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Llywodraeth Cymru
Welsh Government

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Andrew RT Davies MS
Chair – Economy, Trade and Rural Affairs Committee

4 November 2025

Dear Andrew,

Thank you for your letter regarding the scrutiny of the Welsh Government's 2026-27 Draft Budget. The Draft Budget was published in two stages. The Outline Draft Budget 2026-27 (Stage 1) was published on 14 October 2025, and the Detailed Draft Budget 2026-27 (Stage 2) on 3 November 2025.

The enclosed paper provides detail of the Economy, Energy and Planning MEG's plans as set out in the draft budget, and information on the specific areas requested by the Committee.

We look forward to providing an update to the Committee at our oral evidence session on 26 November 2025.

Yours sincerely

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Economy, Trade and Rural Affairs Committee

Evidence Paper on Draft Budget 2026-27 – Economy, Energy & Planning Main Expenditure Group

26/11/2025

This paper provides information on the Economy, Energy and Planning MEG budget proposals, that are relevant to this Committee, as outlined in the 2026-27 Draft Budget stage two published on 3 November. It also provides an update on specific areas of interest to the Committee. The Culture, Arts and Sport activity is being scrutinised by the Culture, Communications, Welsh Language, Sport and International Relations Committee on 19 November. In addition, the Apprenticeship, Employment, Skills and Social Partnership budgets have been included in the evidence provided to this Committee from the Minister for Culture, Skills and Social Partnership, so these budgets have not been included in this evidence to avoid duplication.

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Presentation of the Budget

A Breakdown of the 2026-27 Draft Budget

The table below provides an overview of the Economy, Energy and Planning MEG plans as published as part of the stage 2 Draft Budget 2026-27 on 3 November. This confirms increases in fiscal resource (including non-cash) of £9.8m and capital of £118m compared to the 2026-27 revised baseline.

Economy, Energy & Planning Summary	Plans as per 2025-26 Final Budget Restated February 2025	Baseline Adjustments for 2026-27	2026-27 Revised Baseline	Changes	2026-27 Draft Budget October 2025
	£000s	£000s	£000s	£000s	£000s
RESOURCE	498,250	14,712	512,962	9,830	522,792
CAPITAL	344,154	-122,807	221,347	118,286	339,633
Total Resource & Capital	842,204	-108,095	734,309	128,116	862,425
Total AME	66,252	0	66,525	0	66,525
ECONOMY, ENERGY & PLANNING	908,929	-108,095	800,834	128,116	928,950

The baseline used for the 2026-27 Draft Budget is the 2025-26 Final Budget restated (February 2025). This baseline has then been adjusted to remove any non-Barnett ring-fenced funding from HMT and one-off allocations made as part of the political agreement with Jane Dodds which are non-recurrent. Further allocations have been made as part of the baseline adjustments to support the 2025-26 public sector pay award and increases to National Insurance contributions, as well as adjustments for recurrent funding from 2025-26 and technical accounting adjustments.

An inflationary uplift has then been applied for both revenue and capital to reflect the latest Office of Budget Responsibility (OBR) growth forecasts.

A breakdown of baseline adjustments and additional allocations is provided within the Economy, Energy and Planning budget expenditure lines (BEL's) summary at **Annex A**.

Fiscal resource (revenue including non-cash)

Additional recurrent revenue funding of £9.8m is allocated to the Economy, Energy and Planning MEG in 2026-27 compared to the 2026-27 restated baseline. The additional allocations support an increase for public sector pay to reflect the OBR's wage growth forecast of 2.2% for 2026-27, for both Welsh Government staff and our arm's length bodies (ALBs), which will be subject to the usual pay negotiations and processes and to further support the increase in national insurance contributions costs. An additional £2.378m has been allocated in this budget to support our commitment to our apprenticeship programme and a further £2m has been allocated to Jobs Growth Wales plus to reflect the latest demand for the programme. A further £1.7m has been made available in this budget to support the costs associated with our key events such as Tour De France and Euro's 2028. This builds on the funding already allocated as part of the last budget setting process. An additional £1.4m has been allocated to the Creative Wales programme for the continuation of the Creative NDR Studios fund.

Capital

There has been a net increase of £118m capital into the Economy, Energy and Planning MEG in 2026-27 compared to the 2026-27 restated baseline, of which £76.375m will continue to support our city and growth deals activity. A further £10m is allocated to support Holyhead Breakwater. Additional allocations have been provided in this budget to support our lease costs and ALBs including the creative sector.

There are capital FT allocations in this budget totalling £30.1m to support our Holyhead Breakwater project £20.4m and our Development Bank of Wales £9.690m. There is a £2.6m reduction to our capital financial transactions which reflects the agreed repayment profiles in respect of loans issued in prior years.

Annually Managed Expenditure – AME

There has been no change to the AME budget when compared to the 2026-27 revised baseline. The AME budget provides cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, pension valuation fluctuations for National Museum of Wales, the National Library of Wales, Sport Wales and Careers Wales. This budget is agreed with the Treasury each year and is fully funded. The AME draft Budget figures reflect the forecasts submitted to the Office for Budget Responsibility in January 2025.

As requested by the Committee, a breakdown of the 2026-27 Draft Budget by Spending Programme Area, Action and Budget Expenditure Line, including 2025-26 comparative is provided at Annex A.

Evidence Base for Budget Decisions

We have allocated our resources within this budget to ensure we deliver against the First Minister's priorities to support jobs and green growth including improving the planning system.

In November 2023 we launched a refresh of our Economic Mission. We need to respond to the challenges of global disruptions, inflation, interest rates and energy costs, and our new Economic Mission sets out four priorities that will shape how Wales can respond to uncertainty and exploit new opportunities. Further detail on our approach regarding the Economic mission is covered later in this paper.

Description of Policies and Programmes by Budget Expenditure Line

A commentary explaining the changes to each Action and budget expenditure line (BEL) within the Economy, Energy and Planning MEG, relevant to this Committee, is also provided at **Annex B**. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper. This only covers the budgets that are being scrutinised as part of this committee. The Apprenticeship, Employability, Skills and Social Partnership budgets have been excluded as these areas have been presented in the evidence provided by the Minister for Culture, Skills and Social Partnership for this Committee. Similarly, the Creative, Arts, Heritage and Sport budgets have been excluded as they are being scrutinised by the Culture, Communications, Welsh Language, Sport, and International Relations Committee.

Process for Monitoring Budgets

All budgets continue to be monitored and challenged monthly during the 2025-26 financial year, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for my portfolio to ensure that budgets remain on track to deliver my priorities. I maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our Government priorities.

Evaluation Reports

Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics. This is embedded in our decision making, for example:

A range of **employability** evaluations are undertaken:

- The evaluation of the Young Person's Guarantee was published on 30 September 2025. The final report reflected that good progress had been made towards supporting young people whilst recognising that more could be done to support those not engaged in education, employment and training and furthest from the labour market.
- The JGW+ evaluation was published in June 2025. The final report reflected that the contractors welcomed Welsh Government flexibility in altering the programme to meet changing circumstances and emerging evidence. It also noted that the programme and its related support are widely considered as accessible and impactful, particularly in relation to addressing mental health and wellbeing and in supporting young people in the development of 'soft skills'. As part of this budget, I have allocated an additional £2m revenue in 2026-27 to support our Jobs Growth Wales plus Programme.
- We are currently finalising the specification for the ReAct+ programme to evaluate the effectiveness of the programme from June 2022 to date. The evaluation will also examine wider redundancy support in Wales, and the findings will be used to further inform the development of future employability support. An evaluation of the ReAct 3 programme was published in July 2021, and we incorporated some of the recommendations of that evaluation into the design on the ReAct+ programme. The report recommended that the employer wage subsidy did not represent 'added value' and that the support be withdrawn or targeted at disadvantaged workers; since April 2024 ReAct+ employer support has been available only to employers who recruit a disabled person.

In relation to the Export Action Plan, we have commissioned an external evaluation to assess the Plan's effectiveness towards its aims, implementation, and its impact on Welsh export aspirations. The report is due to be published in Autumn 2025. The Export Action Plan was published in December 2020 and, since the start of the following financial year in April 2021 until the end of August 2025, as a direct result of the programme interventions, the Welsh Government has reported the following outputs:

- 5,422 one-to-one meetings between the Welsh Government's specialist International Trade Advisers and businesses in Wales.
- £397m of export sales secured as a direct result of Welsh Government export support.
- 80 overseas trade missions delivered, supporting 718 delegates.
- 403 export programme projects delivered, covering the International Trade Development, International Trade Opportunities and Rapid Deployment Service export market research programmes.
- 599 Overseas Business Development Visit grants provided to SMEs in Wales to visit and explore international markets and trade shows.

- 70 in-Wales export events providing support to businesses and supporting 5,525 delegates to build their export capability. This includes 7 Explore Export Wales Conferences in North and South Wales, working closely with partners across the Welsh Export Ecosystem.
- 5 cohorts of the New Exporter Programme delivered, supporting 68 businesses through the programme.
- Delivered 5 Export Clusters with 251 member companies across priority export sectors in Wales.

First Minister's Priority and Four Priorities in Economic Mission

This Draft Budget has been strategically allocated to deliver against the four national priorities set out in the Economic Mission and the First Minister's agenda, with a strong focus on supporting jobs, driving green growth, and building a resilient, inclusive economy.

Just Transition and Green Prosperity

Through Trydan Gwyrdd Cymru and Ynni Cymru, we are investing in renewable energy and developing local authority-level plans to deliver a 21st-century energy system—supporting a fair and green transition. The Development Bank of Wales Green Business Loan Scheme (GBLS) has helped support initiatives to deliver Just Transition. The scheme was initially launched in 2023 and has since received a funding boost, with the Welsh Government doubling the fund to £20 million. This extension ensures support is available through to 2028.

Platform for Young People, Fair Work, Skills and Success

We are prioritising employment and skills development in this budget through continued investment in our flagship apprenticeship programme. Our Young Person's Guarantee has helped 60,000 young people. We are embedding fair work principles across public sector planning and encouraging employers to improve job quality and equity. This reflects our commitment to enabling access to high-quality jobs and equipping people with the skills needed to thrive in a modern economy.

It is also recognised that full delivery of the Property Delivery Plan will provide capacity to accommodate more than 15,000 jobs.

Stronger Partnerships for Stronger Regions and the Everyday Economy

We continue to invest in city and growth deals and critical infrastructure such as the Holyhead Breakwater and the Morlais tidal energy project, safeguarding quality jobs in some of Wales' most deprived communities and strengthening regional economies. Investment Zones and Freeports are being developed to align with regional strengths in sectors like steel, advanced manufacturing, and clean energy.

