



# Economy, Employability and Skills

## Welsh Government Evidence Paper

The Economy, Trade and Rural Affairs Committee has invited the Cabinet Secretary for Economy, Energy and Planning and Minister for Culture, Skills and Social Partnership to attend a general scrutiny session on Economy and Skills on 25 February 2026.

This paper is intended to inform the discussion, providing an update on policy developments in these areas, and progress the Welsh Government has made.

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# 1. Introduction

**1.** The Welsh Government continues to prioritise delivery of the First Minister’s ambitions, with a strong focus on creating jobs, driving green growth and supporting a fairer, more prosperous Wales. This work is underpinned by close collaboration across all Welsh Government portfolios and by constructive partnership with the UK Government, ensuring that national priorities are aligned and mutually reinforcing. Together, this underpins delivery across the four national priority areas set out in our Economic Mission for this Senedd term, supporting a well-being economy that builds on Welsh strengths and opportunities, reduces inequalities, and spreads wealth more evenly across communities.

**2.** In 2025, the Welsh economy strengthened its position in high-tech and renewable energy industries, driven by multi-billion-pound commitments and major strategic projects. The confirmation of Wylfa as the site of the UK’s first small modular reactor (SMR) nuclear power station marks one of the biggest energy investments in decades, set to support thousands of highly skilled jobs across engineering, construction, advanced manufacturing and long-term plant operation. Alongside this, the announcement of new AI Growth Zones in both North and South Wales is expected to catalyse significant private investment and generate wide-ranging opportunities in data science, software development, cyber security and digital innovation. Together, these initiatives are projected to attract billions in investment and create a substantial pipeline of high-quality employment across Wales.

**3.** In terms of energy and infrastructure, Trydan Gwyrdd Cymru announced its first three wind farms (Clocaenog Dau, Glyn Cothi, and Carreg Wen) with a total potential of 400 MW, enough to power 350,000 homes. Major progress was also made in the Celtic Sea, with Project Mona receiving development consent and preferred bidders named for the first large-scale floating wind leasing rounds.

**4.** The Wales Investment Summit, held in December in Newport, attracted 350 global delegates from 29 countries to showcase Wales as a prime destination for high-value investment. In the twelve months prior to the Summit, and including company announcements made on the day, over £16bn of investment in Wales was committed for the coming years, which is anticipated to create more than 10,000 jobs. Investments include major commitments from Vodafone (£600m for 5G), GE Aerospace, Associated British Ports (£42m), RWE (£200m battery storage), Eni (carbon capture), Bad Wolf (TV productions), and Vantage Data Centers’ £10bn programme creating over 5,000 data centre jobs.

**5.** In relation to employability and skills, the Welsh Government has focused heavily on vocational excellence, green transitions, and youth employment support through a series of strategic milestones and national events. The Green Skills Review was published in November, providing 10 key recommendations to align the qualifications system with Net Zero targets. This, alongside initiatives such as the Young Person's Guarantee, Jobs Growth Wales+ and Careers Wales, will ensure we continue to deliver for our young people and provide them with the support they need to thrive in the industries of the future.

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## 2. The Economy, Employability and Skills

### The Economy

**6.** Throughout this Senedd term, this government has been focussed on delivering a better economy for all regions of Wales, and is taking forward the First Minister's priorities, particularly in relation to jobs and green growth.

**7.** The Economic Mission, published by the Welsh Government in 2023, set out a long term, mission led framework to guide Wales's economic development. It provides a clear strategic direction for government, partners and industry by focusing on long term priorities that support a stronger, fairer and more resilient Welsh economy.

**8.** These have helped to turn Wales's research strengths into commercial scale and higher value jobs, aimed at closing Wales's long-standing productivity and inclusion gaps, in order to create a more resilient, future ready economy. There have been many successes, including:

- Major delivery through the Welsh Government Energy Service and Optimised Retrofit Programme, over £270m invested, 49MW installed, 1.1Mt carbon savings, and 31,000 homes upgraded, positioning Wales to capture floating offshore wind and wider clean energy supply chain opportunities.
- The Young Person's Guarantee has supported 48,500+ young people, with 6,000+ moving into work and 725+ business starts, while Jobs Growth Wales+ continues to improve progression rates. These programmes are driving inclusive labour market recovery and supporting the skills needed for Net Zero and advanced manufacturing.
- Freeports, Investment Zones and the £547m Local Growth Fund provide Wales with long term regional economic tools comparable to other UK nations. City and Growth Deals across Wales are progressing, with Cardiff Capital Region alone forecasting up to 26,000 jobs by 2036.
- Our Freeports and Investment Zones are already delivering critical activity across the regions. All requested tax sites have been legislated for and are active. To help accelerate development of key sites in our Freeports we have also worked closely with the UK Government to award around £800,000 of additional UKG funding over and above the £25m seed capital each has available.

