



Unlocking Growth across the UK:

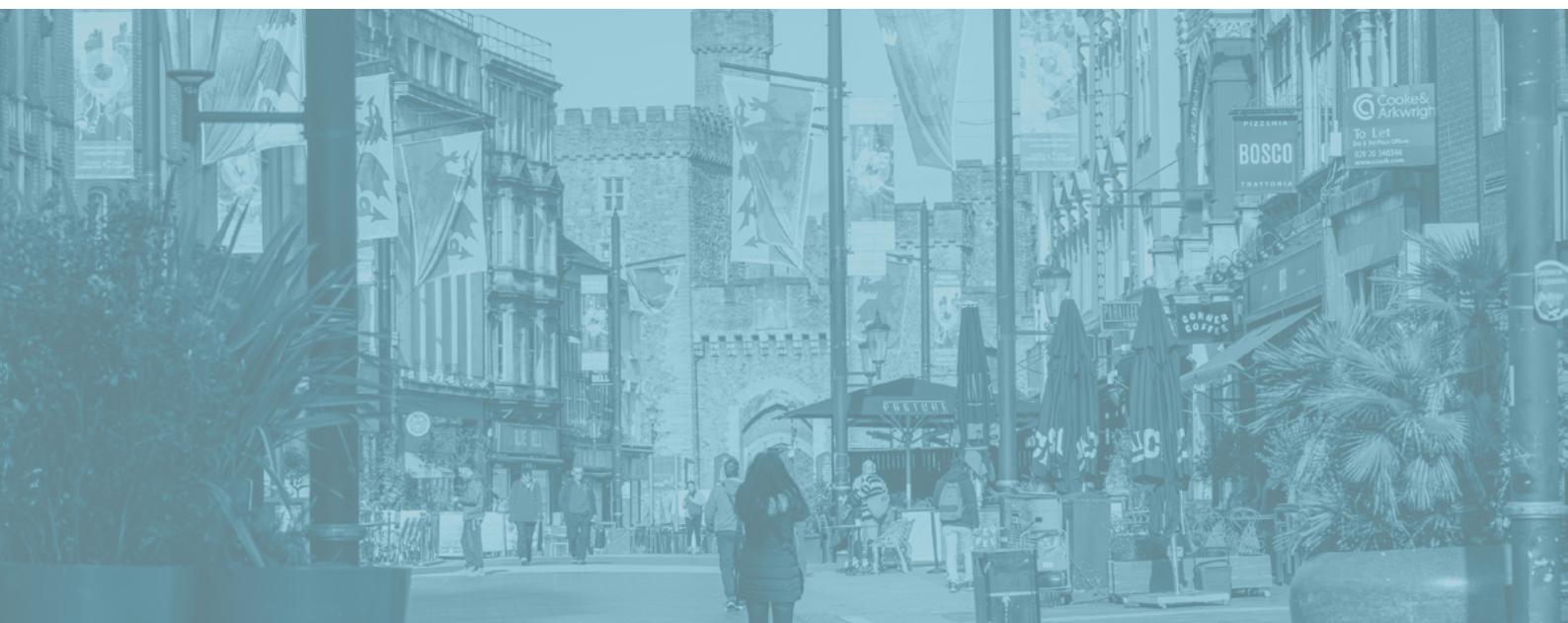
# A Welsh Business Perspective

March 2026

Prosper  UK

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# Executive Summary

A credible pro-growth agenda must start with the real economy, shaped by the people building it every day, and informed by a serious partnership between government and business. This report draws on evidence from Prosper UK's first business roundtable in Cardiff in February 2026, centred around the theme, 'Unlocking Growth across the UK'. The roundtable brought together a diverse cross-section of Welsh businesses, highlighting the considerable potential for its manufacturing, defence, fintech, tourism, construction and professional services industries. However, delays in planning, gaps in apprenticeships and upskilling, limited access to growth capital, and poor public sector responsiveness are constraining investment and expansion. Businesses called for a more practical, pro-enterprise approach: one that backs innovation, improves support for firms seeking to scale, strengthens skills and infrastructure, reduces administrative burdens, and creates a more competitive tax and investment framework for Wales.