Investing for Growth

Recognising the importance of exports and inward investment, we are delivering the Export Action Plan for Wales and advancing our International Strategy. Since the Strategy was published, (from April 2020), there have been 280 investments by foreign-owned companies which have created and safeguarded more than 24,000 jobs. Our efforts to attract new investment will be bolstered by the upcoming Wales Investment Summit.

Further investment for growth support, includes:

- **Infrastructure for Economic Growth**
Full delivery of the Property Delivery Plan will unlock capacity to accommodate over 15,000 jobs, directly contributing to our mission to create the conditions for sustainable economic growth.
- **Backing Welsh Businesses**
We are maintaining our support for Welsh businesses through Business Wales and expanding access to finance via the Development Bank of Wales, the Wales Angel Co-investment Fund, and the Wales Micro Loan Fund—ensuring diverse and inclusive economic participation.
- **Digital Transformation and Planning Reform**
Investment in digital connectivity and emerging technologies, including AI, will improve outcomes for citizens and enhance economic productivity. We are also addressing capacity and delays in the planning system to accelerate development.
- **Job Creation and Safeguarding**
Debt and equity investments by the Development Bank of Wales are projected to support over 4,000 jobs in 2025–26, with continued impact into 2026–27, reinforcing our commitment to job creation and economic resilience.

Impact of Increased Cost of Living and Doing Business

In recent months, the cost of delivering **business support** has increased significantly, primarily due to broader economic pressures and specific policy changes such as the rise in employer National Insurance contributions introduced in April. These additional costs have had a direct impact on contractor rates and associated delivery expenses.

Within the current budget envelope, it is no longer feasible to maintain the same level of outputs and activity as previously delivered. From a Business Wales perspective, we have thus far managed to sustain delivery and meet output expectations. However, if budget allocations remain static going forward, we will need to carefully assess and manage the implications of rising costs on our ability to continue delivering at the same scale and effectiveness.

When the Business Wales service evolved a few years ago, a strategic decision was made to utilise digital platforms to enhance delivery capacity. This approach enabled the continuation of output levels despite financial constraints, although it did result in a reduction in face-to-face engagement. While this digital-first model has proven effective in maintaining service levels, it is worth considering whether this approach remains appropriate in the current context, particularly as businesses face increasingly complex challenges that may benefit from more direct, personalised support.

Considering these pressures, direct support for businesses to help mitigate the impact of the increased cost of living includes:

- A **cost of doing business zone** on the Business Wales website brings together existing content and tools available to support businesses to reduce their use of resources and costs. This zone acts as the focal point for any future advice and support for businesses.
- **Decarbonisation** Advisers are available to support businesses to adopt or improve environmental strategies, and work with businesses towards creating a resource efficient and resilient business. Advisers provide a range of advice such as using fewer raw materials to reduce the risk of material scarcity, driving innovation and resilience, and helping businesses reach new markets.
- A Business Wales green ambition campaign helps businesses to improve their knowledge and understanding of resource efficiency. The campaign encourages businesses to take action to mitigate their impact on climate change and supports the Welsh Government ambition towards net zero economy. The **campaign** provides easy to access to digital content and interactive online events including a series of expert sessions.
- The **Green Growth Pledge** is part of the specialist sustainability support available through Business Wales and is open to all Welsh SMEs regardless of their industry sector. It provides a practical way for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations. By signing the Green Growth Pledge each business makes a commitment to one or more actions to help them reduce impact or ensure sustainable performance. Businesses also gain access to a marketing toolkit specifically designed to provide practical information, guides and logos to help promote the actions they have taken to decarbonise and become more sustainable.
- The **Development Bank of Wales** helps Welsh businesses get the finance they need to start, strengthen and grow and provides loans from £1k to £10m from a range of funds which support decarbonisation activities. They also help

businesses find the right finance partner to leverage in private finance with its own gap finance when necessary.

- The **Development Bank Of Wales Green Business Loan Scheme** offers discounted interest rates and patient capital to support businesses undertaking energy efficiency and decarbonisation projects. It offers funding from £1,000 up to £1.5m. The Scheme also provides access to fully and part-funded consultancy support to carry out business specific energy audits.

Implications Relating to EU Transition

ESF provided £206m of funding to the apprenticeship programme between 2015 and 2023. The loss of access to post-EU funding for national projects through the Shared Prosperity Fund (SPF) 2021-2025, delivered directly between UK Government and local authorities, significantly impacted apprenticeship delivery from the 2024/25 contract year onwards with fewer apprentices.

It also impacted on the other employability provision including Communities for Work+, Jobs Growth Wales+ and ReAct+, given these had been significant beneficiaries of EU funding under the 2014-20 round of structural funds programmes, creating significant challenges for employability and skills support from 2024/25 onwards.

The loss of EU funding has had a significant adverse impact on our capacity to deliver sites and premises. Prior to the withdrawal of such funding up to 60% of the capital costs of bringing sites and premises forward had been secured through ERDF.

With decision-making for post-EU funding returning to the Welsh Government, £547m will be used to deliver a three-year 'Local Growth Fund' for Wales beginning from April 2026. The Welsh Government will be consulting this Autumn on investment proposals to support productivity growth and tackle economic inequalities across Wales as part of a joined-up approach to regional economic development in Wales, which can work alongside other regionally targeted investments for growth, including City and Growth Deals and Investment Zones.

Implementation of Legislation

The Senedd will consider the licensing of visitor accommodation following the introduction of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill. Funding will be allocated to implement the licensing scheme once the Bill has progressed through the Senedd.

As the registration scheme will underpin both the licensing of visitor accommodation and the visitor levy, the funding being provided in the Economy, Energy and Planning

MEG, £0.200m revenue and £0.700m capital, earmarked for the development of the registration scheme will be directed to the Welsh Revenue Authority to combine with other earmarked funding for registration and visitor levy systems. Funding for the Welsh Revenue Authority sits within Central Services and Administration MEG.

Wellbeing of Future Generations (Wales) Act 2015

The social and economic costs of unemployment and economic inactivity can be considerable not only for individuals but also for the wider community. Hence the Welsh Government approach to our employability programmes (JGW+, CfW+, ReAct+ and Economic Inactivity Trailblazer) reflects the central sustainable development principle embedded within the Well-being of Future Generations (WFG) Act and is working to achieve a vision of a prosperous Wales through the development of a Welsh economy which spreads opportunity and tackles inequality. Where provision is contracted, we also ensure contractors outline how they contribute to the seven wellbeing goals within their Future of Wellbeing Strategy, including ‘a resilient Wales’ and a globally responsible Wales’.

Business Wales supports the well-being objectives of a more prosperous, resilient, and equal Wales that is globally responsive by helping to build an economy based on the principles of fair work, sustainability and the industries and services of the future; as well as helping to build a stronger, greener economy as we make maximum progress towards decarbonisation.

Business Wales delivers on our Economic Mission and provides business support to entrepreneurs, social enterprises, micro-businesses and SMEs across Wales to start, develop and grow. The wide range of activity includes decarbonisation, green growth, sustainability, fair work, supply chains and helping businesses to work co-operatively, as well as a digital offer.

Business Wales also supports the delivery of the Employability and Skills Plan and leads on the action to support young people into self-employment as part of the Young Person’s Guarantee. The service facilitates the Business Wales Recruit and Train frontline services for businesses to access information and advice on appropriate support from employability and skills and via the enhanced provision help employers access the appropriate apprenticeships.

Disabled People’s Employment Champions are supported by Business Wales Disabled People’s Employment Advisers, to provide advice, information and support to employers across Wales. The service also supports the delivery of the foundational economy’s Backing Local Firms Fund and provides a range of information, advice and support to help businesses work co-operatively to support local supply chains.

Equality, Sustainability and Welsh Language Impact Assessments

Our employability programmes aim to ensure equality and accessibility for all. It is important to ensure that those with multiple barriers and/or those who share certain protected characteristics have equal access to our employability programmes but also equal outcomes from participating in the Programme. Our programmes are delivered bilingually. JGW+ contractors also produce a Welsh Language Policy outlining how they contribute to promoting the development of the Welsh language as a skill in the workplace and the take up of Welsh language and bilingual training.

Communities for Work+ has made a number of provisions to ensure equality for all such as barriers' funding which will provide a contribution towards costs associated with attending training, contributions towards care, including childcare costs and a contribution towards special equipment for those who are disabled or who have a work limiting health condition to enable them to participate in the programme.

On JGW+ referrals are monitored by age, gender, ethnicity, and disability status, including data and analysis from referral agencies enabling us to benchmark participation rates against local and national averages and take positive action to improve participation and attainment by under-represented group.

The ReAct+ programme provides additional support to remove barriers to training. ReAct+ participants can receive up to £200 to help with training-related expenses such as travel and accommodation costs. There is a care costs grant of up to £2100 to cover care costs incurred during training. The programme also offers wage support of up to £4000 to employers who recruit an eligible disabled person. The programme monitors the characteristics of programme participants e.g. age, gender, ethnicity and disability and we work with stakeholders to identify ways of improving access to support by those from under-represented groups.

The **Business Wales** Integrated Impact Assessment (IIA) was published in 2022. <https://www.gov.wales/business-wales-future-provision-impact-assessment.html>. The IIA considered the impacts of the Business Wales service across a range of areas including equality, sustainability and Welsh language and forms an integral part of its service provision.

Entrepreneurship is a key driver in the Welsh economy. Business support provision is an essential component to businesses starting or growing, ensuring the right advice is given and that businesses start and thrive within Wales' communities. The Welsh Government acts through the IIA to promote equality of outcome and the use of the Welsh language. This is done in a variety of ways including outreach activity as well as promoting the Welsh language through the service. Business support is available bilingually and Welsh speaking workshops are also delivered. Marketing materials and website content are bilingual. The language preference of those accessing the service

language is captured and those wishing to access the service through the medium of Welsh are assigned a Welsh speaking advisor.

The Business Wales service through the IIA provides support for individuals seeking to start a business and established SMEs looking to adopt or improve resource efficiency policies and practices. This service contributes to the following wellbeing goals:

- A prosperous Wales: an innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through decent work.
- A more equal Wales: a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstance).

Traditionally employment rates are significantly lower for disabled people than non-disabled people. Business Wales supports the Disabled People Employment Champions (DPECs) and works closely together drawing on the access that Business Wales has to businesses and joining them with DPECS to further both employment of disabled people but also opening the conversation with businesses around the benefits of a diverse workforce.