- Wales is leveraging UK wide innovation funding, growing semiconductor and AI clusters, and delivering strong business support. The Development Bank of Wales has surpassed £1bn investment, supporting around 5,000 firms and over 50,000 jobs, with £5.8bn GVA impact, demonstrating a significant uplift in Welsh innovation and enterprise performance.

**9.** The UK's Industrial Strategy is closely aligned with our Economic Mission, and we are working with the UK Government across a number of shared priority areas. This collaboration is already helping to secure major investments in the Welsh economy. Together, these joint efforts are strengthening Wales's competitive position in key sectors while supporting long-term, sustainable growth.

**10.** As well as the progression of Freeports, Investment Zones and City Deals, we saw the announcement of Wylfa as the site of the UK's first small modular reactor (SMR) nuclear power station, the establishment of two AI Growth Zones (AIGZs) for North and South Wales, and the confirmation of a major UK-wide defence deal that will bring further investment and high-skilled jobs to Wales.

**11.** The Welsh Government is finalising the plans and initiatives associated with both AIGZs. The former industrial site of the Ford engine plant in Bridgend, for example, is already subject to plans for regeneration and multi-billion-pound investment as part of the South Wales AIGZ. We will be able to present and announce more detail in the months ahead, as discussions between the Welsh and UK governments are finalised.

**12.** We have also continued to focus on the steel sector, vital to both the Welsh and UK economies. Wales-based steel companies (Tata Steel UK and 7 Steel UK) continue to invest significantly in technologies which support decarbonisation and the production of low-carbon steel.

**13.** The UK Government has added a further £22m of support to the Tata Steel UK (TSUK) Transition Board funding for those affected by TSUK's transition to Electric Arc steelmaking. This provides total funding of £122m (£102m from the UK Government and £20m from Tata Steel UK) which will help with training, business start-ups, and business growth.

**14.** Operating conditions for the Wales-based steel sector continue to be challenging, however. These include matters affecting trade, energy prices, carbon mitigation measures, and global overcapacity, which impact on the sector's ability to compete both domestically and internationally. However,

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many of the levers to effect changes in these wider policy areas are outside of the Welsh Government's control.

**15.** Alongside these challenges, we are ensuring that economic prosperity reaches all regions of Wales. In North Wales, we are working with partners including local authorities and the UK Government to maximise every opportunity - this includes long-term strategic investments through the North Wales Growth Deal, Wrexham and Flintshire Investment Zones, and the Anglesey Freeport, right down to local investment through our Transforming Towns programme.

**16.** In Mid Wales, we have committed £55 million to the Mid Wales Growth Deal, matched by the UK Government, unlocking £400 million in investment and supporting up to 1,400 jobs over 15 years. Local authorities are leading delivery, working with project sponsors to bring forward business cases and drive regional growth.

**17.** In South West Wales, we are providing funding of £125.4 million for the Swansea Bay City Deal, to deliver a portfolio of interventions aimed at improving the economy of the region. The Celtic Freeport is a transformative initiative that will attract international investment, boost trade, and create thousands of jobs in green energy and advanced manufacturing. By leveraging the region's coastal assets and industrial heritage, the Freeport will drive long-term economic transformation and make the region a global player in renewable energy.

**18.** In South East Wales, the Cardiff and Newport Investment Zone, part of the joint UK–Welsh Government initiative focused on compound semiconductors is designed to drive innovation, attract investment and create high-quality jobs. The world's first compound semiconductor cluster is located in the region, showcasing a clear Welsh success story, and this is further strengthened by the Local Innovation Partnership, which brings together industry, academia and government to accelerate innovation and support commercialisation across the cluster.

**19.** We will also work closely with each region over the next three years to invest the £547m Local Growth Fund for Wales strategically to help address investment gaps, add value to regional economic plans, and support productivity growth in those areas at risk of falling behind. We are finalising our approach for this Fund following a public consultation at the end of 2025.

