

Consultation response form

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

Consultation response issued by Medr: 19 December 2025.

Medr's response to the Welsh Government Consultation:

<https://www.gov.wales/proposals-approach-uk-local-growth-fund-wales>

Guiding principles

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?

Yes ☒

No ☐

Overall, the guiding principles are appropriate. We support the focus on outcomes, which aligns with Medr's approach in relation to tertiary education and research. However, the ambition behind implementation of the principles needs to be realistic and enable rapid progress in making investment decisions so maximum impact can be achieved.

Principle (c) notes the need to integrate with other UK and Welsh Government programmes. It will be critical that any decision making about the Local Growth Fund takes into account existing ongoing activity to ensure coherence with other Welsh Government policies and initiatives funded by other funding streams. Our engagement with Corporate Joint Committees (CJCs) and Regional Skills Partnerships (RSPs) has highlighted that managing the overlapping expectations of City and Growth Deals, Investment Zones, Freeports and UK Research and Innovation funding, for example, is complex and challenging. The Local Growth Fund needs to take full account of this. We have been encouraged by the approach taken by Ambition North Wales to create this join up.

Medr can support this by providing intelligence from the perspective of tertiary education. It is vital to ensure that funding for skills and tertiary education is focused in the right places, without gaps or duplication. It will need to be clear who is taking responsibility for planning and maintaining strategic oversight. It will also be important for all stakeholders to be aware of their role, and what their funding is achieving in the context of the big picture.

Principle (d) allows for flexibility, which we agree is necessary, but to maximise the benefits that can be delivered in a short period of time, it will be important to make rapid strategic decisions about how the funding will be invested, rather than focusing on short

term quick wins. This reflects the importance of principle (e) and planning on a multi-annual basis.

Principle (g) recognises the importance of collaborative working across borders, within Wales and more widely. We would strongly support this, noting that industrial clusters do not necessarily map onto regional geographies. For example, the compound semiconductor cluster, an area in which Wales is world leading and has significant potential to contribute to economic growth, stretches across the whole of south Wales. Appropriate governance structures and oversight from Welsh Government will be needed to ensure that interventions that respond to demand across multiple regions can be implemented effectively so that funding can be managed strategically and coherently.

Principle (h) notes that CJs, local authorities and key partners will need the right capability and capacity to design and deliver the Local Growth Fund. This is a key principle, and we note that our engagement with CJs has highlighted that they are at different stages of their development with very different levels of capacity and capability. Where CJs are still putting in place appropriate governance arrangements and staffing capacity, it will be vital that they are able to draw on central support, including working with Medr in relation to understanding opportunities within tertiary education provision. Medr regulates tertiary education providers in Wales to ensure high quality delivery and learner experience, and it will be important that there is alignment to these principles for provision supported by the Local Growth Fund.

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

The principles could usefully be extended to cover elements that should be taken into account when reaching decisions about how the funding will be spent. These might include:

- Coherence and join up of investments to ensure maximum benefit and avoid duplication of existing activities or within the fund; in practice this will require governance structures which enable strategic coordination and accountability, and a commitment to partnership working. Welsh Government may wish to explore what lessons can be learned from the Local Skills Improvement Plan (LSIP) model in England. These structures also need to take into account Medr's responsibility for funding and regulating tertiary education and research
- Equity in impact, in terms of geographies and impact on groups sharing protected characteristics; equitable access to flexible education and skills opportunities is key to addressing economic inactivity and skills gaps
- Scale of projects, and whether the most impact would be achieved by delivery at local, regional and/or national level.
- Evidence of preparedness and absorptive capacity within the region in which an intervention is to be delivered; building on existing areas of economic strength and good practice will help to ensure effective delivery within the required timescales
- Ongoing feedback to ensure that interventions are delivering the intended outcomes and are responding to changing economic need; this should be shared widely with relevant stakeholders, such as Medr in relation to tertiary education

and research, to ensure that lessons can be learnt and fed into ongoing policy development

Socio-economic analysis

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?

Yes ☒

No ☐

The evidence presented aligns with evidence that Medr is using to inform its own work and which was used in the development of our [Strategic Plan](#).

