthen Welsh-language use in communities and workplaces as well as sustain the long-term vibrancy of Welsh-speaking communities.
- Work with Cymraeg 2050 officials to provide guidance and capacity building.
- Require CJC's Regional Plans to address linguistic impacts and demonstrate contribution to ensure Welsh-speaking communities continue to thrive.

Actions to avoid, reduce or mitigate negative impacts

The most significant risks identified were:

- the capital-heavy funding split reducing support for revenue-dependent services
- short delivery timescales
- variable regional capacity

- risk of “cliff edges” during the SPF to LGF transition
- risk of smaller or community-based organisations being marginalised

Mitigation actions include:

- Transition year to stabilise delivery and protect critical services.
- Clear guidance on use of limited revenue to support feasibility, engagement and continuity where necessary.
- Capacity-building support for CJsCs and local government.
- Proportionate monitoring to reduce administrative burden.
- Setting minimum requirements and providing support for governance and engagement mechanisms to ensure the third sector, equality groups and Welsh-language stakeholders are fully involved.
- Early alignment with other Welsh Government and wider investment programmes and strategies to minimise duplication and maximise coherence.

Where negative impacts cannot be fully mitigated—most notably the restricted revenue envelope—this reflects constraints of the UKG funding settlement rather than Welsh Government policy choices. The Welsh Government will continue to monitor risks and work with regions to minimise service disruption.

8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The Local Growth Fund (LGF) will be monitored and evaluated through a structured, multi-stage approach designed to ensure accountability, measure outcomes and enable continuous improvement. Monitoring will take place at project, regional and national levels, with reporting requirements proportionate to delivery arrangements and the three-year funding window. This reflects stakeholder feedback calling for streamlined, proportionate monitoring, with clear KPIs and consistent reporting across regions.

Welsh Government will collect regular monitoring data from the four regional lead Local Authorities during the transition year and from Corporate Joint Committees (CJsCs) thereafter. This will include progress against milestones, outputs, outcomes, spend profiles, equality and Welsh-language considerations, environmental performance and early indications of impact. Mixed-method evidence—combining quantitative indicators with qualitative insight—will be used to understand delivery challenges and emerging impacts, supporting continuous learning.

A formative evaluation will be undertaken during delivery to assess progress and support course-correction where necessary, consistent with the mitigation measures set out in section 8.3. A summative evaluation will be completed at the end of the Fund to assess effectiveness, value for money, contribution to the wellbeing goals and the extent to which the LGF has delivered against intended outcomes. Early evaluation activity will also help address identified evidence gaps, particularly in relation to rural impacts, productivity pathways and outcomes for disadvantaged groups.

Post-implementation review

Welsh Government will publish evaluation findings and use lessons learned to inform and refine future regional investment approaches, ensuring continued alignment with the Well-being of Future Generations (Wales) Act.

FULL IMPACT ASSESSMENTS

A. CHILDREN’S RIGHTS IMPACT ASSESSMENT

1. Policy objectives

The Local Growth Fund is a new, three-year UK Government-backed programme - worth £547 million in Wales between April 2026 and March 2029 - designed to contribute to ambitions of both the Welsh and UK Governments to boost productivity, reduce regional inequalities, and support long-term economic growth. In Wales, decision-making is being restored to the Welsh Government, which will develop an Investment Plan and deliver the fund through national, regional, and local tiers, with Corporate Joint Committees (CJCs) playing a central role after a 2026–27 transition year. The fund focuses on three broad themes: infrastructure, RD&I and business support, and skills and employment, with an approximate 70% capital / 30% revenue split. It aligns with wider UK and Welsh programmes and strategies - including City and Growth Deals, Investment Zones, and the Well-being of Future Generations Act - and is intended to complement other regional investments, support locally tailored priorities, and encourage collaboration across government and partners.

The Local Growth Fund is expected to deliver substantial benefits for children and young people by improving access to jobs, skills, services and community assets - particularly for those in low-income households, rural or disadvantaged areas, and those affected by environmental risks. However, several risks are identified, including potential gaps in youth-focused services due to the capital-heavy funding split, uneven regional delivery capacity, delays in addressing digital and transport barriers, and possible “cliff edges” during the transition from SPF to LGF that could disrupt support relied upon by vulnerable young people.

Please find below the link to the consultation document.