## Recommendations from Welsh Businesses

- 1 Cultivate a **more investment-friendly environment for innovative businesses** attempting to scale and operate from within the UK, rather than forcing them to look overseas.
- 2 Improve **Welsh Government coordination with manufacturers** to strengthen local defence supply chains and remove the regulations holding the industry back.
- 3 **Shift skills policy towards AI capability and practical up-skilling**, with curriculum development that keeps pace with technological change and the needs of employers.
- 4 Create **clearer routes for the existing workforce to upskill** as the workplace evolves
- 5 **Invest in Level 7 apprenticeships in Wales** and across more sectors, including the legal sector.
- 6 Reform the approach of the public sector towards startups so it is **less risk-averse and less process-driven**.
- 7 **Reinstate the Welsh Development Agency** to facilitate opportunities for small businesses and communities across the region.
- 8 Ensure the Welsh Government **listens to the needs of the tourism industry**, rather than adding to their administrative burden.
- 9 **Speed up planning and infrastructure delivery**, given concerns about delays and viability issues in construction and property development.
- 10 Pursue a more **competitive tax framework for Wales**, including greater rebalancing of fiscal powers towards devolved authorities.
- 11 **Expand the Freeport initiative** across Wales and into new sectors.

# Introduction

When Prosper UK launched in January, one of our founding objectives was to start a national conversation about how the UK can prosper again. That means taking the conversation beyond Westminster and listening to voters and businesses across the country, and turning good ideas into practical, credible policy. On 25th February, we held our first business roundtable in Cardiff, to hear directly from those creating jobs and driving growth in the Welsh economy. We brought together small firms, larger employers and representative bodies. The message was clear.

Wales has the talent, industrial heritage and economic potential to be one of the great engines of growth in the United Kingdom. From advanced manufacturing and fintech to tourism, construction and professional services, Welsh businesses are already demonstrating the innovation, resilience and ambition needed to drive the economy forward. Yet, too often growth is being held back by slow decision-making, fast-changing and innovation-stifling regulations, unaddressed skills shortages, inadequate support for fledgling companies attempting to scale up, and a tax environment that is not sufficiently responsive to business needs.

This goes to the heart of a wider national argument. If the UK is to prosper again, economic growth must be at the centre of the national conversation, and that growth must be felt in every nation and region of the country. Prosperity can only be achieved by empowering businesses to invest, innovate and expand. That means backing enterprise, removing unnecessary obstacles and being honest about the trade-offs required to build an open, competitive, pro-enterprise economy. The recommendations from businesses across Wales outline a plan to unlock that growth and deliver the prosperity we need.



# 1. Manufacturing and Defence



Manufacturing has traditionally played a leading role in the Welsh economy, and today accounts for 16% of its total economic output, representing over £12.7 billion a year<sup>1</sup>. The industry employs 145,000 people and has the potential to attract considerable inward investment to the region<sup>2</sup>. However, manufacturing companies raised concerns about the viability of investing in Wales, having encountered obstacles from the Welsh Government in purchasing premises, sourcing funding and scaling. Businesses described a limited appetite within the public sector to engage with its most productive industry. Manufacturing has the potential to drive economic growth in the region, but only if it is given the resources to do so. Notably, the space manufacturing industry was included within the Advanced Manufacturing Sector Plan of the UK Government's 2025 Modern Industrial Strategy as a 'frontier industry critical to security and growth'<sup>3</sup>.

## Case Study: Space Forge

Founded in 2018, Space Forge is a homegrown Cardiff-based space company, working on in-space manufacturing and developing high-value materials in microgravity, which can then be utilised in computing, clean energy, and defence sectors. In particular, they focus on the in-space manufacturing of semiconductor chips, making Space Forge one of the only companies globally to be pursuing pure refinement of materials in space, and Wales the only country that has a thriving semiconductor cluster. The company received over £600,000 in startup funding in 2020, including backing from the Development Bank of Wales. More than £300,000 of funding was also secured from the last Conservative government to drive forward space innovation<sup>4</sup>. In May 2025, Space Forge announced £22.6 million in funding through support from the NATO Innovation Fund, the World Fund and the British Business Bank, the largest Series A injection secured by a UK space technology company. This is expected to provide more than sixty high-skilled technical roles and will support over 1,000 jobs in its immediate supply chain<sup>5</sup>.