Impact of Deprivation and Poverty

The employability programmes equip people with the skills and experience they need to enter, sustain and return to employment in an ever-changing labour market. Secure, well-paid, and sustainable employment offers both a route out of poverty and protection against it, not just for the individual, but also for their dependants and indeed their wider community. Access to employment support services is widely recognised for its benefits in terms of social mobility, helping people out of poverty, improving mental health and physical health outcomes as well as being instrumental in helping people into green jobs to address the climate crisis and promote sustainable growth.

It is recognised that for many, entrepreneurship and running a business could be a route out of poverty or in-work poverty and can have significant positive impacts on wellbeing. The Welsh Government also recognises that if parents are in stable employment or self-employment, this will in turn have positive impacts on children currently living in poverty, resulting in higher levels of attainment throughout their lives.

Business Wales supports unemployed and economically inactive individuals that wish to start and run a business in Wales. Business Wales start-up and self-employment support includes workshops and one-to-one advice from a business adviser. 26% of the jobs that Business Wales has helped create were filled by those who were previously unemployed.

A Business Wales Participation Fund is available to provide financial support to help remove barriers to accessing services, such as paying for a childcare provider so that a single parent can attend a Business Wales workshop or paying for a translator so that an individual can understand a business advisor if they have language barriers.

By promoting fair work, Business Wales provides specialist support to enable businesses to take positive action through the Economic Contract across economic resilience, low carbon, fair work, and wellbeing. Business Wales provides support to businesses with HR planning, recruitment and retention to actively encourage SMEs to develop positive inclusion practices. This will ensure that the reach of Business Wales will not only be focused on supporting those starting or growing their business but will ensure businesses that are recruiting are aware of being a responsible business by creating an inclusive and supportive workplace. This will also have a direct impact on parents.

Social enterprises are driven by a social/environmental mission and reinvest profits into creating positive social change, and these values are a key component in breaking the poverty cycle and creating a positive change in communities of Wales. By continuing to fund support for social enterprises, the Welsh Government recognises that social enterprises often operate in the most deprived areas with most of the social enterprise workforce living within 10 miles of their offices. Social Business Wales complements the services provided by Business Wales and provides specialist advice and guidance to support the development of existing and new social businesses.

To support the Young Persons Guarantee, Big Ideas Wales as part of the Business Wales family, provides advice and support for young people looking to become self-employed. Big Ideas Wales offers a tailored programme of events, workshops and one-to-one advice to help young people build confidence in business, develop their ideas and support them to start a business.

A Young Person's Start-up Grant is available to support young people under 25 years of age to start a business. This grant particularly targets young people who are not in education, employment or training to start their own business, create a social enterprise, become self-employed, a freelancer or social entrepreneur in Wales.

Aligned to the Young Person's Guarantee, Business Wales has developed and promoted a series of digital resources to help engage, recruit and retain young people in employment, targeting micro and SME businesses. The resources raise awareness

of barriers young people face and help employers consider improvements in employment practices, the recruitment and on-boarding process, with guides and practical advice from other organisations. [Youth Employment | Business Wales Skills Gateway \(gov.wales\)](https://gov.wales/youth-employment-business-skills-gateway)

Demographic Changes – Ageing Population

There is no upper age limit on many of the programmes within Employability & Skills. They continue to test 50+ interventions to enable this cohort to remain in or reattach to the labour market.

Equally, we operate an all-age apprenticeship programme which creates opportunities for people in all parts of Wales, of all ages and backgrounds, to develop transferable skills which are valuable in the workplace and improve their lives. Our goal is to at least maintain the number of all-age apprenticeships start opportunities targeted during the previous Senedd Term (100,000).

Preventative Spending and Value for Money

Our budget proposal reflects my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. Our spending decisions, where possible, have not just focussed on funding demand in our programmes, but we have invested resources as part of this budget to try and alleviate and prevent issues from occurring. We have built on the last budget setting process to ensure funding is allocated to areas that are needed.

Our **employability programmes** aim to prevent economic inactivity and long-term unemployment:

- It is widely recognised that a period of sustained unemployment can have a long-term scarring impact on a young person's employment and earnings prospects. The right intervention can help to mitigate these impacts and Jobs Growth Wales+ aims to tackle this issue by targeting NEET young people with tailored support which will ultimately improve their chances of finding sustainable employment and reducing child poverty for future generations.
- CfW+ has strong preventative measures and helps to break negative cycles around poverty, inequality and lack of opportunity. Unemployment and economic inactivity can have a detrimental effect on physical and mental health of people. The programme also helps prevent issues around loneliness, poor health and wellbeing through the use of the mentoring model.

- The ReAct+ programme supports people who have been impacted by redundancy in as short a time as possible thus preventing progression into long-term unemployment. ReAct+ can also support ex-offenders and offenders serving community sentences to gain the skills that they need to find employment and reduce re-offending.

The Employability programmes are regularly evaluated and flexibility in our delivery of the programmes allows us to ensure we regularly review value for money and make changes as needed.

The **Economic Contract** requires businesses seeking investment from the Welsh Government to demonstrate all of the following as a minimum requirement:

- Growth potential (measured for example, by contribution to employment, productivity, or multiplier effects through the supply chain).
- Fair work (as defined by the Fair Work Board).
- Promotion of health, including a special emphasis on mental health, skills, and learning in the workplace.
- Progress in reducing carbon footprint.

Business Wales Impact

Cardiff Business School was commissioned in Spring 2024 to provide an assessment of the economic outcomes associated with Business Wales activity between June 2021 to end March 2024.

Two main elements of the Business Wales services were examined. First, the new-start, core and growth support service and second the Accelerated Growth Programme (AGP). The report reveals that the interventions occurred during challenging economic times for Wales. The high-level commentary reveals that the period 2021-2024 was not an easy one for Welsh SMEs. The period has seen the aftermath of the Covid-19 pandemic and the resulting economic slowdown. While the economy recovered in 2021, it was then hit by a period of relatively high inflation which knocked through onto business confidence. Critically, UK government intervention to bring inflation closer to 2.0% had the effect of reducing activity in the UK economy.

The Business Wales interventions over the period 2021-2024 occurred in the context of Welsh SMEs facing uncertainty and poor confidence, and with macroeconomic conditions not providing the best climate for business investment and sales growth.

Individual Budget Expenditure Lines

Budget lines relevant to this committee are summarised in **Annex A** and **Annex B**. This includes the costs of delivering these policies.

Specific Areas

Economy

This section provides an update on specific areas requested by the Committee.

Allocations to support businesses, including details of how these assist SMEs and larger businesses;

The financial allocation to support businesses in 2026-27 is £98.545m. £61.945m from the Business & Regions Economic Development BEL 3751, £22.5m from the Business Wales BEL 3901, £10.3m from the Business Innovation BEL 3742 and £3.8m Export & Trade BEL 3754.

The Welsh Government supports SMEs and larger business through a range of business support programmes and services, including:

- Information, guidance and advice on areas such as business planning, HR and fair work, decarbonisation, export, supply chain activity and best practices via Business Wales. Support for SMEs to secure contracts and reduce costs via Sell2Wales.
- Access to finance through the Development Bank of Wales which bridges finance gaps through loans, and equity especially for SMEs and micro businesses underserved by mainstream lenders. The Welsh Government also has a dedicated fund through the Economy Futures Fund.
- Innovation and technology support for digitalisation, R&D and the adoption of new technologies.
- Export and Internationalisation support services connect businesses to global opportunities, offering tailored guidance and practical tools to help Welsh firms expand internationally.
- Sector forums, encourage knowledge-sharing, fostering partnerships between businesses, academia and the public sector.
- Signposting through Business Wales who deliver a single point of contact, ensuring businesses can swiftly access the most relevant support without unnecessary duplication or confusion.
- Sector-specific programmes such as food, creative, tourism, construction, foundational economy.

- Skills and innovation support including Flexible Skills Programme, SMART Cymru, Circular Economy Fund. The Flexible Skills Programme provides 50 percent grant funding to support employers' upskilling costs and funding is available to businesses of any size.
- Place-based growth through regional teams, property investment and foundational economy initiatives.
- Specific project-based intervention from Arfor to GCRE.

In addition, in 2026-27 £7.531m from the Employability inc. Young Person's Guarantee BEL will be allocated to the Flexible Skills Programme FSP which provides 50 percent grant funding to support employers' upskilling costs and funding is available to businesses of any size.

Allocations to support property infrastructure and development of employment sites

The capital allocation of £34.459m and resource allocation of £2.268m in the Draft Budget 2026-27 will allow our continued investment in commercial property, where there is evidence of market failure. It will allow us to attract and retain investment that would not otherwise come to or reinvest in Wales, while influencing commercial decisions to achieve broader social, economic and environmental objectives. In collaboration with public and private partners we aim to deliver 150,000 sq. ft. per annum of new commercial floor space, together with investment ready employment sites, in line with the funding available for the Property Delivery Plan.

Details of allocations to support regional economic development, including the Local Growth Fund, Tech Valleys, Freeports and Investment Zones

Tech Valleys

Tech Valleys has a budget allocation of £5m capital and £1.76m revenue. The Tech Valleys programme will be support regional economic development through all its activities - a range of individual projects spanning infrastructure, business growth and skills. Examples of working directly with businesses are:

- the Business Productivity Enhancement Project (BPEP) – a commitment of £2.2 million capital over three years to March 2028;
- Hartree Centre – Tech Valleys Pathfinder – revenue £95,000 over two years to August 2026;
- In partnership with Blaenau Gwent CBC, co-funding a business advisor at the Goldworks enterprise hub (built with Tech Valleys funding) £79,578 over two financial years to March 2028;

The Tech Valleys programme is also working to prepare and bring to market the remaining land parcels on the Rhyd-y-Blew site, and other locations on the Works site in Ebbw Vale. The large-scale investments to-date include the Lime Avenue units, Regain 1 and 2, and the former Techboard building now called Tech Valleys House. This investment strand has achieved over 298,000 sq. ft. of new or returned floor space for businesses. The Tech Valleys programme is currently working with Cardiff Capital Region and the Northern Valleys Initiative to identify and help bring forward collaborative sites and premises projects.