[Proposals for an approach to the UK Local Growth Fund in Wales](#)

2. Gathering evidence and engaging with children and young People

We have produced a socio-economic analysis document for the priority theme of increasing skills and supporting people into work, which uses the following research and data:

Labour Force Survey (LFS) data on young people (16–24)

The analysis presents detailed LFS findings on economic inactivity among young people in Wales, including:

- 39.5% inactivity rate for 16–24-year-olds.
- Evidence pointing to poor mental health and long-term illness as growing barriers for young people.

NEET-related research

A significant body of research is referenced on young people not in education, employment or training (NEET):

- **Resolution Foundation – *False Starts***¹
Shows that 44% of NEET young people do not engage with the benefits system, highlighting the need for proactive outreach.
- **EPPI-Mapper**²
A database identifying 399 studies evaluating youth employment and skills interventions.
- **Youth Futures Foundation – *What works in reducing NEET rates***³
Identifies four priority action areas:
 - Early identification of at-risk young people
 - Youth Guarantee with wage subsidy mechanisms
 - More high-quality apprenticeships and skills pathways
 - Addressing mental health as a major barrier

Evaluations of Youth Guarantee-type programmes

The analysis references several substantial international and Welsh evaluations:

- Wales' Young Person's Guarantee (YPG)⁴
- France and Finland Youth Guarantee evaluations^{5,6}

¹ Resolution Foundation (2025) *False starts: What the UK's growing NEETs problem really looks like, and how to fix it*. Available at: <https://www.resolutionfoundation.org/publications/false-starts/>

² EPPI-Mapper

³ Youth Futures Foundation (2025) *What works in reducing NEET rates: a comparative study*. Available at: <https://youthfuturesfoundation.org/publication/what-works-in-reducing-need-rates-a-comparative-study/>

⁴ The Young Person's Guarantee | GOV.WALES

⁵ The+Youth+Guarantee+in+Finland

⁶ Association of Finnish Local and Regional Authorities (n.d.) *Finland Youth Guarantee*. Available at: <https://www.localfinland.fi/sites/default/files/media/file/Finland%20Youth%20Guarantee.pdf>

The research provides a strong foundation for designing youth-focused employment and skills policy, rooted in both quantitative labour-market data and robust evaluations of what works on the ground.

The LGF is expected to have an overall positive impact on children and young people by improving access to jobs, skills, community services and facilities, particularly for those in low-income households and in rural, coastal and post-industrial areas, where investment in transport, digital connectivity and community infrastructure can reduce longstanding barriers to education, training and wellbeing. By supporting parents and carers into work and strengthening local economies, the LGF may also indirectly improve family stability and long-term outcomes for children. However, there are potential negative impacts if risks are not managed, including disruption to revenue-funded youth, employability and wellbeing services due to the fund's capital heavy profile and short delivery timescales, which could disproportionately affect vulnerable young people and those furthest from the labour market. Uneven local delivery capacity could also lead to geographic inequalities, meaning some groups of children and young people may benefit less than others if mitigation measures are not effectively implemented.

Participatory work with children and young people to inform our policy

We hosted four online stakeholder engagement events, which were attended by numerous organisations that work with children and young people (e.g. Careers Wales and Cardiff Youth Service). We also received many written consultation responses from organisations that work with children and young people. The socio-economic analysis that has informed the Local Growth Fund proposals used research and data from organisations whose work focuses on children and young people, such as Youth Futures Foundation and European Youth Forum. Representatives from the Future Generations Commissioner, Colleges Wales and Medr sit on our Regional Investment Steering Group which meets regularly.

Delays have meant that the Local Growth Fund has been created in a very short timescale, therefore, regrettably we have not engaged directly with children and young people. There will be an expectation on CJC's and lead local authorities to engage with children and young people when they are deciding which projects to fund and to assess the impacts on children and young people of the projects they fund. For projects that are aimed at children and young people, such as an employability project, it will be important for them to engage with children and young people to inform them of the opportunities that the project offers. Projects may also engage with children and young people to gather feedback and monitor the outcomes of the project.

Feedback from organisations working with children and young people highlighted the need for early intervention, prevention, and better support for youth progression pathways, emphasising that investment should help prevent skills deficits and reach disadvantaged

young people in deprived or rural areas. They stressed the importance of targeted youth engagement, inclusive and equitable access to opportunities, and alignment with existing employability and education programmes to avoid duplication and ensure coherent pathways into work. Concerns were also raised about funding cliff-edges during the transition from the Shared Prosperity Fund to the Local Growth Fund, noting that gaps would disproportionately affect young people relying on continuity of support. This feedback was incorporated into the formulation of the investment plan. LGF guiding principles on prevention and long-term outcomes were strengthened and adjustments were made to the skills priority area.

