

<b>SUBJECT:</b>	<b>Draft Monmouthshire Local Growth Fund (LGF) Investment Plan 26/27</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>4<sup>th</sup> March 2026</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

## **1 PURPOSE**

- 1.1** To inform Cabinet of the UK Government's new Local Growth Fund (LGF) and seek approval for the granting of investment from LGF for 2026/27 to projects listed in Appendix One of this report.

## **2 RECOMMENDATIONS:**

That Cabinet:

- 2.1** Approves the draft local investment plan (appendix one) and projects contained within.
- 2.2** Agree that projects will formally commence upon receipt of the grant award letter and the grant award confirmation being returned to Welsh Government.
- 2.3** Agrees that to the extent that this is not achieved by 31<sup>st</sup> March, that the authority will underwrite the costs associated with staff contracts being renewed/extended from the within the existing budget framework.
- 2.4** Agree to continue working arrangements with Rhondda Cynon Taf CBC to continue to serve as Lead Authority for the region through 2026/27.

## **3 KEY ISSUES:**

### **Local Growth Fund in Wales**

- 3.1** In October 2025, the [New Local Growth Fund for Wales](#) was announced, providing UK Government funds of £547m to Wales for the period April 2026 to March 2029.
- 3.2** In November 2025, Welsh Government announced a six-week public consultation on proposals for the new fund which set out significant changes from the current funding framework, in terms of purpose, scope and delivery model.
- 3.3** This included the policy context, guiding principles, priorities, objectives, transition arrangements, and future delivery model, with a shift towards focussing on growth priorities, and regional planning and coordination via Corporate Joint Committees.
- 3.4** The Local Growth Fund is not a replacement for the UK Shared Prosperity Fund (SPF), and will have a narrower scope, focussing on the following priorities and objectives:

Table 1: LGF Priorities (draft)

UKG LGF Theme:	WG Priority:	Objectives:
Support for businesses	Priority 1: More productive and competitive business	<ul style="list-style-type: none"> <li>• Increase the creation of start-ups and spin-outs.</li> <li>• Address barriers to growth.</li> <li>• Address specific market failures.</li> <li>• Increase levels of investment in RD &amp; I capacity and knowledge exchange</li> </ul>
Skills and employment support for growth	Priority 2: Supporting People into Work and increasing skills.	<ul style="list-style-type: none"> <li>• Reduce levels of economic inactivity.</li> <li>• Improve the in-work retention and progression of under-represented groups.</li> <li>• Improve qualifications and/or skills levels.</li> <li>• Tailored demand led-skills support and training</li> </ul>
Enabling local growth infrastructure	Priority 3: Green Infrastructure and energy efficiency	<ul style="list-style-type: none"> <li>• Increase renewable and low-carbon energy generation.</li> <li>• Support low – carbon transport and digital connectivity infrastructure.</li> <li>• Support capital investment</li> </ul>
	Priority 4: Local Infrastructure to drive regional economies.	<ul style="list-style-type: none"> <li>• Develop key sites and premises.</li> <li>• Improve local economic infrastructure.</li> <li>• Investment in prioritised heritage, tourism, or cultural assets</li> </ul>

**3.5** The overall funding for the Local Growth Fund in Wales is £547m over 3 years, an average of £182m per year. This is a significant reduction from previous funding streams.

**3.6** The indicative allocations for 2026/27 for the South-East Wales region outline that capital funding will increase year-on-year from £25.8m to £55.9m (+116%), whilst revenue will decrease from £77.5m to £23.9m (-69%).

**3.7** Longer term ambitions to deliver growth funds through regional CJsCs (from 2027/28) threaten local capacity and scope for local decision-making.

### Transition Period

**3.8** Welsh Government have provided outline plans for a 12-month transition period through 2026/27. This includes utilising existing structures and architecture in place and drawing on expertise across local government and other partners.

**3.9** Welsh Government's priority is to retain capacity and capability in areas which support the objectives of the Local Growth Fund whilst regional plans are developed for 2027/28.

**3.10** £200,000 is earmarked for CJsCs within each regional allocation to reflect the need to build capacity and conduct regional planning.

### Current position

**3.11** In December 2025, A letter of Comfort was received by our Lead Authority from the Cabinet Secretary of Economy, Energy, and Planning, setting out clarifications on the

Welsh Governments' consultation proposals and providing details of an indicative funding allocation for the region for the 12 months transition period from April 2026.

- 3.12** The letter of comfort is not an offer of funding. The amount of any final award may differ to the indicative regional allocation of £79.82M of which £55.92m is capital and £23.90m is revenue.
- 3.13** The Lead Authority and each local authority expect to receive a formal offer of funding in Mid-March 2026.