The third strand of the Tech Valleys programme is investment in skills development. The programme funds a wide range of place-based skills-related projects designed both to raise awareness of the career opportunities available to young people taking on STEM subjects, and to help build a robust talent pipeline of employees in future-looking jobs. Examples of this work include:

- STEM Facilitation - revenue commitment of £95,000 over four years to March 2028;
- WVEP and TiW:WV – Commitment (revenue and capital) over the life of the Tech Valleys programme of £349,697 (2021 to 2024) and £397,000 (2024 to 2028). This amount has been match-funded by the Panasonic Trust.
- HiVE hubs and HiVE – To-date £1.5 million has been invested in HiVE hubs in schools across the Tech Valleys area. HiVE is a multi-million-pound facility for aspiring engineers that will equip young people with the skills and experience needed for careers in the industries of the future. The Tech Valleys programme invested almost £5 million to enable the design development and delivery, helping to secure UKG levelling-up funding of £10.8 million. The official launch is planned for 3rd November 2025.

The Tech Valleys programme is helping to create an environment where new businesses can have confidence to locate to the northern South Wales Valleys and existing businesses will be able to grow.

Freeports

The Welsh Freeport Programme is a joint initiative between the Welsh Government and UK Government aimed at unlocking Wales' economic potential through the strategic development of designated Freeports of Celtic and Anglesey Freeport.

The programme is designed to:

1. Promote regeneration and high-quality job creation
 - Support economic development in coastal and deprived areas.
 - Create sustainable, well-paid employment opportunities.

2. Establish Freeports as national hubs for global trade and investment
 - Enhance Wales' position in international trade.
 - Attract foreign and domestic investment into key sectors.
3. Foster an innovative environment
 - Encourage research, development, and collaboration.
 - Support green growth and the transition to a low-carbon economy.

Businesses in Freeport zones can benefit from:

- Simplified customs procedures
- Relief on customs duties
- Tax incentives

Freeports must align with:

- The Well-being of Future Generations (Wales) Act 2015
- Net zero commitments
- Fair work and social partnership principles, ensuring workers are fairly treated and represented.

In addition to the tax incentives, the Freeport Programme includes a total of £50m of seed capital from the UK Government to support delivery of the two Freeports in Wales. For financial year 2026-2027, the UK Government has indicated that £18m will be allocated for both Freeports. The process for transferring this funding has not been confirmed yet.

Anglesey Freeport will focus on a number of key projects in 2026-27. This will include:

- Decarbonisation activity.
- Infrastructure improvements and enabling/remediation of brownfield sites.
- Capital investment in new build for innovation and R and D activities; and
- Critical road highway improvements for key sites.

Celtic Freeport projects will include focus on enabling works and infrastructure improvements, and support growth in renewable energy and advanced manufacturing.

Investment Zones

The Investment Zones Programme is designed to support the growing strengths in UK government and Welsh Government priority sectors, increasing productivity, driving innovation, and helping address economic disparities that persist between and within regions.

The Programme is being jointly delivered by the UK and Welsh Governments, with the one Investment Zone located in the Cardiff and Newport travel to work area, and the other in the Wrexham and Flintshire travel to work area. A Memorandum of Understanding sets out how both governments will work together and details the funding arrangements to deliver Investment Zones in Wales.

The UK government will make available a funding envelope of £320m available to the two Welsh Investment Zones (£160m each) between the 2025-2026 and 2034-2035 financial years (a period of 10 years). The funding envelope can be used flexibly between spending and a single tax incentive package, scalable based on the number and size of sites.

Each Investment Zone will receive up to £160 million flexible spend (split 40:60 between resource (RDEL) and capital (CDEL) spending). The costs of any tax incentives the Investment Zone opts to take up will be subtracted from this £160m over the 10-year window of the programme.

UKG are finalising allocations for both Investment Zones for 2026-27. Indicative allocations will see Flintshire and Wrexham Investment Zone receive circa £14m and Cardiff Capital Region circa £13m.

Both Investment Zones are at different stages of business case sign off and will be presenting more detail on next year's activity in Annual Delivery Plans during 2025/26. They will focus on four main areas of activity:

- Infrastructure
- Skills
- Innovation/R and D
- Business Support

The Flintshire and Wrexham Investment Zone builds on its nationally important cluster of advanced manufacturing, growing and transforming the sector to meet the needs of the future and increasing its economic benefits through employment and driving up productivity and pay. The Investment Zone will also have spatial focus on a number of key strategic sites including Deeside and Wrexham Industrial Estates, Warren Hall and land surrounding Hawarden Airport.

The Cardiff and Newport Investment Zone will drive innovation and growth across the advanced manufacturing and digital and technology sectors, with a focus on the region's compound semiconductor cluster.

Both programmes have robust business case processes and monitoring and evaluation arrangements to assess critical Value for Money considerations.

Local Growth Fund

A new Local Growth Fund for Wales, worth £547m, will be for a three-year period beginning from April 2026 and will deliver against the Welsh Government's *Economic Mission* and the UK Government's agenda for growth. An Investment Plan will be developed and delivered by the Welsh Government in partnership with local government and the private, higher and further education, and third sectors.

Later this month, the Welsh Government will consult on the best way to use this funding. The consultation will focus on how best to:

- create and grow Welsh businesses in key sectors and boost investment in research and innovation, in areas such as health and bio-tech, financial technology, low carbon energy and Artificial Intelligence;
- support people into work and help people gain new skills and qualifications to progress into higher paid jobs so a larger proportion of our population is employed; and
- address the issues that are holding back growth, such as the need for key sites and premises, renewable and low-carbon energy generation, energy efficiency, digital connectivity, and low-carbon transport.

Allocations to support the individuals and communities impacted by Tata's decision to halt primary steel making in Port Talbot, to supplement the funding provided by the UK Government

There is no specific budgetary provision for the individuals and communities impacted by Tata Steel's decarbonisation project. However, the Welsh Government's business as usual support activities such as the £7.095m ReACT+ budget provides sufficient budget to manage any carry over of demand from those impacted by redundancies from Tata Steel UK and the supply chain into 2026-27. The Communities for Work+ planned budget of £16.834m which is delivered through grant funding across all 22 Welsh local authorities for 2026-27 provides intensive employability support to people most disadvantaged in the labour market from a range of community venues.

Financial allocations to support the foundational economy

There is an annual allocation of £1m to promote and support the objectives of the Foundational Economy (FoEc) mission statement which was published in April;

£0.500m of the budget is directed into Business Wales BEL 3901 to mainstream Foundational Economy principles into business support. Through this work this year, the following activities have been delivered:

- Two Expos connecting FoEc businesses with major private and public sector purchasing organisations. The first held in Swansea attracted almost 900

registered attendees and 65 exhibitors, an increase of the first such event held last year. The north Wales Expo will take place on 16 October.

- Four regional events to develop local business capability to engage with the new procurement legislation, attracting 549 attendees.

Through FoEc project activity, we have worked with stakeholders in the food, housing and transport sectors. These interventions are helping nurture local supply chains and sustain and create local employment. These projects involve:

- Further rolling out our support to accredit contractors in the housing sector;
- Scaling up the Welsh Veg in Schools project;
- Trial salad bar options in a selection of secondary schools; This model is used in Malmo, Sweden ensuring healthy eating in schools and increasing use of local and seasonal produce;
- Through Constructing Excellence Wales, progress a range of initiatives to support the FoEc, including promotion of the use of Project Bank Accounts to ensure prompt payment for smaller suppliers, supporting the construction sector to enhance its digital capability, and providing
- key intelligence to inform future work plans; and
- Build on the successful Food Communities of Practice and establish new networks in other key FoEc sectors to encourage innovation and share learning.

The Development Bank for Wales – including allocations to the Green Business Loan Scheme, the Green Homes Wales Scheme, and support for employee-owned businesses

The Development Bank of Wales will continue to offer finance for businesses to start up and grow, in line with our Programme for Government pledge to expand the use of patient capital in the form of debt and equity investment.

DBW is supporting the changes needed to business behaviours to meet net zero goals, embed net zero credentials in existing funds and working with third parties to consider new fund solutions. The bank has piloted a Green Homes Wales scheme using capital allocated through the Housing and Local Government MEG. The scheme offers interest-free finance to owner-occupiers who are able to invest in energy efficiency and low carbon heating solutions but lack the up-front capital. The scheme delivers on the commitments in Net Zero Wales: Carbon Budget 2 and the actions set out in the Heat Strategy for Wales.

The bank has established a Green Business Loan Scheme (GBLS) - Since 2023 to June 2025 this has provided over £7.9m of repayable finance to small and medium-sized enterprises to invest in energy-saving technologies. The Scheme has recently been extended, providing businesses with advice and support as well as funding to undertake energy efficiency improvements, reducing their carbon emissions.

The draft budget for 2026-27 allocates Financial Transactions capital from the Economy, Energy and Planning MEG to the Development Bank of Wales so that DBW can continue to:

- offer micro-loans to small businesses, sole traders and social enterprises based in or willing to move to Wales through the Wales Micro Loan Fund
- extend the Green Business Loan Scheme
- invest in the businesses of the future through business Angel Investment activity, leveraging further investment from private investors and syndicates, and
- prevent profitable business from leaving Wales by enabling management buyouts through the Wales Business Succession Fund, which supports employee ownership of businesses and is co-funded by the Clywd Pension Fund

The Welsh Government remains in negotiation with HMT regarding the handling of the budgetary implications arising from the reclassification of the bank. At this stage the Welsh Government is managing these implications from within existing resources.

Financial allocations to Business Wales

£22.5m has been allocated in this budget for the Business Wales service from April 2026 until March 2027 to deliver a proactive entrepreneurship and SME business support service.

Business Wales aims to make it easier for Welsh micro-businesses and SMEs including social enterprises, and aspiring entrepreneurs of all ages to access the information, advice and support they require to start, sustain and grow their businesses. The service helps new entrepreneurs, existing micro-businesses and SMEs to build more resilient businesses and develop their business practices as well as improving productivity and stimulating business growth in an inclusive and sustainable way, through improved investment, export and the creation of good quality employment.

Business Wales provides businesses and entrepreneurs with a single point of contact for business information, advice and support from the public, private and voluntary sectors, and is accessed digitally via <http://businesswales.gov.wales> and social media channels and the 03000 6 03000 helpline. The service offers a combination of online, telephone, 1-2-many and 1-2-1 business support which is tailored according to client need and the different regions of Wales, dependant on local requirements. Business Wales plays a key part in ensuring that entrepreneurs and businesses can navigate the business support landscape in Wales to access the most appropriate support for them.

Business Wales provides entrepreneurs and businesses with access to a wide range of impartial information, advice and guidance to help them start and grow. Support includes general business advice; equality and fair work; resource efficiency; international trade; mentoring and digital exploitation. Bespoke support is also provided to help businesses access more procurement opportunities; improve marketing and sales; access finance; employment, HR and skills advice.