3. Analysing the evidence and assessing the impact

Impact of the Local Growth Fund on Children and Young People, and Mitigation Measures

Using the available evidence, the Local Growth Fund (LGF) is expected to have overall positive impacts on children and young people, while also presenting several risks that require mitigation.

Positive Impacts

Improved opportunities for young people (16–24) to access skills, training and employment

Evidence from the Labour Force Survey and youth employment research shows high economic inactivity among young people, often linked to mental health challenges, lack of work experience, and limited transport options. LGF investment in skills pathways, employability support, and accessible infrastructure can significantly improve transitions into work, particularly for those at risk of becoming or remaining NEET.

Benefits for children in low-income households

By supporting job creation, boosting local economies and improving access to services, the LGF can indirectly support family stability and long-term outcomes for children living in poverty.

Improved access to services and facilities valued by young people

Investments in community assets, digital connectivity, transport, public spaces and local infrastructure make it easier for children and young people to participate in education, recreation, cultural life and youth services—especially in rural areas where access barriers are greatest.

Better environmental quality and climate resilience

Nature-based solutions, green infrastructure and improved active travel routes enhance local environments and support healthier lifestyles. These improvements

disproportionately benefit young people, particularly those living in areas with poor air quality or limited safe outdoor spaces.

Negative Impacts and Risks

Risk of reduced support for revenue-funded youth services

Because the LGF is highly capital-focused, there is a risk that programmes relied upon by young people—such as outreach, youth work, employability mentoring, community-based mental health support and progression pathways—may receive insufficient revenue. This could disproportionately affect vulnerable young people, including those furthest from the labour market or with additional learning needs.

Risk of disruption (“cliff edges”) between SPF-funded services and new LGF delivery

Short delivery windows and tight transition timelines may cause temporary gaps in youth support, employability programmes and local services. Evidence shows these gaps can negatively affect confidence, wellbeing and engagement among young people.

Geographic inequality affecting young people in rural, coastal and post-industrial areas

Regions with less delivery capacity or fewer shovel-ready projects may be slower to realise benefits. Given the higher levels of digital exclusion, transport barriers and service scarcity in rural Wales, young people in these communities may face delayed or reduced access to opportunities.

Digital and transport exclusion persisting for young people

Although the LGF aims to improve connectivity, progress may be uneven. Evidence shows that transport is a major barrier for young people accessing jobs and education, with 79% reporting it limits their opportunities. These constraints could continue until investments take effect.

Mitigation Measures

To reduce negative impacts and strengthen children’s rights, the Welsh Government will:

- **Support continuity of youth-focused provision during the transition year**
Regions will be encouraged to use transition arrangements to avoid service gaps and protect existing programmes relied upon by young people, especially those NEET or with additional support needs.
- **Allow proportionate use of revenue to support inclusive delivery**
Where necessary, revenue may be used alongside capital projects for engagement,

accessibility, safeguarding, outreach and programme continuity that benefit children and young people.

- **Require Regional Plans to explicitly consider barriers affecting young people**
This includes transport, digital access, mental health challenges, lack of work experience and challenges faced by disadvantaged youth groups.
- **Strengthen involvement of organisations representing children and young people**
Partners such as Careers Wales, local youth services, and third-sector organisations will be engaged throughout planning and delivery to ensure lived experience informs decisions.
- **Ensure youth-friendly communication and access requirements**
LGF-funded services and facilities will be expected to provide bilingual, accessible, age-appropriate information and engagement routes.
- **Embed UNCRC considerations across project design**
Projects must show how they support children’s rights to participation, development, safe environments, and equal access to opportunities.

How does the Local Growth Fund enhance or challenge children’s rights?