### **Local Investment Plan**

- 3.14** The local authority received notification of its indicative allocation for 2026/27 on 9 January 2026, followed by the issue of the Local Growth Fund planning template on 13 January 2026.
- 3.15** The completed template was required by the Lead Authority, RCTCBC, by 28 January 2026.
- 3.16** Due to the extremely compressed timescales, revenue proposals have been developed from projects that align with Welsh Government's priority to maintain capacity and capability in areas that support the objectives of the Local Growth Fund.
- 3.17** In parallel, and in response to the increased emphasis on capital expenditure, proposals for eligible capital investment opportunities have been developed through collaboration that align clearly with the priorities of the new fund, whilst delivering on local priorities.
- 3.18** A significant proportion of the capital allocation has been retained within an umbrella project focused on sites and premises development, providing time for detailed site selection to be undertaken.
- 3.19** All proposals have been reviewed for their alignment with the Local Growth Fund's purposes and their potential to increase economic activity, create jobs or higher-value employment, and support wider economic growth.

## **4 SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

- 4.1** The Local Growth Fund will deliver against the Welsh Government's Economic Mission and the UK Government's agenda for growth. The Integrated Impact Assessment (appendix two) has been completed for the draft Local Investment Plan and the impact on the Community and Corporate Plan, our residents' businesses and communities.

## **5 OPTIONS APPRAISAL:**

- 5.1** The Local Growth Fund represents a significant shift from the previous regional funding models, particularly in its requirement for a 70% capital and 30% revenue split. This presents considerable challenges for service delivery and for achieving the ambitions set out in the Community and Corporate Plan. As there is little indication that this funding balance will change, the draft Local Investment Plan has been developed to reflect local priorities that can meaningfully deliver impact within these constraints.

- 5.2** The one-year transition period further limits the ability to develop long-term delivery models. However, despite these challenges, the Local Growth Fund allocation presents an important opportunity to support local productivity, strengthen economic resilience, and address inequalities.
- 5.3** Project proposals have been developed by service areas using existing governance and planning mechanisms, ensuring alignment with organisational priorities. These proposals have been reviewed and refined centrally to ensure strategic fit, deliverability, and consistency with the emerging requirements of the Local Growth Fund.

## **6 EVALUATION CRITERIA**

- 6.1** All projects approved for LGF will adhere to the evaluation guidelines and reporting requirements set out by Welsh Government and our Lead Local Authority, Rhondda Cynon Taf Council (RCTC).
- 6.2** Projects will also be monitored through the local authorities existing performance management framework, including through Service Business Plans.

## **7 REASONS:**

- 7.1** The draft local investment plan has been developed with consideration of the Welsh Government consultation and the theory of change documents considering the four priorities: More productive and competitive businesses; Supporting People into Work and increasing value; Green Infrastructure and energy efficiency; Local Infrastructure to drive regional economies. The fund's priorities align with objectives set out in the Council's Community and Corporate Plan.
- 7.2** The draft plan is a made up of 70% capital and 30% revenue funded projects in line with funding criteria and contribute towards local productive growth and tackling economic inequalities.
- 7.3** There are clear synergies with a number of local Monmouthshire Strategies, for which the activity outlined in the draft plan will be a significant contributor. This includes but is not limited to:
- Monmouthshire Economy, Employment and Skills Strategy
  - Monmouthshire Local Food Strategy
  - NEET Prevention Strategy
  - Socially Responsible Procurement Strategy
  - Asset Management Strategy
  - Destination Management Plan

## **8 RESOURCE IMPLICATIONS:**

- 8.1** The indicative allocation for Monmouthshire LGF for 26/27 is a total of £1,851,652.
- 8.2** This includes £74,065 for management and administration of the fund, of which £18,516 is retained by the lead authority, and £55,549 is available for local

requirements. This will be delivered by the Council's Economy, Employment and Skills service.

**8.3** The real terms allocation for project activity is £1,245,336 of capital funding (70%), and £532,251 of revenue funding (30%).

**8.4** If the grant award letter is not in place by 31<sup>st</sup> March MCC will underwrite the costs associated with staff contracts being renewed/extended, in light of comfort afforded already by the letter of comfort received from Welsh Government from within the existing budget framework.

## **9 CONSULTEES:**

- Strategic Leadership Team
- Deputy Leader & Cabinet Member for Planning & Economic Development
- DMT – Children, Learning, Skills, & Economy

## **10 BACKGROUND PAPERS**

- Monmouthshire Draft Local Investment Plan 26/27 (Appendix One)
- Integrated Impact Assessment (Appendix Two)

## **11 AUTHOR**

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## **12 CONTACT DETAILS**

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