1 Welsh Government, *Written Statement: Manufacturing Plan for Wales Update*, (2 May 2023).

2 *ibid*

3 Department for Business and Trade, *The UK's Modern Industrial Strategy* (Policy Paper, 23 June 2025).

4 UK Space Agency, *Government funds UK companies at the forefront of space innovation*, (7 December 2020).

5 Welsh Government, *'Stellar Welsh start-up ready to launch next industrial revolution in space'* (Press release, 14 February 2025).

## 1. Manufacturing and Defence

However, participants at the roundtable identified that Space Forge is currently unable to launch their rockets from Wales, with its ForgeStar-1 mission having instead successfully launched on a SpaceX rocket in the United States in 2025. The point was made that they require regulatory approval by the Civil Aviation Authority to facilitate the launch and re-entry of satellites from the coast of West Wales. Whilst the Ministry of Defence was said to be supportive of the plans to bolster the UK's defence capabilities, the Civil Aviation Authority have been reluctant to implement this. Space Forge has said that regulatory approval will enable the creation of 500 new jobs in West Wales across sectors and will bring sizeable future investment to the region. The UK is also in competition with other economies, such as Portugal, which has given regulatory approval for the launch and re-entry of satellites, creating the risk that Space Forge relocates to a more innovation-friendly environment.



*ForgeStar®-1 begins journey to orbit for breakthrough in-space manufacturing mission (Space Forge, 2025)*

Participants also highlighted the potential for the Welsh manufacturing industry to contribute to the UK's defence capabilities. It was highlighted that defence spending outside the South East of England has been relatively low, and little has been done to identify businesses in the region with the ability to contribute, to strengthen the UK's supply chain. A comparison was made with Germany, which effectively utilises and joins together its leading industries to collaborate on developing the products required. Given the strength of the Welsh production industry, there is an opportunity to mobilise local businesses and bring together skills and experience from across the region, strengthening the UK's wider defence industry and driving economic growth. An example was given that, in one of the smallest boroughs in Wales, there are over 2,400 businesses. The capacity already exists, but businesses stressed that coordination is required from the Welsh Government to stimulate the supply chain and to cut the regulations currently holding the industry back.

# 2. Skills Shortages and Apprenticeships

A shortage in skills emerged as the most consistent concern across sectors. In 2024, almost half of Welsh businesses reported having struggled with skills shortages, with over half saying they lack confidence in applying new artificial intelligence or green technologies. The Business Barometer Report published by The Open University and the British Chambers of Commerce also found that 60% of Welsh employers have cited skills shortages as having increased the workload of their current employees. Yet, fewer than one in twenty Welsh organisations have implemented a skills plan to address these challenges, and participants across sectors observed that the Welsh Government has done little to support them.



## 2.1 Fintech and AI

The Financial Technology (Fintech) sector described itself as one of the youngest and most future-proofed in Wales and has the advantage of working closely with the Welsh Government on skills as part of its ambition to harness the technology sector to drive job creation. The high growth potential of the sector makes conversations about support in addressing skills shortages easier, but sourcing funding remains a challenge, with too many hoops for businesses to jump through in order to secure support. This has led to a delay in responsiveness by the Welsh Government to the rapidly changing needs of businesses in the technology sector. For example, in 2017, the Government announced £1.3 million of funding as part of its 'Cracking the Code' initiative to connect Welsh pupils with coding.<sup>6</sup>

However, since the growth of AI, companies are no longer primarily looking to recruit junior coders, but rather need employees who are able to utilise AI to help drive their productivity. This requires the Government to shift its attention away from, for example, coding academies and towards funding the development of proficiency in AI. In addition to

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Welsh Government, 'New drive to connect Welsh pupils with coding – Kirsty Williams' (Press release, 19 June 2017).

## 2. Skills Shortages and Apprenticeships

bridging the skills gap between higher education institutions and the needs of employers, participants also raised the issue of the current workforce, who are largely missing from the existing provision and who are told by employers that they need new skills but do not have a clear place to go to 'upskill'. This raises the question of the standard of proficiency companies are looking for, who is developing the curriculum to teach these skills, and how they are being funded.

