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

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Minister for Culture, Skills and Social Partnership
Y Gweinidog Diwylliant, Sgiliau a Phartneriaeth Gymdeithasol



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref

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

11 December 2025

Dear Andrew,

Thank you for your letter seeking further information following our appearance before the Economy, Trade, and Rural Affairs Committee on 26 November 2025 for Draft Budget scrutiny.

Our responses to your queries are provided in Annex 1 below.

Yours sincerely,

Rebecca Evans.

JACK SARGEANT

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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.

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Annex 1

Trade and Borders

Freeports

Freeports involve a mix of reliefs, which cut across different Cabinet portfolios. I have asked my officials to coordinate the preparation of a note working across those different areas, which I will forward once received.

Economy and Skills

Local Growth Fund

We are currently consulting on our proposed delivery model for the Local Growth Fund in Wales. The consultation asks for our stakeholder's views on our proposal that following a transition year which will support the CJC's to develop capacity and capability, the CJC's will be responsible for prioritising and funding projects that best meet the region's economic needs.

The CJC's would provide political leadership and accountable decision-making within the region, overseeing the delivery of a portfolio of regional and local projects, working with local authorities and other delivery partners.

The consultation proposes we agree regional allocations for the post-transition period of the Local Growth Fund in Wales for each CJC. Those allocations would be subject to agreement of a regional plan, with the Welsh Government setting out their priorities, needs and opportunities and how they will invest their allocation to deliver the objectives in the programme. Monitoring of the delivery of those regional plans will be between the CJC and the Welsh Government. The Welsh Government will remain accountable to the Senedd as Accounting Officer for this funding in Wales.

The Local Growth Fund will take forward the UK Government and the Welsh Government's shared objectives to support growth, tackle economic inequalities and address barriers to productivity. This aligns with our Economic Mission and with the UK Government's growth mission and Industrial Strategy.

It sees the return of decision making on investments in regional economic development to the Welsh Government, enabling a joined-up approach to funding that works alongside other key investments such as Growth Deals and Investment Zones.

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In line with the previous EU model, the agreement we reached with the UK Government is for us to develop and agree with them an investment plan which aligns with a UK Government framework. To track progress across the UK for these funds, we expect to provide monitoring information to the UK Government, which will also be used to inform analysis across the UK and learn lessons. There will be an annual review process between the Welsh and UK Governments to consider progress against the agreed Investment Plan, in the same way we had an annual review with the European Commission. The annual review will precede the annual release of funding to Welsh Government via budget cover transfer. The specifics of these arrangements are being discussed with the UK Government and will be set out in a Memorandum of Understanding which we will publish, in line with our commitment to the Senedd. Once funding is released from the UK Government to the Welsh Government, the Welsh Government will be Accounting Officer for those funds and accountable to the Senedd for their effective use. We expect and welcome scrutiny from the Senedd on the development and delivery of these programmes.

Tech Valleys

The amount of funding spent on the Tech Valleys programme from 2019 to 2024-25 is £40,517,000. Current budget allocation is £5 million capital and £1.765 million revenue annually. Arrangements are being put in place to replace staff who have moved on to increase delivery capability.

Tech Valleys funding is used for a wide range of projects such as creation of new floorspace, business and skills development, and not all funding allocated is directly aimed at job creation. For example, the Business Productivity Enhancement Programme helps SMEs to invest in new technology to improve productivity. No conditions are placed on companies to create new jobs, but evaluation takes place after a period to track employment numbers. Current direct job creation as a result of funded projects stands at 56 but this number will increase as projects mature.

In addition, the Tech Valleys programme has enabled broadly 700 jobs primarily because of investment in the creation of new or refurbished floor space using standard occupation metrics for mixed-use developments.

Flexible Skills Programme

Regarding central skills support, the £7.5m **Flexible Skills Programme** (FSP) includes a dedicated strand funding green and net zero skills training. The grant covers 50% of accredited training costs (up to £50,000 per application).

This enables businesses across any sector to quickly access support for workforce development in areas such as decarbonisation plans and carbon accounting, renewable energy, low-carbon technologies, and sustainable construction.