Business Wales provides support to businesses through five key themes of work:

- **Business Wales Digital and** helpline services provide a fully bilingual, accessible point of contact offering a full range of information and guidance for entrepreneurs and businesses. This provides impartial tailored information and resources to help navigate business support. The Sell2Wales procurement portal promotes opportunities for businesses to access and win public sector contracts.
- **Business Wales supporting entrepreneurs and business start-up** inspires and develops the capability of entrepreneurs by developing a culture of entrepreneurship and business start-up in Wales focussing on reaching out to young people in education and those under 25 years, adults who are considering starting their own business, and targeted outreach for individuals underrepresented in business start-up and society.
- **Business Wales development and advisory** support builds the confidence and resilience of entrepreneurs and the existing business community in Wales through the provision of dedicated advice, support and focussed relationship management. The service provides business advice and specialist support to help businesses create opportunities for employment, access finance, seek new markets and improve business practices and their productivity. Specialist support focusses on improving SME practices on decarbonisation, supply chains and employment practices and fair work, providing a connection to skills support and apprenticeships.
- **Business Wales Accelerated Growth** programme provides tailored business support, relationship management and specialist coaching for selected pre-revenue and established businesses that can demonstrate the aspiration and potential to achieve high growth. The support focusses on opportunities to export, innovate, improve productivity, increase employment, access to finance and is delivered by skilled coaches and mentors, supported with a suite of dynamic online high growth tools.
- **Social Business Wales** provides a dedicated, collaborative specialist service for social enterprises focused on achieving the outcomes as set out in the ten-year Vision and Action Plan 'Transforming Wales through social enterprise'. This includes one-to-one business support, to eligible new start and growth social businesses, dedicated employee ownership support and peer mentoring support.

Support for key manufacturing sectors such as aerospace, automotive and steel

Following the decision not to renew Industry Wales' term of Government remit letter, and the effective closure of the organisation at the end of March 26, consideration will need to be given to costs associated with winding up of the organisation and alternative arrangements that may be put in place to provide services to WG as and when required.

The Defence Growth Deal Wales (DGDW), announced in the Defence Industrial Strategy (DIS), gives access to a £250M fund to support the existing defence sector, especially SMEs and encourage new entrants into the defence supply chain. Wales' asks are being defined, this may require in kind or direct contribution from WG especially where benefits are felt beyond the defence supply chain such as civil aerospace, civil space and automotive applications. The DGDW will require additional resource to set up and manage, it's not yet known if these costs could be covered via programme funds from the DGDW. The DIS also contained announcements on regional defence and security clusters (RDSCs), and additional funding for skills and defence technical colleges which are being explored with MOD.

The B2B events programme requires funding in order to deliver attendance at key, high profile global events in sectors including energy, automotive, aerospace, defence, security and space. These events help to raise Wales' international profile as well providing a cost-effective mechanism for individual companies to grow their domestic and international sales.

There are external threats to the UK Steel Sector such as energy prices, global over capacity, trade barriers and tariffs. We are supporting the sector through working with UK Government, steel companies, trade unions and the Steel Council on establishing a Steel Strategy that will take account of the various external and policy issues facing the sector as well as identifying areas for investment.

Tata Steel UK (TSUK) is currently undertaking a transition away from blast furnace steelmaking to cleaner, greener electric arc furnace steelmaking. This is one of the largest industrial transition projects in the UK as well as the largest investment in the steel industry for decades and is aimed at safeguarding the UK's steel sovereignty. The project will reduce the UK's entire industrial carbon emissions by 8% (and Port Talbot's by 90%) while setting a benchmark in circularity by utilising UK scrap.

The transition period brings challenges, but also opportunities for local suppliers in helping to bring about the changes required to establish a new technology. Once the transition is complete both Welsh-based steel producers, 7 Steel UK and TSUK will be providing steel through scrap metal fed electric arc furnaces.

The Welsh Government is working closely with the TSUK Transition Board to provide information, advice and support for those employees, families and communities impacted by the transition.

The allocations to deliver Welcome to Wales: priorities for the visitor economy 2020-25, including the ‘Wales Tourism Investment Fund’ and ‘Brilliant Basics Fund’

The £50m Wales Tourism Investment Fund (WTIF) is a combination of grants and loans, managed by the Development Bank of Wales, which will continue to help finance capital investment in projects that grow the sector and have a positive impact on the Welsh economy.

The fund brings together both commercial and grant funding into one combined package of financial support to provide capital investment for the sector and will help finance capital investment in tourism projects which can create positive impact on growing the sector and Welsh economy. WTIF will continue to support eligible capital projects during 2026-27 which will enhance the tourism offering of Wales by supporting our new strategy for the sector.

The Brilliant Basics fund runs over two years, and the current round started in 2025, so will continue for 2026-27. The purpose of the fund is to deliver improvements in basic but essential visitor infrastructure at strategic tourism destinations across Wales to ensure that all visitors have a positive and memorable experience throughout all aspects of their stay. The fund is open to local authorities and National Park Authorities.

We will consider the use of small grant interventions to assist private tourism businesses across Wales.

We will introduce a scheme to develop cycling tourism infrastructure in 2026-27. This will allow us to leverage the “year of cycling” opportunity that the arrival of the Tour de France will bring to Wales.

Any allocations in relation to the visitor accommodation regulation legislative proposals

£0.2m revenue and £0.7m capital has been allocated as part of this budget to support the development of the registration system, which is being led by the Welsh Revenue Authority (WRA) as part of implementation planning for the Visitor Levy Bill) under the Visitor Accommodation (Registration and Levy) Etc (Wales) Act 2025. This funding complements funding allocated to WRA in the Central Services and Administration Main Expenditure Group. This continues the approach which was established as part of the last budget setting process.

The registration scheme will underpin both the visitor levy and the licensing of visitor accommodation, which will be considered by the Senedd following the introduction of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill. Funding will be allocated to implement the licensing scheme once the Bill has progressed through the Senedd.

Allocations to each of the four city and growth deals

We are continuing to invest in supporting city and growth deals. This support signals ongoing transformational investment across Wales to deliver sustainable skilled jobs and infrastructure and to communities across Wales. The Draft Budget 2026-27 has allocated £22m for the four deals. The UK Government has provided a further £76.4m, bringing the total planned investment in 2026-27 to £98.4m across the four deals. This contribution supports regional committees to deliver the outcomes and outputs identified in the deal agreements, and the relevant portfolio business cases.

Support to deliver ‘Together for retail: a Wales Retail Forum action plan’

There is no financial support allocated in this budget to the delivery of the Retail Action Plan over and above Welsh Government staff time allocated to retail policy.

Allocations to support businesses and workers in the transition to Net Zero, such as those to support the creation of sustainable green jobs, and those that ensure that workers will have the necessary skills for these jobs

The Flexible Skills Programme (FSP) continues to provide opportunities for businesses to invest in themselves by upskilling and reskilling their employees to support their ability to grow and thrive. FSP offers 50% training cost support to employers, with a dedicated net zero strand. Through FSP we are supporting skills in engineering, manufacturing, and sustainability. We have allocated £7.531m to FSP for 2026-27.

Apprenticeships remain a cornerstone of the Welsh Government's skills strategy. The focus of the apprenticeship programme is on:

- STEM and net-zero sectors
- Higher-level technical routes
- Degree apprenticeships in construction, rail, digital, and engineering.

An additional allocation of £2.386m has been made available in this budget to support our apprenticeship programme.

Business Wales provides a range of general business advice, information and signposting as well as specialist strands of advice such as resource efficiency to

support businesses. Business Wales offers a wide range of advice and support on resource efficiency, managing finance, green policies and practices as well as workshops.

Decarbonisation Advisers support businesses to adopt or improve environmental strategies, and work with businesses towards creating a resource efficient and resilient business. Advisers provide a range of advice such as using fewer raw materials to reduce the risk of material scarcity, driving innovation and resilience, and helping businesses reach new markets.

A Business Wales green ambition campaign helps businesses to improve their knowledge and understanding of resource efficiency. The campaign encourages businesses to take action to mitigate their impact on climate change and supports the Welsh Government ambition towards net zero economy. The campaign provides easy access to digital content and interactive online events including a series of expert sessions.

The Green Growth Pledge is part of the specialist sustainability support available through Business Wales and is open to all Welsh SMEs regardless of their industry sector. It provides a practical way for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations. By signing the Green Growth Pledge each business makes a commitment to one or more actions to help them reduce impact or ensure sustainable performance. Businesses also gain access to a marketing toolkit specifically designed to provide practical information, guides and logos to help promote the actions they have taken to decarbonise and become more sustainable.

A cost of doing business zone on the Business Wales website brings together existing content and tools available to support businesses to reduce their use of resources and costs. This zone acts as the focal point for any future advice and support for businesses.

The **Development Bank of Wales** Green Business Loan Scheme offers discounted interest rates and patient capital to support businesses undertaking energy efficiency and decarbonisation projects. It offers funding from £1,000 up to £1.5m. The Scheme also provides access to fully and part-funded consultancy support to carry out business specific energy audits.

The Welsh Government has produced business decarbonisation guidance which provides an overview of the strategy, policy, and funding for business decarbonisation in Wales. Resources relating to Carbon Capture Technology and Land Management Approaches for Net Zero are available on the Farming Connect website.

The Welsh SMART programmes provide specialist advice and funding for businesses to develop new products and processes that result in decarbonisation. The programmes have access to a wide range of funding mechanisms for Research & Development (R&D) and process improvements and employ a team of manufacturing and design advisors. Any business seeking support for R&D related to decarbonisation in Wales should start by contacting their local Innovation Specialist.

The Economic Contract requires businesses seeking investment from the Welsh Government to demonstrate all of the following as a minimum requirement:

- Growth potential (measured for example, by contribution to employment, productivity, or multiplier effects through the supply chain).
- Fair work (as defined by the Fair Work Board).
- Promotion of health, including a special emphasis on mental health, skills, and learning in the workplace.
- Progress in reducing carbon footprint.

Research, Development and Innovation

Details of any funding during 2026-27 intended to resource Welsh Government's five priorities for research, development and innovation in Wales; including any funding aimed at ensuring Wales has a fair share of available research, development and innovation funding including any EU funding replacements

The five priorities date back to 2021 and have been superseded by our innovation strategy, Wales Innovates. Although no budget has been hypothecated for increasing Wales' share of available RD&I at a UK & European level, all interventions will consider this measure. The Strategy's accompanying Delivery Plan sets out targets and milestones for this activity.