The issues identified reflect several of the strategic duties which Medr was created to address: promoting equality of opportunity in access to, and encouraging participation in, tertiary education, and contributing to a sustainable and innovative economy. Building skills capacity and increasing innovation both drive economic growth, and rely on the contribution of the tertiary education and research sector. Ensuring equitable access to education helps to drive inclusive productivity, while also improving population health and wellbeing (see for example [Relationship between qualifications and health | The Health Foundation](#) and [Public Health Wales Literature Review](#)). Annex A considers the link between inequality and economic growth, but further analysis should be undertaken which takes into account the full range of protected characteristics.

The Welsh Government's [Innovation Strategy](#) provides a strong basis for supporting inclusive innovation, encouraging people from all backgrounds to contribute to a thriving economy. There are opportunities for investments through the Local Growth Fund to drive forward the ambitions set out in the Strategy.

More emphasis could be placed on the importance of inclusive access to digital connectivity. Digital infrastructure is a critical enabler for blended learning and remote working, particularly in rural Wales, which will contribute towards addressing economic inactivity.

The UK Department for Science, Innovation and Technology has mapped clusters of innovative business in sectors linked to the UK's Industrial Strategy ([Innovation Clusters Map](#)). This provides valuable additional evidence to support a place-based approach to investment decision making.

More productive and competitive businesses

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

Medr can play a key role in supporting objectives 1 (creation of start-ups and spinouts with growth potential) and 4 (increasing investment in RD&I capacity).

Medr's [Research Wales Innovation Fund](#) already supports the creation of start-ups and spin outs, though our investment through this route has been limited by Medr's overall budget settlement from Welsh Government. Developing the expertise necessary to support such activity is time-consuming, but there are already existing activities and programmes that could be expanded or built upon, increasing capacity and adding value. The potential impact of investment in this objective is demonstrated by the recent launch of Draig Therapeutics, a spinout from Cardiff University, which attracted £107m of venture investment. In the [register of UK university spinouts](#), Swansea University is one of five providers across the UK with more than 100 spin outs created. Three Welsh universities are included on [the list of spin out best practice adopters](#), where the aim is to encourage investors by setting clear and fair terms for their investment.

Universities in Wales consistently produce more student start-ups than might be expected given their proportion of the UK student cohort (see [Intellectual property, start-ups and spin-outs | HESA](#)).

As identified in the Socio-economic analysis, a key challenge in increasing business investment in RD&I in Wales is the dominance of SMEs within the economy. It is difficult for SMEs to justify the risk associated with investing in innovation, or to find sufficient capital for one off costs. Tertiary education providers (both universities and colleges) are key to addressing this challenge as they can share testing facilities, and expertise, enabling businesses to expand and drive economic growth. There is also opportunity to build on 50 years of successful Knowledge Transfer Partnership (KTP) interventions.

Investment in RD&I offers significant potential for leverage of additional funds, including through investment in research capital, and investment through the growth fund should be targeted to maximise this potential. Medr distributes around £8m a year through the [Higher Education Research Capital Fund](#), and in 2024-25, universities reported that this investment had leveraged £8.3m from other sources. Universities typically have plans in place for anticipated research infrastructure needs which would support the timeframe of investment of the Local Growth Fund, as well as enabling capital investment under this priority.

Wales' capacity in traditional manufacturing is well aligned with research strengths within the tertiary sector, and is evolving to recognise the need to transition to lower carbon technologies, linking to the next priority. There are considerable opportunities for leveraging additional funding aligned with the Industrial Strategy, for example from UK Research and Innovation (UKRI). Medr is working with Welsh government to identify how Wales can maximise the funds it is able to gain through this route. Wales has strengths across almost all of the Industrial Strategy sectors, particularly around advanced manufacturing (compound semiconductors and metals), clean energy (offshore wind, hydrogen, nuclear), digital technologies, creative industries and life sciences, including health data.

We do not agree that RD&I investment should only focus on activities close to the market, as support is needed through all technology readiness levels and throughout the RD&I pipeline. A mapping of where there are existing funding interventions and where the Growth Fund could add value by meeting gaps in the investment pipeline would be helpful, including consideration of what is needed to keep successful spin outs within Wales.

We would also note that upskilling and reskilling the workforce is also critical to business productivity, including in leadership and management skills, and broader transferable skills. The presence of a high quality and accessible skills development pipeline within the workforce is critical to attracting inward investment. There are therefore key links between this priority and the next one.