UNCRC Articles or Optional Protocol	Enhances (X)	Challenges (X)	Explanation
Article 27 Children have a right to a standard of living that is good enough to meet their physical and mental needs. The Government should help families who cannot afford to provide this.	Yes		By supporting job creation, boosting local economies and improving access to services, the LGF can indirectly support family stability and long-term outcomes for children living in poverty.
Article 15 Children have the right to meet together and to join groups and organisations, as long	Yes		Investments in community assets, digital connectivity, transport, public spaces and local infrastructure make it easier for children and young people to participate in education, recreation, cultural life

<p>as this does not stop other people from enjoying their rights.</p> <p>Article 2 The Convention applies to everyone whatever their race, religion, abilities, whatever they think or say and whatever type of family they come from.</p> <p>Article 3 All organisations concerned with children should work towards what is best for each child.</p> <p>Article 13 Children have the right to get and to share information as long as the information is not damaging to them or to others.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>and youth services—especially in rural areas where access barriers are greatest.</p> <p>The LFG can ensure fairness by using evidence on inequality to shape funding criteria and protect revenue-funded youth, additional learning needs, employability and community services that vulnerable young people rely on. An equality impact assessment has been carried out to ensure that the LFG improves equality in Wales.</p> <p>LGF-funded projects with a focus on improving skills and employability for young people are expected to act in the best interests of the young people involved in the project. Monitoring and evaluation will ensure that projects are having a beneficial impact on the young people involved.</p> <p>LGF-funded projects that directly impact children and young people will provide information on the project in an accessible and age-appropriate format. This could include flyers and an ‘easy-read’ version of documents on their website.</p>
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<p>Article 23 Children who have any kind of disability should have special care and support so that they can lead full and independent lives.</p>		<p>Mitigated challenge</p>	<p>Reduced revenue funding compared to SPF could have a disproportionate negative impact on children with additional learning needs. This challenge has been mitigated through a transition year to avoid service gaps and the majority of revenue funding being allocated to the ‘increasing skills and supporting people into work’ priority theme.</p>
<p>Article 26 The Government should provide extra money for the children of families in need.</p>		<p>Mitigated Challenge</p>	<p>Reduced revenue funding for LGF outreach programmes risks weakening the personalised, community-based support that people furthest from the labour market rely on, potentially raising the likelihood that vulnerable families experience reduced access to services, increased financial strain, and greater barriers to work and stability. To mitigate this, the LGF includes a mainly revenue-funded skills and employability priority and a managed transition year that preserves SPF delivery structures to avoid cliff-edges in support.</p>
<p>Article 27 Children have a right to a standard of living that is good enough to meet their physical and mental needs. The Government should help families who</p>	<p>Yes</p>		<p>The LGF can improve living standards for children in poverty by strengthening parental employment prospects and improving local environmental and economic conditions. These actions reduce household hardship, stabilise support systems, and create</p>

<p>cannot afford to provide this.</p> <p>Article 31 All children have a right to relax and play, and to join in a wide range of activities.</p>	<p>Yes</p>	<p>healthier, opportunity-rich places for children to grow up. Together, they help tackle the structural drivers of child poverty and support better life chances over time.</p> <p>Investment in regional community assets and public spaces could give children better access to safe, youth-friendly hubs where they can take part in sport, arts and informal learning close to home. Improved transport and digital connectivity will help remove barriers to reaching activities, particularly for children in rural or disadvantaged areas.</p>
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4. Ministerial advice and decision

The analysis of impacts on children and young people will directly inform ministerial advice by ensuring that the Minister is made fully aware of both the significant opportunities the Local Growth Fund presents for improving outcomes, and the risks that require mitigation to protect the rights and wellbeing of young people. The advice will highlight the strong evidence showing that LGF investment can support improved skills, employment pathways, community assets, transport and digital connectivity—all of which can benefit young people, particularly in disadvantaged or rural communities.

At the same time, the advice will set out the need for specific safeguards, including maintaining continuity of youth-focused services during the transition from SPF, ensuring proportionate revenue funding to support inclusive delivery, addressing barriers such as transport and digital exclusion, and involving youth-sector partners throughout planning and implementation.

By presenting these risks and mitigation measures clearly, the advice will support the Minister to make decisions that uphold the UNCRC, avoid unintended negative impacts, and maximise positive outcomes for all children and young people across Wales.

5. Communicating with Children and Young People

We will continue engaging with stakeholder organisations that work with children and young people throughout the delivery of the LGF, and we will publish the investment plan, summary of consultation responses, summary of stakeholder engagement events and integrated impact assessment on the Welsh Government website.

CJC's and regional lead local authorities will be expected to engage with organisations that work with children and young people and assess the impacts of projects on children and young people when deciding which projects to fund. Projects will need to communicate relevant information to children and young people in an accessible and age-appropriate format. Quarterly monitoring will ensure that CJC's and lead local authorities are meeting these expectations.

6. Monitoring and Review

There is a 6-month review of the programme planned for October 2026, we will also review the CRIA at this stage.