**20.** We have continued to provide support for businesses through a range of mechanisms, including Business Wales and the Development Bank of Wales, as

well as support for companies to innovate and export. The Welsh Government is committed to delivering a proactive entrepreneurship and SME business support service and is investing £22m in the Business Wales service from April 2025 until March 2026.

**21.** Total investment in Wales by the Development Bank has now passed £1 billion, creating or safeguarding over 50,000 jobs since it was formed in 2017. Over this time almost 5,000 businesses have benefited from the support of the Development Bank, including more than 780 start-ups.

**22.** In delivering the Export Action Plan for Wales, the Welsh Government has supported businesses across Wales to develop existing and new export markets for their products and services, to drive growth in Welsh exports. Since the publication of the plan, businesses in Wales have secured more than £435m of new export business as a direct result of Welsh Government export support.

## **Employability and Skills**

**23.** We have also recognised that, for our economy to be the best it can be, we also need to focus on support for employability and skills. Skills excellence, for example, is a cornerstone of our approach. Through Skills Competitions Wales, we have supported more than 5,000 young people during this government term. Wales continues to excel on the national stage, with 606 competitors representing our nation at the UK National Finals and achieving 333 medals. These achievements are a testament to the talent, ambition, and determination of our young people - and to the dedicated staff and partners who support them.

**24.** Careers Wales provides comprehensive support to school-leavers, learners, and adults through careers guidance, employer engagement, training, and digital resources. It also delivers tailored support for learners with disabilities and learning difficulties, including specialist one-to-one guidance, regional ALN What Next careers fairs, offering the support needed to make confident, well-informed transitions into further education, training or employment. Since the careers guidance offer to all learners before leaving compulsory education began in September 2024, Careers Wales reached around 87% of the 2024/25 school-leaver cohort.

**25.** Working Wales is our national careers service for those aged 16+, offering personalised impartial careers guidance and employability support to overcome

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barriers and progress into work, training or apprenticeships - including support to those in the prison estate and those seeking sanctuary. Since its launch in 2019, Working Wales has supported nearly 165,000 individuals and made nearly 270,000 referrals into programmes such as Jobs Growth Wales+, ReAct+, traineeships and apprenticeships across Wales. Through this, we continue to support transitions into sustainable employment and ensure that individuals can upskill or retrain as the labour market evolves.

**26.** We also recognise the role apprenticeships play in building a skilled workforce - these support people to gain practical skills, confidence and clear pathways into work across sectors including construction, infrastructure, business support and growing green industries. The Welsh Government set a target of creating 100,000 apprenticeship opportunities this Senedd term. Medr data confirms this milestone was reached in January 2026 and delivery will continue to increase before the term ends.

**27.** It is worth noting that 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.

**28.** Jobs Growth Wales Plus (JGW+) serves as the Welsh Government's principal employability and skills programme for individuals aged 16-19 who are NEET (Not in Education, Employment or Training). According to operational data, since 2022, JGW+ has supported 20,168 participants.

**29.** Communities for Work Plus (CfW+) continues to be an essential service for those most distant from the labour market, offering tailored one-to-one mentoring, access to training opportunities, and practical assistance such as support with childcare, travel expenses. Its adaptable approach and robust local partnerships enable the programme to engage individuals who are often underserved by traditional employment support, thereby facilitating the development of confidence, skills, and clear pathways into sustainable employment. Operational data indicates that since 2022, CfW+ has supported 44,733 people.

**30.** The significant effects of redundancy are also recognised, as it impacts long-term economic prospects and can place pressure on families, communities, and public services. Introduced in 2022, ReAct+ has offered support to those affected; operational data reflects that since 2022, ReAct+ has assisted 6,831 individuals.

**31.** We also launched our innovative pilot work on Economic Inactivity Trailblazers in Blaenau Gwent, Denbighshire, and Neath Port Talbot to test new localised approaches to engage people furthest from the labour market, for example people with health conditions, disabilities, and caring responsibilities. As part of this, we are developing innovative multi-agency models including health aligned employability support.

**32.** We hope this assists the Committee in its research, but would be happy to expand further on any of the aspects mentioned within this paper during the session on 25 February.

#### Additional Information

**33.** The latest published position on progress against Programme for Government commitments is available at <https://www.gov.wales/sites/default/files/publications/2025-07/welsh-government-annual-report-2025-annex.pdf>.

**34.** We would also be happy to provide individual updates on any commitments that are of particular interest to the Committee during the session on 25 February.