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Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Andrew RT Davies MS
Chair, Economy, Transport and Rural Affairs Committee

14 January 2025

Dear Andrew,

Thank you for your letter seeking further information following my scrutiny session before the Economy, Transport and Rural Affairs Committee on 3 December 2025.

Please see responses to your queries:

AI Growth Zones

Please could you provide some more detail on AI Growth Zones, particularly what exactly you anticipate the zones will do and what you are hoping they will deliver?

The Welsh Government is finalising the plans and initiatives associated with the very recent announcements of the AI Growth Zones (AIGZs) in both North and South Wales. By way of immediate example, the former industrial site of the Ford engine plant in Bridgend is already subject to plans for rejuvenation and multi-billion-pound investment as part of the South Wales AIGZ. As discussions between the Welsh and UK governments are finalised, we will be able to present and announce more detail in the month ahead.

Our plans in Wales have ambitions that stretch far beyond the build of Data Centres, and align stakeholders from industry, academia and public sector for the realisation of shared innovation and R&D for public and private sector AI development, deployment and adoption, whilst also seeking to develop and grow our start up and inward investment opportunities as relates to AI.

The Welsh Government's plans for initiatives associated with the AIGZs have skills development and career pathway activities as part of a core deliverable. This is in addition to activities with investment partners that operate their own skills pathway provisions to support their supply chain needs.

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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.

Jobs created and protected

Please could you include your exact definitions for jobs created and protected, including timeframes for how long the job must last post intervention.

When delivered through our primary funding mechanism, the Economy Futures Fund (EFF), jobs created and safeguarded (protected) are defined as a permanent full-time job which requires 30 hours or more of work a week by one employee. A permanent part-time job of more than 15 but less than 30 hours or more, counts as half a permanent full-time job, and these permanent part-time jobs can be cumulated to count as Full-Time Equivalents (FTEs).

Jobs supported by EFF must be maintained for three years (SME) or five years (Large) after all payments have been released to the business, and funding is subject to formal Post Completion Monitoring conditions, where outputs are reviewed to ensure compliance. Shortfalls against these outputs can result in recovery of a proportion of the funds previously released.

More broadly, through its activities, Business Wales defines a job created as a new post which is expected to exist for at least 12 months and did not exist prior to the support intervention or investment. A job safeguarded is an existing post which was considered at risk prior to the support intervention or investment.

Global Centre of Rail Excellence

Further detail regarding funding.

Global Centre of Rail Excellence Ltd (GCRE) has received a funding commitment up to the end of September 2026, within the £50million allocation commitment made in 2021. This will enable the company to continue to work towards its objective of delivering a designed and consented scheme to include the rail research, development, innovation and testing facility along with complementary enterprises which can be accommodated on the Nant Helen site. The funding agreed will meet both operational and capital costs up to the point when a final investment decision can be taken on the delivery phase of the project.

Welsh Government continues to work with GCRE Ltd and with UK Government to exploit the opportunity presented by the GCRE project and to ensure that the benefit to be derived from partnering with the private sector is maximised.

Project to use heat generated from old mines

Further detail of the project to use heat generated from old mines being carried out by the Mining Remediation Authority.

Building on the Mine Water Heat Opportunity maps commissioned and published by Welsh Government, the Mining Remediation Authority (MRA) identified an opportunity for low-carbon heat recovery at the Lindsay mine treatment scheme near Ammanford, Carmarthenshire.

The naturally occurring mine water being treated by the MRA is warm due to geothermal energy from the earth's crust and heat retained from its time circulating through underground rock layers and former coal mines. This previously untapped heat is now being harnessed to provide low-carbon heating for a nearby business.

The innovative project utilises heat exchangers submerged in one of the settlement ponds at the Lindsay scheme to recover heat from the mine water, which is then transferred to a nearby industrial unit to supply low-carbon heating and hot water, and is predicted to save 17.5 tonnes of CO2 per year.

The treatment scheme is a very short distance from an industrial park and the MRA worked with a local business Thermal Earth Ltd to supply heat to their nearby industrial unit. Thermal Earth is also an accredited heat pump installer, so the project has built up their experience and knowledge too.

The MRA is continuing to work with organisations in Wales to look further into the potential schemes supplying heat to new and existing buildings.

Jobs created and safeguarded through Welsh Government support

The analysis of the number and location of jobs created and safeguarded through Welsh Government support.

The Welsh Government is currently undertaking a piece of work regarding the number and location of jobs supported and this will be published in the next statistical release in February 2026.

Delivery of economic development by Corporate Joint Committees

Your expectations for the delivery of economic development by Corporate Joint Committees.