The Welsh technology sector has offered to collaborate with the Government on developing this curriculum to address the skills gap, but businesses raised the delay in responsiveness to implement these changes. Participants identified the concern that, particularly in the AI sector, by the time the policies have been announced, the technology has moved on, and the curriculum becomes redundant. There is therefore an urgent need to ensure that the speed of decision-making is able to keep up with the sector.

Representatives from the sector were keen to stress that they are not seeking direct government funding, but want to cultivate an environment that is attractive to investors and young workers alike. In particular, there is a need to make the case for Wales as an appealing place to live and work. Concerns were raised that, at present, larger employers have not been drawn to invest, and there is not the funding or the workforce available to adequately support the rising number of startups in Wales that have reached the stage where they are looking to grow, but are realising that the current environment cannot support the scale-up stage. Two particular challenges were identified that need to be addressed in order for the Fintech sector to become a leading driver of economic growth: firstly, how can the environment be made more friendly to investors and, secondly, how can the sector attract both homegrown talent to stay in Wales, and provide incentives to encourage outside talent to move to the region.

A major incentive to encourage both homegrown and outside talent to position themselves in the region is the ability to offer good jobs and a competitive salary. Participants described a 'chicken and egg' situation, whereby employers have been unable to make an attractive financial offer to prospective employees, which causes talent to drain from the region and so prevents them from being able to grow and improve their offer both to graduates and to those undertaking degree apprenticeships. In the case of the latter, whilst it was recognised that apprenticeships present a considerable opportunity to bridge the skills gap in the technology sector and ensure talent remains in Wales, it still requires employers to have the resources to deliver these programmes, and the inadequacy of the current curriculum means those undertaking the courses available find themselves insufficiently equipped to be put into the workplace. As such, participants emphasised that bridging the skills gap at its foundational level is essential to unlocking economic growth.

***'...if you don't solve that skills problem, you're not going to get growth. If you don't get growth, you can't offer good salaries.'***

## 2.2 Professional Qualifications and Degree Apprenticeships

Representatives from the legal sector in Wales also highlighted challenges caused by the skills gap. In 2023/24, the turnover of Wales-based law firms was £534 million, an increase of £41 million compared to 2022/23<sup>7</sup>. In particular, the sector has found that young professionals who have graduated with a law degree and may have already undertaken further professional qualifications, such as the Bar Course or the Solicitors Qualifying Examination (SQE), are not adequately prepared to enter the workforce.

This problem is particularly acute in Solicitor Apprenticeship programmes, where significant regional disparities were identified. Whereas in England, there is provision for levels three, five and seven apprenticeships to train solicitors, such that ‘pretty much on day one they’re ready’ for placement in a firm. In Wales, only levels three and five exist; the Level 7 legal apprenticeship is not funded by the Welsh Government, on the view that legal services are traditionally an affluent sector that does not require support.

***‘the cornerstone of the apprenticeship is that for that first year they’re paid their salary in the firm, and the Welsh Government is keen to pay that levy for certain industries, just not for the level seven legal apprenticeship’.***

Participants disputed the Welsh Government’s perception of the legal sector in the region, particularly for high street firms. The absence of Level 7 provision was directly linked to large numbers of young professionals deciding to undertake the next stage of their training in England or leave to practice in foreign jurisdictions. The problem is compounded by larger firms in cities such as London or Manchester poaching graduates and offering them the opportunity to work from home. This has led to up to 4000 solicitors practising in Wales, but not for Welsh firms<sup>8</sup>. The declining numbers of solicitors working for local firms and weak succession planning produce ‘legal deserts’ where there simply is not adequate legal support. Representatives of the sector emphasised that Wales has willing candidates for Level 7 apprenticeships who would be prepared to join local firms and thereby contribute to the Welsh economy, but are being compelled to leave because the pathway is not supported.

Despite concerns raised across sectors about skills shortages, the construction industry described a more positive outlook for the intake of Chartered Surveyors, which, like the legal sector, also requires its workforce to have undertaken professional qualifications. Participants recognised that the Welsh Government had responded to their concerns about skills shortages and ensured more courses were available to those looking to pursue the qualification. The construction industry said that the principal challenge they face is making salaries competitive once graduates have completed their professional qualifications, echoing the concerns raised by the legal sector.