Supporting people into work and increasing skills

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

We support all of the objectives set out under this priority, and would consider that Medr has a significant role to play in enabling their delivery. We note that this is an area in which there are already a number of existing interventions, such as the Welsh Government's employability programmes and Medr's adult community learning support, and where interventions might also be expected through the Investment Zones and Freeports, and therefore avoiding duplication and adding value will be particularly important.

We note the evidence that increasing higher level skills (objective 3) contributes strongly to increased productivity, linking closely to the previous priority. Annex A demonstrates that Wales needs more people with higher level skills so ensuring investment in this area will be critical to meet employer and economic need. There are opportunities to expand provision of higher and degree apprenticeships and other higher level qualifications, as well as ensuring that there are appropriate routes into these options from lower level education and training. This aligns with Medr's strategic ambitions and ongoing programme of work to strengthen progression pathways throughout the tertiary sector.

Feedback from employers suggests that they find the existing system of skills provision complex, and it can be difficult for employers to identify where to go for support. It will be important that any additional interventions put in place under this priority are clear in how they complement and relate to existing provision, ensuring coherence to avoid duplication and gaps, and that they build on approaches that have already been shown to be successful.

Given the proportion of the Fund that is assigned to capital investment, consideration could be given under this priority to investment in facilities for skills training. Tertiary education providers already have a pipeline of development plans which could be moved forward swiftly within the short timescales required. The Local Growth Fund could be used to complement and add value to existing funding plans. However, such investments will need to be supported by plans which show how such facilities will be maintained in the long term, and the consideration given to how any additional provision delivered using the facilities can be funded, including where this will rely on recurrent budgets held by Medr.

We agree with the need to address economic inactivity and support young people and those from underrepresented groups. Provision in this area should take into account the need to demonstrate clear pathways into further tertiary provision, whether this is adult learning, further education, apprenticeships or higher education. It is important to

recognise that NEET' are not a homogeneous group, and interventions will need to respond to a diverse range of needs, including individuals with additional learning needs. We note that we have seen a growing demand for ESOL provision, and the important role of such learning to enable individuals to contribute fully to their communities and the economy. Medr funded adult community learning partnerships and further education colleges are also seeing increased demand for preparation for life and work courses, as well as for other employability programmes. Medr's current budget does not enable expansion of this provision to meet the full levels of unmet demand that could help to address levels of economic inactivity. Decisions on investment under this priority will need to take into account the intended transition arrangements for Shared Prosperity Fund interventions, as many of these, such as the Multiply programme, have filled a gap in provision for those looking to enter the workforce.

Our stakeholder engagement – for example in the development of our Strategic Plan and our recent consultation on a new Apprenticeship Programme – has highlighted that independent careers information, advice and guidance is a key element in helping individuals identify the right learning pathways which enable them to develop the skills they need for life and for work, and to move successfully into productive employment, when they have previously been economically inactive or NEET. Such information, advice and guidance needs to be fully informed of the provision that is available, much of it funded by Medr, as well as being a valuable source of intelligence for identifying gaps and unmet need. There is potential for interventions in this space to add value to the existing work of Careers Wales.

Medr currently funds the [Targeted Employability Support Scheme for HE Students](#) which has successfully supported graduates who are furthest from the labour market as a result of their backgrounds or prior experience to enter high value jobs. In further education colleges, we fund the Employability and Enterprise Bureaus, which support learners with key employability skills as well as building enterprise and entrepreneurial skills for those who wish to set up their own businesses. Both these interventions provide a basis which could be built upon to deliver the objectives under this priority. There is also scope for investment in initiatives which bring employers closer to the development and delivery of skills provision, shaping the curriculum, enabling providers to understand employers' needs.

Green infrastructure and energy efficiency

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

Welsh tertiary providers have a range of expertise in renewable energy technologies, green construction techniques, and digital connectivities, including cutting edge research, which could be drawn upon to inform the prioritisation of these objectives, and to support their effective implication. Medr could also use its connection with Jisc, which leads digital innovation in education and research across the UK, to ensure decision making is informed by best practice.