Details of any funding during 2026-27 intended to resource the Innovation Strategy for Wales

As above, all Innovation funding interventions will be considered against their relevance to, and effectiveness in contributing towards the four Missions highlighted in the Strategy.

Details of the funding for research and innovation across the whole of Welsh Government.

£10m capital has been allocated for research and innovation within the Business Innovation BEL 3742. Other departments in the Welsh Government also allocate funding for research, development and innovation either as part of ring-fenced budgets or on an ad-hoc basis. In 2024 the ONS Government Research and Development

Survey (GovERD), cited the latest 2022 figures for Welsh Government expenditure on research and development as £44m, up from £36m in 2021.

Trade

Detail of implementing new arrangements and obligations under the UK-EU Trade and Cooperation Agreement

My officials in the Trade Policy team lead on the work relating to the UK EU Trade and Cooperation Agreement (TCA), within the Welsh Government. The May 2025 UK-EU Summit, led to the agreement of the 'Common Understanding' and a set of new significant negotiation strands to improve our relationship with the EU. The team engages with UK Government on implementation of the existing agreement, such as our attendance at TCA committees and co-ordinating the engagement for the new negotiations in areas such as Sanitary and Phyto-Sanitary policy. Advice is also provided across the organisation to ensure that we meet our TCA obligations. Businesses currently, or planning on, exporting to the EU are supported by our Welsh Government Export Team. The Trade Policy team provides advice to colleagues on exporting under the TCA when needed. This work is delivered by existing staff resource.

Details of implementing post-Brexit UK trade agreements, including relevant legislation

My officials lead on engaging with UK government on the negotiation of new Free Trade Agreements (FTAs) and co-ordinates implementation of these agreements in Wales. To date, the UK government has used primary legislation to implement the new agreements, in the form of the Trade Act (2021), the Trade (Australia and New Zealand) Act (2023) and the Trade (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) Act (2024). The first two of these acts created concurrent powers to make the changes needed to implement these deals in devolved areas, the last contained provisions to make these changes directly (which the Senedd partially consented to).

We do not believe there will be primary legislation needed to implement the most recently signed FTA (UK India), with secondary legislation being used instead to make relevant changes. As with work on the TCA, my officials also engage with the UK Government on the implementation of the deals and our attendance at committees and works with business facing teams to ensure that businesses exporting to these markets can benefit from these deals if they wish. This is managed by the existing staff resource within the team.

The financial allocations to deliver the Welsh Government's International Strategy's 'Export Action Plan for Wales', to include implications arising from the publication of the International Delivery Plan in April 2025

We have allocated £3.752m as part of this budget for Export, Trade and Inward Investment. This budget includes £3.572m to deliver the Export Action Plan for Wales and £0.180m to support our efforts to promote Wales as a destination for inward investment.

The International Delivery Plan reiterates the commitments in the International Strategy and Export Action Plan to grow the economy by increasing exports and attracting inward investment. It does not place any direct implications on existing budgets.

Details of allocations to attract inward investment into Wales

The £3.572m funding allocated to deliver the Export Action Plan in 2026-27 will ensure we have a range of export programmes delivered to support businesses on their export journey, from - inspiring businesses to export; building export capability; finding overseas customers; and accessing overseas markets. International trade continues to be impacted by the global trading landscape and wider geopolitical issues. The latest provisional export statistics show the value of goods exports for Wales was £17.1bn in the year ending June 2025, down £1.5 bn (8.2%) compared to the year ending June 2024. This demonstrates the importance of providing comprehensive support to Welsh businesses to develop to drive growth in Welsh exports.

The £0.180m funding allocated to deliver activity to promote Wales as a location for inward investment ensures we can continue to promote sectors where Wales has recognised capabilities and growth potential on the global stage.

Annexes

Annex A - Budget Expenditure Lines (BELs) – Economy, Energy and Planning MEG

Budget Expenditure Line (Revenue)		Plans as per 2025-26 Final Budget Restated February 2025	Baseline Adjustments for 2026-27	2026-27 Revised Baseline	Changes	2026-27 Draft Budget October 2025
		£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development		5,394	28	5,422	9	5,431
Business & Regional Economic Development – Non-cash		700	0	700	0	700
Business Wales		22,437	36	22,473	40	22,513
Tech Valleys		1,760	2	1,762	0	1,762
Valleys Task Force		102	2	104	0	104
Export, Trade and Inward Investment		3,752	1	3,753	0	3,753
Action:	Business Wales / Entrepreneurship and Regional Economy	34,145	69	34,214	49	34,263
Business Finance Funds		0	312	312	51	363
Business Finance Funds - Non-cash		1,500	0	1,500	0	1,500
Action:	Total Development Bank Wales	1,500	312	1,812	51	1,863
Property Infrastructure		2,268	0	2,268	0	2,268
Property Infrastructure – Non-cash		13,600	0	13,600	0	13,600

Public Sector Broadband Aggregation		12,506	11	12,517	1	12,518
ICT Infrastructure Operations		868	0	868	0	868
ICT Infrastructure Operations – Non-Cash		2,324	0	2,324	0	2,324
Action:	Economic Infrastructure Development	31,566	11	31,577	1	31,578
Digital Strategy for Wales		4,436	2,556	6,992	83	7,075
Action:	Total Delivering the Digital Strategy	4,436	2,556	6,992	83	7,075
Healthy Working Wales		100	0	100	0	100
Corporate Programmes & Services		513	1	514	1	515
Strategic Business Events and Communications		65	0	65	0	65
Action:	Corporate Programmes	678	1	679	1	680
Apprenticeships		143,902	4	143,906	2,386	146,292
Action:	Apprenticeships	143,902	4	143,906	2,386	146,292
Employability Including Young Persons Guarantee		109,857	800	110,657	2,683	113,340
Employability Including Young Persons Guarantee – Non-cash		2,330	0	2,330	0	2,330
Action:	Employability Including Young Person Guarantee	112,187	800	112,987	2,683	115,670
Business Innovation		309	48	357	5	362
Action:	Innovation	309	48	357	5	362
Science		938	4	942	1	943
Action:	Science	938	4	942	1	943
Tourism		9,141	19	9,160	2	9,162
Tourism - Non-cash		20	0	20	0	20

Events Wales		5,169	5	5,174	1,708	6,882
Creative Wales		7,008	1	7,009	1,400	8,409
Creative Wales - Non-cash		10	0	10	0	10
Action:	Promote and Protect Wales' Place in the World	21,348	25	21,373	3,110	24,483
Programme Support		1,761	17	1,778	2	1,780
Action:	Managing European Funding	1,761	17	1,778	2	1,780
Cardiff International Airport		-3,000	0	-3,000	0	-3,000
Action:	Total Cardiff International Airport	-3,000	0	-3,000	0	-3,000
NEW BEL NAME Licensing of Visitor Accommodation		200	0	200	0	200
Action:	Licensing of Visitor Accommodation	200	0	200	0	200
Green Energy		8,457	33	8,490	33	8,523
Ynni Cymru		2,470	0	2,470	0	2,470
Action:	Energy Efficiency	10,927	33	10,960	33	10,993
Social Partnerships		900	8	908	11	919
Action:	Social Partnership	900	8	908	11	919
Planning and Environment Decisions Wales		4,968	86	5,054	92	5,146
Planning and Regulation Expenditure		3,846	14	3,860	13	3,873
Action:	Planning and Regulation	8,814	100	8,914	105	9,019
Arts Council of Wales		33,314	153	33,467	55	33,522
Arts Council of Wales - Non cash		119	0	119	0	119

Amgueddfa Cymru - National Museums of Wales		27,222	756	27,978	526	28,504
Amgueddfa Cymru - National Museums of Wales - Non cash		3,300	0	3,300	0	3,300
National Library of Wales		11,862	240	12,102	262	12,364
National Library of Wales - Non cash		2,368	0	2,368	0	2,368
Support for Local Culture and Sport		8,135	1,777	9,912	24	9,936
Action:	Support for Culture and the Arts	86,320	2,926	89,246	867	90,113
Cadw		9,501	7,633	17,134	348	17,482
Cadw - Non cash		5,480	0	5,480	0	5,480
National Botanic Garden of Wales		587	0	587	0	587
Royal Commission on the Ancient and Historical Monuments for Wales		1,773	42	1,815	43	1,858
Royal Commission on the Ancient and Historical Monuments for Wales - Non cash		134	0	134	0	134
Action:	Support the Historic Environment	17,475	7,675	25,150	391	25,541
Sports Wales		23,065	123	23,188	51	23,239
Sports Wales – Non cash		779	0	779	0	779
Action:	Sports and Physical Activity	23,844	123	23,967	51	24,018
MEG:	ECONOMY, ENERGY AND PLANNING	498,250	14,712	512,962	9,830	522,792

Budget Expenditure Line (Capital)		Plans as per 2025-26 Final Budget Restated February 2025	Baseline Adjustments for 2026-27	2026-27 Revised Baseline	Changes	2026-27 Draft Budget October 2025
		£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development		56,650	-30,000	26,650	30,400	57,050
Business & Regional Economic Development - Repayment		-1,157	1,157	0	-1,236	-1,236
Tech Valleys		5,000	0	5,000	0	5,000
Action:	Business Wales / Entrepreneurship and Regional Economy	60,493	-28,843	31,650	29,164	60,814
Business Finance Funds		9,500	-9,500	0	9,690	9,690
Business Finance Funds – Repayment		-11,000	11,000	0	0	0
Action:	Development Bank of Wales	-1,500	1,500	0	9,690	9,690
Property Infrastructure		33,379	0	33,379	1,450	34,829
Property Infrastructure - Repayment		-365	365	0	-370	-370
ICT Infrastructure operations		20,000	0	20,000	0	20,000
Action:	Economic Infrastructure Development	53,014	365	53,379	1,080	54,459
Employability Including Young Persons Guarantee		2,000	0	2,000	0	2,000
Action:	Employability Including Young Persons Guarantee	2,000	0	2,000	0	2,000
Business Innovation		10,000	0	10,000	0	10,000
Action:	Innovation	10,000	0	10,000	0	10,000
Science		5,000	0	5,000	0	5,000