B. WELSH LANGUAGE IMPACT ASSESSMENT

Cymraeg 2050 is our national strategy for increasing the number of Welsh speakers to a million by 2050.

The Welsh Government is fully committed to the new strategy, with the target of a million speakers included in its Programme for Government. A thriving Welsh language is also included in one of the 7 well-being goals in the Well-being of Future Generations (Wales) Act 2015.

1. **Welsh Language Impact Assessment reference number:** WLIA - 16/01/2026
2. **Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language?**

The proposal demonstrates a clear link with the aims and objectives of *Cymraeg 2050: a million Welsh-speakers*. The proposal recognises the need to support both the aims to increase the number of Welsh speakers as well as practical opportunities to increase the use of the language in daily life. The strategy outlines three interconnected themes: increasing the number of speakers, increasing the use of Welsh, and creating favourable conditions for the language to thrive. This proposal engages with all three of these aims by considering how delivery structures, communication mechanisms, and service access could influence the linguistic landscape.

The Welsh language belongs to all the people of Wales and to its speakers everywhere. The Welsh Government's strategy *Cymraeg 2050* has an overarching ambition to see the Welsh language flourish across all the communities in Wales.

In its recent report *“Empowering communities, strengthening the Welsh language,”* the Commission for Welsh-speaking Communities has emphasised that securing the future of the language requires full and proactive consideration across key policy areas, especially economic development. Many higher-density Welsh-speaking areas have experienced a decline in both the numbers and percentage of Welsh speakers in recent years. The Commission noted that these high-density Welsh-speaking areas have faced structural challenges arising from the UK leaving the European Union and the impacts of COVID-19.

The Commission presented 57 recommendations, many of them directed to the Welsh Government. These recommendations underline the importance of areas with higher Welsh-speaking populations, describing them as areas of higher density linguistic significance. The long-term sustainability of these communities is vital to ensuring that the Welsh language thrives across the whole of Wales.

Aligned with the aspirations of Cymraeg 2050, the Commission highlighted the important role of economic policy in supporting the language—particularly within higher-density Welsh-speaking areas. These communities are closely connected to rural areas, sharing similar social and economic challenges and being heavily reliant on traditional sectors including agriculture, tourism and public services.

One of the greatest challenges to the vitality of Welsh-speaking communities is the continuous outward migration of young people. While this is not always solely due to limited job opportunities, the availability of highly skilled and well-paid jobs is sparse in these areas, contributing to the trend.

This proposal focuses on place-based priorities, with CJsCs developing regional strategies, which will include prioritising areas for investment in partnership with local authorities and other key stakeholders. This ensures that all areas are able to thrive both economically and socially.

Phase 2 of the Commission for Welsh-speaking Communities will present its report and recommendations to the Welsh Government in 2026, focusing on the challenges faced by Welsh-speaking communities in lower and mid-density areas.

3. Describe and explain the impact of the proposal on the Welsh language, and explain how you will address these impacts in order to improve outcomes for the Welsh language.

Consultation responses highlighted that the proposal has potential to create significant positive effects, provided that Welsh language considerations are fully embedded in the programme from the outset. The Welsh Government agrees with this view and will ensure that the Welsh language is a core consideration in the programme from the outset.

Respondents stressed that language benefits are not automatic: targeted actions are required to protect and promote the use of Welsh in everyday services, workplaces, and community settings.

Local authority respondents noted that the proposals “have the potential to deliver significant positive effects for the Welsh language if embedded throughout project design and delivery”, emphasising that regional approaches should reflect local linguistic needs and the realities of Welsh-speaking communities.

Some third sector and community-based respondents also warned that unless Welsh language considerations are fully mainstreamed, “there is no certainty that economic development will benefit Welsh”.

Taken together, the comments suggest that the proposal is likely to have a positive impact, but only if the Welsh language is actively mainstreamed in implementation.

As a result, we will work with officials in Cymraeg 2050 and provide guidance to all CJC’s that the proposals will need to fully embed Welsh language considerations in supporting the vibrancy of Welsh-speaking communities. It is acknowledged that this expectancy is more than providing bilingual signage, materials and services.

♦ **How will the proposal affect the sustainability of Welsh speaking communities⁷ (both positive and/or adverse effects)?**

A strong message from the consultation was that the proposal must make a deliberate contribution to sustaining Welsh-speaking communities.