Initiatives under this priority should also take into account the associated skills needs of moving towards new technologies, linking any capital investment with appropriate skills

interventions at all levels, including higher level skills. A significant amount of activity is taking place associated with renewable energy developments in south west Wales which seeks to identify needs and coordinate stakeholders to respond, in order to prepare the workforce which will be needed. This example provides a model which could be built upon, while ensuring there is collective coherence and join up.

In the last five years, tertiary education providers have made significant investments in their estates to support net zero ambitions. However, there remains a large unmet need reflecting the age and complexity of many tertiary education and research facilities, which could be considered in addressing their objectives. In 2024/25, the tertiary education sector was able to absorb over £20m additional capital investment towards backlog maintenance requirements, with at least a similar volume still required.

We note the importance of good transport links in enabling individuals to access tertiary education and training and therefore support for objective 2 would also contribute to achieving the previous two priorities, related to productivity and skills (see the report of the [Welsh Government Learner Travel Summit](#)).

Local infrastructure to drive regional economies

Question 7: Which of these strategic objectives would you prioritise to target investment in local infrastructure to drive regional economies?

Tertiary education providers are anchor institutions in their local areas, opening up their facilities to be used by the wider community as well as businesses. Investment in their infrastructure therefore has potential to contribute to all the objectives under this priority, as well as supporting the other priority areas.

Investment in research and innovation infrastructure can deliver a wide range of benefits. Development of the facilities can create employment opportunities and build local skills capacity. Once commissioned, the facilities can be used by businesses to improve productivity and innovation, generating economic growth. The facilities strengthen the quality of the research base in Wales, helping to attract and retain researchers who then contribute to the local economy. This can be complemented by investment in cultural and social facilities, which help to make an area attractive as a place to live and work.

Given the complexities of delivering capital projects, we would recommend a focus on a smaller number of larger projects, which can be managed more effectively to deliver maximum value. Coherence with existing programmes such as the Sustainable Communities programme for FE colleges will also be important.

Managing the transition

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?

Yes ☐

No ☒

We agree that the transition from the Shared Prosperity Fund needs to be managed carefully, with a focus on projects which have demonstrated impact. However, we would note that the Local Growth Fund is very different in nature to SPF, with the focus on capital, and therefore the approach largely needs to be one that supports SPF projects to be concluded while delivering maximum benefit, as only a small proportion will be able to be continued under the new funding arrangements. However, it will be important to identify where existing activity demonstrably fills a gap, for example by supporting a continuous learning pathway, and that this is maintained to avoid disruption to learners or additional, unexpected, calls on other existing budgets. It will be important that decisions and approaches to the transition do not limit the ambition or scope for innovation within the Local Growth Fund as a whole, and enable an effective handover to CJs in due course.

We recognise that time is needed to plan for effective delivery of the new fund, but the transition approach limits the time available for delivery, and we would encourage accelerating new delivery wherever possible. It will be important that budget allocations in the first year recognise that only limited impact will be delivered before new projects are commissioned.

National investments and role

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

Yes ☒

No ☐

We agree that some interventions will be best planned and implemented at a Wales-wide level. This will enable a joined up approach which can deliver the most value by avoiding duplication and focusing on best practice, and contributing towards equity of outcomes for citizens across Wales. A smaller number of larger projects will minimise draw on central management and oversight capacity, maximising delivery impact. It will be important for Welsh Government to have sufficient oversight and coordination of all activity planned through the fund.

Our mapping of skills needs across Wales, based on information provided by the Regional Skills Partnerships, has identified a number of areas of overlapping need which could usefully be considered for national investments in order to avoid duplication, while also highlighting those areas where the need is located more regionally. We could share this analysis with Welsh Government if required.

The Local Growth Fund presents a national opportunity to increase investment in skills at all levels and innovation which can drive productivity and economic growth. National projects can still respond to regional need. The main Apprenticeship Programme funded

by Medr demonstrates this, where a network of providers work through consortia arrangements to identify economic needs and coordinate expertise to meet them. This enables provision to respond to specific needs which it might not be viable on the grounds of scale to meet in a single locality. It also enables the sharing of best practice across the network in relation to reaching and responding to the needs of under-represented groups, supporting a higher quality and more equitable approach.

Investment in national infrastructure – such as research facilities – can also deliver local benefit, through employment opportunities, skills capacity building, and economic impact from users.

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?