We are investing more than £2.3m extra in the **apprenticeship programme** for 2026/27, taking total investment to more than £146m. Welsh Government, working closely with Medr, is prioritising investment in apprenticeships that support Wales' transition to net zero and the development of a green economy. Apprenticeship frameworks are being actively reviewed and adapted to ensure they equip learners with the skills needed for sustainability and decarbonisation, particularly in sectors such as construction, engineering, and energy. Apprenticeships are fully funded for training costs for all ages and businesses, ensuring that employers can access high-quality training in green and emerging sectors without financial barriers. Shared Apprenticeships are being expanded into green skills sectors, enabling employers, especially SMEs, to offer placements in areas aligned with net zero objectives,

while sharing employment risk and supporting workforce development in new and emerging green industries.

Since Academic Year 2024/2025, the **Personal Learning Account programme** has been incorporated within the overarching FE part time funding allocations by Medr. In AY25/26, the total FE part time allocation was £74.5m. In AY24/25, colleges used £15.2m of their FE part time funding for PLA delivery; this aligns with the PLA allocations in the previous year

Medr has worked to get the PLA programme recognised as vocational training by HMRC, which means delivery is now VAT exempt, increasing the value for money of the programme. In addition to the PLA Net Zero provision, Medr's occupational qualifications funding (also part of the FE PT allocations) can now also be used for Net Zero-related qualifications, extending the number of ways in which colleges can seek to meet the needs of employers in this area

In addition to investing significantly in skills, we are taking active steps to link individuals to roles that need specific skills.

We leverage Careers Wales, Business Wales, and the Apprenticeship Vacancy Service, alongside Regional Skills Partnerships (which are supported by Welsh Government funding of £1.16m per annum), to match individuals to roles and training aligned with employer demand. These gateways simplify access and ensure workers are directed to relevant opportunities

The Welsh Government and Medr are collaborating with Careers Wales and Business Wales to ensure that information about apprenticeship opportunities, including those in green skills is embedded in careers advice, guidance materials, and employer-facing resources. This helps match workers to roles where specific skills are in demand. The Apprenticeship Vacancy Service enables businesses to advertise apprenticeship roles, making it easier for employers to recruit apprentices with the skills needed for green and technical roles.

Careers Wales offers professional, impartial careers guidance to young people and adults across Wales. The 2025/26 revenue budget for CW and its Working Wales service is £29.664m. Careers Wales plays a critical role in supporting young people's transitions into education, training, and employment.

Skills planning is embedded in a number of policy areas across government to good effect, for example in our housing decarbonisation programmes.

Workforce modelling for retrofit and modular nuclear projects includes qualification requirements, apprenticeship pathways, and regional labour supply analysis, ensuring alignment between housing policy and skills delivery.

A new national skills audit is being developed to consolidate evidence on current and future skills needs across Wales. This will support strategic planning, reduce mismatches, and inform targeted interventions for priority sectors.

Inspiring Skills Excellence in Wales

Inspiring Skills Excellence in Wales (ISEiW) has a budget of £1.26m in 2026-27. The programme allocates £1.01m (80% of its budget) to activities that strengthen vocational education, training, and career pathways. By supporting young people to develop world-class skills through competitions and professional development, it directly enhances the talent pool available to Welsh businesses. This leads to a more skilled workforce, which is

attractive to employers and investors, and can drive productivity and innovation. Annually around 1,400 Welsh young people are supported by the programme through Skills Competition Wales. This broad reach means the programme's benefits are felt widely, helping to build a culture of aspiration and achievement across the country, and many of the participants in the world skills competition remain a firm part of the scheme, passing their skills on to others and talk about the impact they have in the companies for which they work or the enterprises they set up themselves.

ISEiW is a key contributor to the Young Person's Guarantee, helping young people choose pathways suited to their needs—whether education, employment, training, or entrepreneurship. The programme drives skills improvements across key industry sectors and aligns with wider policy aims such as promoting green jobs and inspiring the next generation of apprentices and vocational learners.

The remaining £250,000 (20% of the budget) covers the UK WorldSkills licence fee, enabling Welsh participants to compete internationally and enabling access to a range of services including: the Centre of Excellence Programme and the Learning Lab (online training). This exposure helps benchmark Welsh skills against global standards, encourages best practice, and can lead to new opportunities for collaboration and economic growth. In November 2025 and again in 2026, Wales will host the UK Skills Competitions National Finals raising Wales' profile as a centre of Skills excellence, attracting international attention and investment.