Action:	Science	5,000	0	5,000	0	5,000
Tourism		6,500	-500	6,000	500	6,500
Creative		7,000	0	7,000	500	7,500
Action:	Promote and Protect Wales' Place in the World	13,500	-500	13,000	1,000	14,000
Cardiff International Airport		1,783	0	1,783	0	1,783
Action:	Cardiff International Airport	1,783	0	1,783	0	1,783
Licensing of Visitor Accommodation		700	0	700	0	700
Action:	Licensing of Visitor Accommodation	700	0	700	0	700
City and Growth Deals		110,477	-88,477	22,000	76,375	98,375
Action:	City and Growth Deals	110,477	-88,477	22,000	76,375	98,375
Green Energy		12,400	0	12,400	0	12,400
Ynni Cymru		10,000	0	10,000	0	10,000
Action:	Energy Efficiency	22,400	0	22,400	0	22,400
Arts Council of Wales		400	0	400	500	900
Amgueddfa Cymru - National Museums of Wales		5,000	0	5,000	500	5,500
National Library of Wales		2,000	0	2,000	250	2,250
Support for Local Culture and Sport		32,800	0	32,800	0	32,800
Action:	Support for Culture and the Arts	40,200	0	40,200	1,250	41,450
Cadw		16,321	-7,352	8,969	227	9,196
National Botanic Garden of Wales		200	0	200	0	200
Royal Commission on the Ancient and Historical Monuments for Wales		50	0	50	0	50
Action:	Support the Historic Environment	16,571	-7,352	9,219	227	9,446

Sports Wales		10,016	0	10,016	500	10,516
Sports Capital Loan Scheme		-500	500	0	-1000	-1000
Action:	Sports and Physical Activity	9,516	500	10,016	-500	9,516
MEG:	ECONOMY, ENERGY AND PLANNING	344,154	-122,807	221,347	118,286	339,633

Annex B – Action Level Commentary – Economy, Energy and Planning MEG¹

Resource

Business Wales / Entrepreneurship and Regional Economy Action

The total funding for the Action for 2026-27 stands at £34.263m. There has been a positive baseline adjustment of £0.069m which relates to the 2025-26 public sector pay award and increases to national insurance contributions. A further increase of £0.049m has been made available in 2026-27 as additional support to reflect the OBR's wage growth forecast of 2.2% and to further support the increase in the national insurance contributions costs.

Business & Regional Economic Development BEL

- Funding within this BEL supports partnerships, engagement and initiatives to progress the ambitions in Economic Mission The [Mission](#), and employability for inclusive growth and building the economy for long term sustainability.

Business Wales BEL

- The budget supports youth entrepreneurship and the young person's guarantee, start-ups, micro-businesses, SMEs, disability champions, social enterprise and responsible business practices. The services support those with hidden barriers and targeted support will continue to be delivered to support those individuals, such as female and youth entrepreneurs and Black, Asian and minority ethnic groups.
- The budget also includes provision of £1m for the foundational economy enabling jobs at the heart of local communities across sectors such as care and health services; food; housing; energy; tourism; construction and retail.

Tech Valleys BEL

- Tech Valleys is a Programme for Government commitment over ten years (to 2028) to create 1,500 sustainable jobs, increase average weekly wage and GVA focused on Blaenau Gwent by capitalising on opportunities arising from

¹ Actions: Employment and Skills, Apprenticeships, Cardiff International Airport, Energy Efficiency, Social Partnership, Support for the Culture and Arts, Support for the Historic Environment, Sports and Physical Activity are all covered under other evidence papers provided to relevant Committees.

the fourth industrial revolution, encouraging the adoption of digital technologies, and developing high value advanced technologies supporting cutting edge industries such as 5G, battery technology and research into automotive vehicles. The impact of this investment is reaching across all the South Wales Valleys.

Valleys Task Force BEL

- Funding maintains an annual revenue budget of £0.1m to support the capital programme to deliver Our Valleys Our Future programme.

Export, Trade and Inward Investment BEL

- Enables funding for the delivery of the Export Action Plan for Wales, to drive long term growth in Welsh exports; and activity to support the promotion of Wales as a location for inward investment.

Development Bank Wales Action

Business Finance Funds - BEL

- Additional funding of £0.051m compared to the revised baseline 2026-27 has been allocated in this budget to further support the increase in national Insurance contributions costs. There has also been a baseline adjustment for 2026-27 of £0.312m to support the 2025-26 National Insurance contributions costs.

Business Finance Funds - Non-cash BEL

- The non-cash BEL remains at £1.5m in 2026-27 for depreciation and amortisation costs (£1m) and a further £0.5m for leased asset depreciation for leases accounted for under IFRS16.

Economic Infrastructure Development Action

The Action has had a very small increase of £0.001m compared to the 2026-27 revised baseline. The increase is due to further support to cover the increase in the National Insurance contributions costs. In addition, there has been a baseline adjustment of £0.011m due to the difference in the 2025-26 public sector pay award and increase in national insurance contributions.

Property Infrastructure BEL

- Funding in this BEL supports the supply of employment sites and premises to meet the needs of businesses and secure competitive advantage in attracting, retaining and growing businesses in Wales. The revenue budget ensures that Welsh Ministers meet their legal and statutory obligations as landlords and landowners in managing the Economic development property portfolio, including the management of St Athan. The budget is supplemented by other income, primarily rental receipts and profits from disposing of land and buildings.

Public Sector Broadband Aggregation BEL

- Funding in this BEL is for the PSBA Contract which underpins the digital connectivity service used by over 120 public sector organisations across Wales. The business critical PSBA network service has over 5,000 connections and was established in 2007.

ICT Infrastructure Operations BEL

- Funding in this BEL supports the delivery of Digital Infrastructure throughout Wales. The revenue budget also ensures that Welsh Ministers can review and monitor Digital policy decisions made by the UK Government, to ensure that Welsh interests are protected.

ICT Infrastructure Operations – Non-Cash BEL

- Funding in this BEL is for the depreciation charges of the Welsh Government owned Fibrespeed network in North Wales.

Delivering the Digital Strategy Action

There have been several baseline adjustments to this Action as part of the 2026-27 budget. There has been an increase of £0.056m to support the public sector pay award for 2025-26 and increased national insurance contributions costs. In addition, there has been an increase of £2.5m to support our commitment to AI. An additional £0.083m has been allocated in 2026-27 compared to the revised baseline to reflect the OBR's wage growth forecast of 2.2% for 2026-27

Digital Strategy for Wales BEL

- Funding within this BEL relates to the delivery of activity to support Mission 1 of the Digital Strategy for Wales including, up until 2025-26, the budget for activities currently carried out by the Centre for Digital Public Services (CDPS). This includes raising digital capability across the public sector, delivering standards and guidance and working with other organisations to deliver digital transformation.
- To support the transfer functions of the CDPS to Welsh Government with the aim of this being in effect by April 1st 2026. The activity above will continue from within Welsh Government.
- £2.5m of this BEL relates to new investment in Artificial Intelligence leadership for the public sector including the new Office for A.I and a delivery fund to support public sector adoption.

Corporate Programmes Action

There has been a small baseline adjustment of £0.001m to this Action in 2026-27 to support the 2025-26 pay award. In addition, a further £0.001m increase has been added compared to the revised baseline to support a forecasted 2.2% increase in public sector pay. The total funding for the Action stands at £0.680m for financial year 2026-27.

Healthy Working Wales BEL

- The Healthy Working Wales budget (HWW) delivers the national programme which supports employers to create healthier work and workplaces for the benefit of their employees and the wider community. HWW is jointly funded by the Health and Social Services MEG and the Economy, Energy and Planning MEG. Officials from both departments work closely to maximise the health and economic benefits of the programme. £0.100m has been maintained in 2026-27 to support this activity.

Corporate Programmes & Services BEL

- The Corporate Programmes annual budget primarily funds the Business Accounting System, which was vital during the pandemic to enable the Welsh Government to process Economic Resilience Fund (ERF) grants. The budget also has a small provision for evaluations. The budget for 2026-27 stands at £0.515m, a small increase from the 2025-26 baseline.

Strategic Business Events and Communications BEL

- The Communications budget of £0.065m each year supports business events and strategic engagement.

Innovation Action

The budget for the action stands at £0.362m for 2026-27. There has been a baseline adjustment of £0.048m to fund the public sector pay award compared to the final budget 2025-26 (February 2025). There has been an additional allocation in this budget of £0.005m to further support the increase in national insurance contributions costs.

Business Innovation BEL

- The BEL funds the financial support for Research, Development & Innovation (R&DI) schemes, including the SMART Flexible Innovation Support scheme, Small Business Research Initiative (SBRI) scheme and Collaborative Research Innovation Support Programme (CRISP). Our priorities are:
 - Deployment of research, development and innovation capacity to support our Programme for Government, focusing on economic growth,
 - Supporting efforts to tackle the effect of climate change, drive environmental recovery and decarbonisation;
 - Supporting innovation in Health and Life Sciences, alongside Health and Care Innovation budgets;
 - Growth and skill development in the established research and innovation base – delete and replace with. Supporting cross-border and cross-sector collaboration across the research and innovation base.

Science Action

The total for the Action for 2026-27 stands at £0.943m. There has been a baseline adjustment of £0.004m for the national insurance contributions and 2025-26 pay award. A further £0.001m has been allocated as additional support to reflect the OBR's wage growth forecast of 2.2% for 2026-27.

Science BEL

- A number of STEM enrichment programmes are being considered. This includes support of a 3-year pilot to incentivise parents and carers of primary school children to improve their maths and numeracy skills. This is part of a wider initiative, in collaboration with education colleagues, to deliver the objective of engaging with parents and carers on the Welsh Government's Maths and Numeracy Plan. This budget also contributes to Welsh Government's Office for Science promotion and engagement activities including stakeholder engagement seminars, public attitude Science surveys, British Science Week, Science in the Senedd, CREST Awards, LSW Medals,

commissioned science performance reviews and promotion of diversity & gender equality in R & I and Science, Technology, Engineering and Maths (STEM).

Promote and Protect Wales' Place in the World Action

Funding for this Action stands at £24.483m for 2026-27. There has been a baseline adjustment of an additional £0.025m due to the increase in national insurance contribution costing and additional funding for the 2025-26 pay award. A further £3.1m has been allocated in this budget predominantly to support the Tour de France and Euro's 2028 (£1.7m) within the Events Wales BEL and £1.4m to the Creative Wales BEL for the continuation of the Creative NDR Studios fund as the revaluation will not be completed by April 2026 and will require additional revenue to support for the 3rd year. A further £0.010m has been allocated as additional support to reflect the OBR's wage growth forecast of 2.2% for 2026-27.