The Welsh Government recently held a public consultation on proposals for the Local Growth Fund. As set out in the consultation document, we propose that following a transition year, the Corporate Joint Committees (CJCs) will provide regional leadership and strategic oversight of the Local Growth Fund, co-ordinating investments to ensure they align with regional economic development priorities. Subject to the outcomes of the consultation, we also expect to develop the capacity and capability of the CJCs during the transition year, enabling them to drive coherent, long-term economic growth across Wales.

The Welsh Government will publish a summary of the responses to the consultation.

Support for SMEs attracting inward investment

Further detail of the support for SMEs regarding attracting inward investment, how that supports the supply chains, upskilling SMEs, the use of AI, and what Business Wales is offering in these areas.

Business Wales support helps make Wales an attractive proposition for inward investment by making it easier for SMEs in Wales to access the information, advice and support they require to start, sustain and grow their businesses. The service helps SMEs to build more resilient businesses and develop their business practices and aims to improve productivity and stimulate business growth in an inclusive and sustainable way, through improved investment, export and the creation of good quality employment.

Business Wales provides entrepreneurs and businesses with access to a wide range of impartial information, advice and guidance to help them start, grow and upskill. 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 is the first point of contact for employer enquiries relating to workforce development, employment and skills support. This includes dedicated helpline members to provide frontline information and dedicated skills advisers that work with businesses to understand their needs and signpost to relevant support under the Business Recruit and Train. Business Wales Recruit and Train provide skills development support to help employees learn new skills to benefit a business or inject new talent into the team, and access to many Welsh Government programmes that can support skills, training and recruitment needs.

Business Wales helps to improve supply chains and works with public sector purchasers to enable business in Wales to secure greater proportion of public sector spend and provides procurement advice to assist businesses to bid for contracts in the public and private sector.

Business Wales can also help to develop understanding and completion of the procurement processes and works with buyers to host events including supplier briefings and meet the buyer events. Tendering Advisers help businesses become 'fit for tender' to improve their chances of winning public and private sector contracts, sub-contracting work on larger public-sector projects and securing places on public sector frameworks. They also help businesses understand public sector procurement, buyer needs and expectations, and how to make the most of the Sell2Wales portal, including help with registration and improving profiles.

Business Wales provides information, advice, and guidance to stimulate digital adoption, supporting clients understanding and adoption of digital solutions to improve financial and business operations, cyber resilience and e-commerce to reach more customers and simplify work processes, which includes the general use of AI. Business Wales actively promotes opportunities, workshops and learning on AI from the wider ecosystem for business clients through our digital channels.

As part of a recent announcement to support SMEs with AI, the Business Wales service will develop and deliver an AI awareness and adoption support programme, implementing recommendations from recent short-term reviews on SME productivity and AI adoption. This will empower entrepreneurs and SMEs to integrate AI into their business practices ethically and effectively; with practical advice, learning and access to financial support on AI upskilling through the Flexible Skills Programme (FSP) to bridge digital skills gaps.

Impact of AI on the jobs market

Further detail on the work undertaken by the Welsh Government in terms of jobs at risk and the impact of AI on the jobs market

The new capabilities AI brings is already reshaping industries and labour markets, it is therefore crucial we understand and act on the future opportunities, challenges and risks to enable our Welsh and UK economy to adapt and thrive.

The vision of the [AI Plan for Wales](#) is to harness artificial intelligence to drive inclusive economic growth, transform public services in both Welsh and English, and equip the population with the necessary skills to prosper in an AI-shaped future. In support of this ambition, the Workforce Partnership Council for Wales has already issued guidance on the ethical and responsible use of AI within public sector workplaces, thereby reinforcing the

nation's distinctive 'Welsh Way' of social partnership. Concurrently, the Social Partnership Council is actively considering both the demand for and the supply of AI skills across Wales's public and private sectors.

AI is currently transforming every sector of the Welsh economy. Ensuring that businesses are equipped with robust AI skills is critical in helping them to remain competitive, attract new investment, and generate high-value employment opportunities in emerging industries.

To strengthen and align the approach to AI upskilling for SMEs, collaboration is ongoing with key stakeholders such as the Federation of Small Businesses, Business Wales, Cyber Innovation Hub, and the Hartree Centre.

In January, we launched an AI Skills pilot, partnering Business Wales and the Flexible Skills Programme to support smaller businesses to bridge digital skills gaps and accelerate the ethical and responsible adoption of AI in a rapidly evolving digital economy. This multi-million-pound pilot will run until the end of March 2026 and will also build an evidence base to support the development of a long-term policy framework to support effective and ethical AI skills in the Welsh economy.

By adopting AI technologies and investing in skills development, Wales can unlock significant benefits in terms of economic productivity and public sector efficiency. This will empower both individuals and employers to adapt, thrive, and lead in a rapidly evolving digital economy. Nonetheless, there is a clear recognition of the potential risks and impacts that AI may have on the workforce, human rights, and wider society. As such, building public confidence and trust in the use of AI remains a fundamental priority.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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