National investments can help to ensure coherence and equity of access while still responding to regional needs. There is value in building on existing investments and initiatives to add value, ensuring maximum impact. We would propose the following as interventions which would best be delivered at a national level:

- Targeted additions to the apprenticeship programme, for example to deliver capacity in green skills, supporting progression into higher level apprenticeships, or to focus on young people (16-24) in response to recent developments in England
- Wales-wide support for research commercialisation, for example through a network of technology transfer capability or investment in incubator facilities
- Short, sharp skills interventions, such as boot camps; these could deliver skills training at all levels focused on specific economic and employer needs

Regional investments and roles

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

Yes ☒

No ☐

Working through CJs should help to ensure appropriate join up with other place-based funding streams, such as Investment Zones and Freeports. CJs have also established links with their local tertiary education providers, which can be built upon to deliver interventions under all the identified priorities, though tertiary education providers are not formally included in CJs governance and decision making, which does create some vulnerability in ensuring appropriate join up. It is important that CJs engage with both colleges and universities to ensure they have a full understanding of the needs and

opportunities in their region in making decisions about which investments will deliver most impact, be coherent, and avoid duplication. CJC links with RSPs (the structure for which varies by region) will also be crucial to provide an evidence base on skills needs.

Our engagement with CJsCs has demonstrated that they are at different stages of development and will therefore have different levels of capacity for effectively implementing investments through the Local Growth Fund. It will be important that Welsh Government provide sufficient oversight and coordination to ensure that all the CJsCs are able to undertake the analysis which will be needed to identify and prioritise regional need, and that they are able to effectively deliver and be accountable for potentially significant amounts of funding, including maximising leverage from other sources. This will help to ensure that the Fund delivers equitable benefits for people across Wales. Welsh Government will also need ensure it has sufficient oversight to ensure coherence and avoid duplication between investments where decisions are made at regional level.

Regional growth plans

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

Yes ☒

No ☐

We agree that delivery plans will help to provide clarity on how the impact of the Local Growth Fund can be maximised. It will be important that these are strategic, rather than focused on the detail of lots of small projects. While a 10-year horizon is helpful to encourage long term thinking, it will be challenging to align this with the need to ensure delivery within the three years for which funding is currently confirmed. The plans should draw on engagement with all relevant stakeholders, including the tertiary education and research sector. Medr can provide insights to support planning in relation to tertiary education and research to support join up and avoid duplication. We note the approach to Local Skills Improvement Plans in England, which may provide a useful model.

Local delivery

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

As noted above, a smaller number of larger projects will deliver maximum benefit. However, projects conceived on a national or regional level can still deliver significant benefits within a local area.

Evaluating and evidencing delivery

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

Yes ☒

No ☐

To maximise the impact of the fund, monitoring expectations will need to be realistic, particularly given the limited allowance of 4% for overheads. Lessons can be learned from the approach to monitoring European Structural Fund interventions to inform a proportionate, risk based approach. Central support for evaluation will help to avoid duplication and ensure best practice is followed. This should be built into the design of interventions from the start. Evaluation will need to take into account impact at both regional and national levels.

Effect on the Welsh Language

Question 15: 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.

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

There are many opportunities within the priorities identified by Welsh Government to have a positive impact on use of the Welsh language, for example by ensuring that skills interventions are offered bilingually, which may require investment in workforce capacity or appropriate qualification development, or that infrastructure investments support Welsh language, heritage and culture. It will be important to ensure appropriate coordination with other bodies with an interest in this space, including Medr, who are developing a National Plan for Welsh in tertiary education, and Coleg Cymraeg Cenedlaethol.

Question 16: Please also explain how you believe the proposed policy 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 and on treating the Welsh language no less favourably than the English language.

The impact on the Welsh language should be built into project design from the inception phase, taking into account and building upon, the duties of public bodies under the Welsh Language Standards.

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 space to report them:

The public sector in general, and the tertiary education and research sector in particular, is under considerable financial pressure. Any expectations of co-funding or leverage in the Local Growth Fund will therefore need to be realistic, with a focus on full funding wherever possible.

Do you live in Wales?

- Yes ☒
- No ☐
- No answer ☐

Do you have a business interest in Wales?

- Yes ☐
- No ☒

Please provide the first part of your home postcode e.g. CF10

CF10

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Keep my response anonymous ☐