Tourism BEL

- Funding supports the tourism development investment which is aligned to our overall strategy - Welcome to Wales-Priorities for the Visitor Economy 2020-2025 - to grow tourism for the good of Wales, delivering economic, environmental, and social benefits. There has been a very small change to the budget allocated for 2026-27 which predominantly relates to a baseline adjustment of £0.019m for the 2025-26 pay award costs and national insurance contributions and a further £0.002m as additional support for the increase in national insurance contributions costs.
- There has been no change to the marketing investment for 26-27 which enables promotion of Wales under the Cymru Wales Brand. This consist of international and domestic marketing of Wales as a visitor destination through Visit Wales, promotion of Wales as an export and inward investment location and nation promotion through our Tim Cymru approach for St David's Day and major events both home and abroad.

Creative Wales BEL

- The budget for 2026-27 for the Creative Wales BEL stands at £8.409m. There has been a very small adjustment to the baseline of £0.001m to support the increases in the National Insurance contributions costs. An additional £1.4m has been allocated to the Creative Wales programme for the continuation of the Creative NDR Studios fund.
- In line with the Priority themes (**as set out in 2020**), funding supports the priority sector development activities and marketing investment to position Wales as the best place for creativity to thrive by driving growth across the

creative industries, building on existing success and developing new talent and skills.

- Creative Wales will support the development of skills, raise standards, and promote diversity and equality across the sector, work to remove barriers to entry and increase opportunities to work in the sector, simplify funding mechanisms and take a lead role in marketing and promoting the creative industries in Wales to the world.

Creative Wales Non-cash BEL

- Funding within this BEL for 2026-27 stands at £0.010m, for fixed asset depreciation costs.

Total Managing European Funding Action

Funding for the Action stands at £1.780m. There has been an increase baseline adjustment of £0.017m to support the pay award 2025-26 and National Insurance contributions. In addition, £0.002m increase has been allocated to further support the increase in the National Insurance contributions.

Programme Support BEL

- The annual budget of £1.780m delivers the Welsh European Funding Office Technical Assistance EU funded operations.

Licensing of Visitor Accommodation Action (Renamed for 2026-27 from Total Statutory Licensing Registration Scheme)

There has been no change to the Action when compared to the revised baseline for 2025-26. Funding has been maintained at £0.200m. Funding allocated in 2026-27 is to support the development of the registration system, which is being led by the Welsh Revenue Authority (WRA) under the Visitor Accommodation (Registration and Levy) Etc (Wales) Act 2025.

Licensing of Visitor Accommodation BEL

- The annual budget of £0.2m will support the development of the registration system, which is being led by the Welsh Revenue Authority (WRA) under the Visitor Accommodation (Registration and Levy) Etc (Wales) Act 2025.

Capital

Business Wales / Entrepreneurship and Regional Economy Action

The funding for the Action in 2026-27 stands at £60.814m. The baseline has been adjusted for 2026-27 to remove the non-recurrent funding for the Holyhead Breakwater project (£20m capital FT and £10m general capital). £1.157m has also been adjusted within the Business and Regional Economic Development repayment BEL for time limited capital financial transactions. A further non-recurrent allocation of £30.4m for the Holyhead Breakwater project has been allocated to the Business and Regional Economic BEL for 2026-27 and £1.236m removed for the capital financial transactions relating to business support.

Business & Regional Economic Development BEL

- Funding supports the capital funding available for the Economy Futures Fund and other strategic developments in supporting businesses. The Development Bank of Wales (DBW) also improves the ability of businesses in Wales to access finance and supports the creation and safeguarding of jobs with designated Funds which aim to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market.

Business & Regional Economic Development – Repayment BEL

- Repayable Funding supports the capital funding available for the Economy Futures Fund and other strategic developments in supporting businesses.

Tech Valleys BEL

- Tech Valleys is a Programme for Government commitment over ten years (to 2028) to create 1,500 sustainable jobs, increase average weekly wage and GVA focused on Blaenau Gwent by capitalising on opportunities arising from the fourth industrial revolution, encouraging the adoption of digital technologies, and developing high value advanced technologies supporting cutting edge industries such as 5G, battery technology and research into automotive vehicles. The impact of this investment is reaching across all the South Wales Valleys.

Development Bank of Wales Action

There has been a baseline adjustment of net £1.5m for 2026-27. The adjustment relates to the removal of the capital financial transaction funding allocated to the Business Finance Funds BEL (£9.5m) and £11m adjustment to the Business Finance

Funds – Repayment BEL. A further £9.690m has been allocated in 2026-27 to support financial transaction funding. The financial transaction funding will support the following:

£4.590m will be invested in Green Business Loans to support SMEs and medium-sized businesses to encourage investment in energy efficiency enhancements and decarbonisation projects.

To continue to support established and start-up micro businesses, small and medium enterprises, and social enterprises we are allocating a further £2.040m to the Wales Micro Loan Fund.

We are allocating £3.060m to continue our support for Welsh businesses by providing a source of alternative finance through angel investment. The funding will encourage new business creation and economic growth in Wales.

Business Finance Funds BEL

- Funding within this BEL is to support The Development Bank of Wales (DBW) which improves the ability of businesses in Wales to access finance and supports the creation and safeguarding of jobs with designated Funds which aim to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market. The Development Bank of Wales is well placed to help Welsh businesses through, and to recover from, the pandemic and access finance they need to start up, strengthen and grow. It can provide loans from £0.001m right up to £10m, as well as mezzanine, and equity funding; and helps businesses find the right finance partner to leverage in private finance with its own gap finance when necessary.

Business Finance Funds – Repayment BEL

- This budget has been reduced to zero for 2026-27. The repayments relate to agreed repayment profiles in respect of loans issued in prior years and no repayments are expected in this budget.

Economic Infrastructure Development Action

The Action stands at £54.459m for 2026-27. £0.365m has been adjusted in the 2026-27 baseline for the capital financial transaction repayment within the Property Infrastructure – Repayment BEL. £1.450m has been allocated in 2026-27 to the Property Infrastructure BEL for costs associated with leases accounted for under IFRS 16. A reduction of £0.370m has been applied to the Property Infrastructure – Repayment BEL which is due to the capital financial transactions repayments.

Property Infrastructure BEL

- The capital budget is supplemented by receipts from land and property sales. This enables delivery of modern sites and buildings that are capable of meeting companies' timescales for occupation to provide Wales with a real competitive advantage over other locations. All direct build commercial projects undertaken will aim to achieve a Net Zero carbon in use standard and the Welsh Government's Sustainable Buildings Policy will apply to projects delivered in partnership with others.

Property Infrastructure – Repayment BEL

- Property Infrastructure financial transaction repayments began in 2022-23 and will continue until 2038-39.

ICT Infrastructure Operations BEL

- The capital budget supports schemes to build and deliver digital infrastructure to connect homes and businesses across Wales. Whilst the responsibility for addressing telecommunications issues in Wales is not devolved to Welsh Ministers, support provided by the Welsh Government means that homes and business are able to access fast and reliable broadband as quickly as possible.

Innovation Action

There has been no change to the capital funding allocated within this Action compared to the 2026-27 revised baseline. The total funding is £10m in 2026-27.

Business Innovation BEL

- The BEL funds the financial support for Research, Development & Innovation (R&DI) schemes, including the SMART Flexible Innovation Support scheme, Small Business Research Initiative (SBRI) scheme and Collaborative Research Innovation Support Programme (CRISP). Our priorities are:
 - Deployment of research, development and innovation capacity to support our Programme for Government, focusing on economic growth,
 - Supporting efforts to tackle the effect of climate change, drive environmental recovery and decarbonisation.

- Supporting innovation in Health and Life Sciences, alongside Health and Care Innovation budgets.
- Growth and skill development in the established research and innovation base – delete and replace with. Supporting cross-border and cross-sector collaboration across the research and innovation base.

Science Action

There has been no change from the revised 2026-27 baseline. Funding has been maintained at £5m for financial year 2026-27.

Science BEL

- The ARTHUR project has been assessing the feasibility of building and operating a new medical radioisotope production facility in North Wales (Advanced Radioisotopes Technology for Health Utility Reactor ARTHUR). The facility would produce medical radioisotopes, used in the diagnosis and treatment of cancers and other diseases, from its own Research Reactor and supply them to Health Service providers (principally the NHS) across the UK and internationally.

Promote and Protect Wales' Place in the World Action

The total funding for the Action for financial year 2026-27 stands at £14m. There has been a baseline adjustment reduction of £0.500m to this Action which is removal of a time limited funding for Mid Wales Public Conveniences Fund. An additional £0.500m has been allocated to the Tourism BEL to support the Tour de France and an additional £0.500m has been allocated to the Creative Wales BEL for 2026-27 to support Wales-based production and games development companies.

Tourism BEL

- The BEL has had a removal of the £0.500m from baseline for the Mid Wales Public Convenience Fund and an increase of £0.500m to support Tour de France. This budget will support for high-impact projects and the continuation of the two-year Brilliant Basics fund, which improves essential visitor infrastructure at key destinations across Wales. Delivered in partnership with local authorities and National Park Authorities, this fund ensures a consistently high-quality visitor experience, reinforcing Wales' reputation as a world-class tourism destination.

Creative Wales BEL

- The BEL has had an increase of £0.500m compared to the revised baseline 2026-27. The planned annual capital investment of £7.5m to ensure those key sector development projects supported in 2026-27 are delivered successfully and to continue to provide funding to new projects including screen, digital, music, studio infrastructure, that deliver Creative Wales priorities and support continued growth of the creative industries in Wales during the next financial year.

Licensing of Visitor Accommodation Action

There has been no change to the Action in this budget when compared to the revised baseline. Funding for this Action stands at £0.7m.

Licensing of Visitor Accommodation BEL

- The annual budget of £0.7m will support the development of the registration system, which is being led by the Welsh Revenue Authority (WRA) under the Visitor Accommodation (Registration and Levy) Etc (Wales) Act 2025.

City and Growth Deals Action

There has been a baseline adjustment for non-recurrent funding of £88.477m to the Action when compared to the Final Budget 2025-26 (February). However, an additional £76.375m has been received from HMT in 2026-27 to support our city and growth deals. The Welsh Government contribution is £22m. Total funding for the Action is £98.375m.

City and Growth Deals BEL

- There are four city and regional growth deals in Wales, Cardiff Capital Region (CCR) City Deal; Swansea Bay City Region City Deal; North Wales Growth Deal and Mid Wales Growth Deal. In total, the UK Government has committed to invest £791m in the four deals over 15 years. The Welsh Government has committed to invest over £1bn over 15-20 years.