Key themes raised include:

- The need to align the proposal with place-based and community-focused models that support local businesses, community assets, rural economies, and cultural identity — all of which strengthen Welsh-speaking areas.
- Ensuring that economic development is linguistically aware, recognising that Welsh is integral to community identity, belonging and long-term sustainability.
- Recognising that many rural or remote areas with higher concentrations of Welsh speakers often face worse access to services (transport, digital, housing), meaning bilingual accessibility must be built into infrastructure planning.

⁷ These can be close-knit rural communities, dispersed social networks in urban settings, and in virtual communities reaching across geographical spaces.

Respondents also emphasised the importance of engaging Mentrau Iaith and local language planners in regional decision-making, to ensure that community linguistic needs are fully considered and not overlooked.

Overall, consultation comments support Welsh Government's view that the proposal can support Welsh-speaking communities, but must integrate Welsh language outcomes as core—not peripheral—elements of delivery.

♦ **How will the proposal affect Welsh medium education and Welsh learners of all ages, including adults (both positive and/or adverse effects)?**

Consultation feedback highlighted several Welsh language considerations which include education and skills needs relevant to the proposal:

- Strong support for developing a Welsh-medium and bilingual workforce, particularly in growth sectors such as green industries, digital, and care. Respondents recommended national programmes for B2+ language training, apprenticeships, and teacher retention to support Cymraeg 2050 targets.
- Calls for investment in education infrastructure that includes spaces for Welsh language skills development, to allow expansion of the Welsh-medium workforce.
- Recognition that young Welsh speakers, particularly those outside formal education, require identity-led engagement opportunities to ensure continued language use.

While the proposal may not directly reform education, it can contribute by ensuring that any training, skills programmes, digital learning tools or outreach activities are fully bilingual and supportive of Welsh-medium pathways and contributes to the Wellbeing of Future Generation's aim of creating the right conditions for the language to thrive.

♦ **How will the proposal affect services⁸ available in Welsh (both positive and/or adverse effects)? (e.g. health and social services, transport, housing, digital, youth, infrastructure, environment, local government etc.)**

Feedback consistently stressed the need for proactive bilingual service design, reinforcing that:

⁸ The Welsh Language Strategy aims to increase the range of services offered to Welsh speakers, and to see an increase in use of Welsh-language services.

- All digital platforms, customer interfaces, and data systems must be bilingual “from the outset”.
- Projects funded through the proposal should include Welsh language capability as an integral part, not an add-on.
- Bilingual delivery should be adequately resourced, including time, translation, workforce capacity and technical solutions.
- Procurement processes should embed Welsh language criteria to ensure suppliers deliver to the bilingual standards required by law.

Consultation responses also indicated that smaller organisations may need proportionate support to meet these requirements — for example, templates, examples of best practice, and guidance materials. The Welsh Government accepts and agrees with consultees’ comments in respect of ensuring that all services delivered by means of the proposal will be bilingual by design and of high quality.

- ◆ **How will you ensure that people know about services that are available in Welsh and are able to access and use them as easily as they can in English? What evidence / data have you used to inform your assessment, including evidence from Welsh speakers or Welsh language interest groups?**

Respondents emphasised that simply providing services in Welsh is not enough; people must be aware of them, trust them, and find them easy to access. Recommendations included:

- Ensuring Welsh is visible and normalised across communications, branding and public messaging.
- Using bilingual digital platforms (including social media channels such as TikTok and YouTube) to reach younger audiences.
- Collecting and publishing data on Welsh language uptake and client satisfaction in relevant services, ensuring transparency and continuous improvement.

These comments will inform the proposal’s communications and service-access strategies.

- ◆ **What other evidence would help you to conduct a better assessment?**

Consultation respondents identified several areas where further evidence would strengthen decision-making:

- Language mapping to understand where linguistic needs are greatest.
- Workforce Welsh-language competency data across relevant sectors.
- More engagement with Welsh language stakeholders and community networks.

- Better integration of linguistic indicators into monitoring frameworks (e.g., B1/B2 workforce skills, daily Welsh-use measures).

♦ **How will you know if your policy is a success?**

Reflecting the consultation feedback and the Welsh Government's view on monitoring and evaluation, success measures will include:

- Evidence of increased opportunities to use Welsh, especially in workplaces, community spaces, and public services.
- Compliance with the Welsh Language Standards across all funded activities.
- Uptake and satisfaction levels for Welsh-medium service provision.
- Monitoring frameworks that capture real language use, not only procedural compliance.
- Demonstrable alignment with Cymraeg 2050 and local language promotion strategies.