7 Solicitors Regulation Authority, Authorisation – Annual Report 2023/24 (2 February 2026) 5.  
8 *ibid.*

# 3. Empowering the Startup Economy

## 3.1 Investment in Startups

A central theme of the discussion was that Wales does not appear to suffer from unusually low levels of entrepreneurship. Rather, the greatest challenge facing startups in the region is that of the 'Missing Middle', namely that Welsh startup rates are broadly comparable to those elsewhere, but firms begin to struggle when they reach the point at which they need growth capital and a wider enabling ecosystem. In that sense, the roundtable distinguished between startups and scale-ups. The implication was that the underlying weakness in the Welsh startup sector can be found in the difficulty of converting early-stage activity into durable, medium-sized businesses with the capacity and support required to grow.



*Prosper UK Co-Chair Andy Street and Prosper UK Board Member Margot James visit small business in Cardiff, Wales*

The 'missing middle' is most evident in the technology sector in Wales, where participants described the growing number of startups and, at the other end of the spectrum, more established companies with greater resources to expand. Yet, there is a distinct lack of medium-sized businesses in the sector that have been able to successfully scale up and establish themselves. Participants described how the technology industry 'traditionally needs a much longer runway', requiring a more considerable cash injection than other sectors before it begins to see returns. An example was given of a founder of a startup in North Wales, who has since left the region as they were able to secure substantial funding in California, at a pace that would have been inconceivable domestically. It is ready access to capital that makes the investment environment in the United States such an attractive prospect for startups looking to expand.

In contrast, the provision of startup and growth finance was described by businesses as 'dire' and 'very poor', both in Wales and the UK more widely. The venture capital environment in the UK was portrayed as highly risk-averse. One business described how attracting such investment in the UK is 'horrendous' with 'startup capital and growth capital very difficult

### 3. Empowering the Startup Economy

to obtain'. Indeed, in 2024, only eighteen companies in the UK reached the Initial Public Offering (IPO) stage. Even where capital is obtained, the consensus was that the terms of the investment were unacceptable and discouraged businesses from attempting to expand or to relocate to less risk-averse investment environments. There is therefore a systemic issue in the UK around competition with other global economies like the US, which is rooted in the challenge that not only is there is too little capital available to founders, but that the surrounding investment culture is markedly more cautious than in competing jurisdictions.

At the same time, the roundtable did identify one institutional strength within Wales, namely the Development Bank of Wales and its Angels Invest Wales investor network. The Development Bank is a Welsh Government-owned institution, providing loans and equity investment to businesses, property developers, people, and communities in Wales that would otherwise struggle to access funding. Since its launch in 2017, the bank has delivered £636 million in private sector co-investment, supporting over 51,000 jobs in the Welsh economy and over 4,000 businesses<sup>9</sup>. Participants treated this as a genuine advantage, particularly for very early-stage firms. Likewise, Angels Invest Wales was presented as a useful mechanism for introducing angel investors to businesses seeking capital, having connected more than 200 investors with Welsh businesses, and as evidence that Wales possesses at least part of the institutional architecture needed to support startups. Yet the support offered was also described as incomplete. Most firms on the platform were still said to fall short of their fundraising goals, and angel investment alone was not seen as capable of addressing the 'missing middle' between start-ups companies and early stage investment to the next stage as companies attempt to scale. Indeed, one participant argued that it ought eventually to evolve into an investment bank with wider fiscal powers.



9 Development Bank of Wales, 'Performance and impact' <https://developmentbank.wales/about-us/performance-and-impact>.

### 3.2 The Role of the Public Sector

In terms of how the public sector could support Welsh businesses to grow, the response was that it should be 'less risk-averse and less process-driven', to cultivate an environment where startups have the resources and the capital they need to scale. Participants emphasised that the role of the state, in this sense, is to create institutions, like the Development Bank, that can act as a springboard for businesses to allow for other opportunities. However, the consensus amongst Welsh businesses at the roundtable was that the public sector had hindered their attempts to deliver economic growth over recent years:

*'The UK Government is not business friendly. If you look at the policies that they have instituted over the last couple of years, they're simply not business friendly policies. The Government currently doesn't understand business and it is very much the same here in Wales'.*

A former institution that participants highlighted could be a potential springboard to drive economic growth in the region was the Welsh Development Agency (WDA), which was dissolved in 2006 and its powers transferred directly to the Welsh Government. An inquiry by the Welsh Affairs Committee in 2012 into inward investment in Wales found that 'in its 30-year history, the WDA was credited with helping to create hundreds of thousands of jobs and securing billions of pounds of investment'<sup>10</sup>. Indeed, the report emphasised that the abolition of the WDA and its brand 'has reduced Wales's visibility in the global marketplace'. Despite recommending that the WDA brand should continue to be used to 'improve and increase Wales's global identity'<sup>11</sup>, very little has happened since. It was therefore recommended by participants that the Welsh Development Agency be reinstated to assist in facilitating opportunities for businesses attempting to scale.



<sup>10</sup> Welsh Affairs Committee, *Inward Investment in Wales* (HC 2010–12, 854).  
<sup>11</sup> *ibid.*

# 4. The Welsh Tourism Industry

The tourism industry is worth approximately £3.8 billion to the Welsh economy and supports over 159,000 jobs, representing 11.8% of total employment<sup>12</sup>. In 2024 alone, the tourism sector accounted for £2.24 billion in spending across the region<sup>13</sup>. The industry was described as one of the largest in the country, and particularly impressive in light of its industrial history, but has faced significant challenges since the Covid-19 pandemic and is struggling to return to pre-Covid figures. The most notable change the industry has had to deal with relates to the new legislation that has been thrown at them over recent years, echoing concerns voiced previously. This was demonstrated through the self-catering sector, which has been affected by seventeen new pieces of legislation over the last five years. In particular, new rules introduced in 2022, extending the minimum length of time a property is required to be let from 70 days to 182 days within any 12 month period, were cited as having caused hurdles for businesses<sup>14</sup>. There was a frustration that the Government had not listened to concerns of businesses about these changes and had ignored alternative proposals from the industry about what would make their lives better.

*'The problem is the Government does not seem to want to listen. We have made the arguments as to what we think would work, and they just totally ignore it and carry on. That's the frustrating part when our industry, like everyone in this room, wants to prosper, to move forward and to make money'.*

Businesses voiced concerns that after 27 years of devolution in Wales, there has been little visible improvement, with political infighting and blame being passed between parties failing to address the real problems that Wales faces. The tourism and hospitality industry was described as 'a very proud industry and the backbone of rural Wales, along with agriculture'. The strength of this sector is most evident in Cardiff, which businesses emphasised was 'one of the best event cities in the world', in addition to success stories like Wrexham Football Club. Local tourism data shows that Wrexham had just over £151 million in visitor spending in 2022, an increase of 51% year-on-year, with around 1,700 full-time tourism jobs sustained locally. The council explicitly said the area had seen more local and overseas visitors 'thanks in part to the exposure' from the football club and the 'Welcome to Wrexham' documentary that followed its success<sup>15</sup>.

However, the outlook for tourism in other, more rural regions across Wales is less positive, and will require the Welsh Government to start listening more to the concerns raised by the sector and to implement these in its legislative programme, rather than adding further to the administrative burden faced by businesses.

<sup>12</sup> Welsh Government, *Wales Visitor Economy Profile: 2024* (15 July 2024).

<sup>13</sup> *ibid.*

<sup>14</sup> The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022, which amended s 66(2BB) of the Local Government Finance Act 1988.

<sup>15</sup> Welsh Government, *Visit Wales Tourism Market Demand Report - US May 2023* (GSR report No 77/2023, 27 July 2023).

# 5. Construction, Infrastructure and the Built Environment



The construction industry began by emphasising the importance of the upcoming Senedd election in May 2026, with around seventy new parliamentarians expected and therefore the potential for a fundamental change in its dynamic and an important educational exercise for the industry to understand the changing priorities of the new parliament. Businesses identified three priority areas:

## 5.1 Residential Developments

Residential policy in Wales in the last five years has been dominated by the Welsh Government's commitment to deliver 20,000 new low-carbon homes for rent in the social sector between 2021 and 2026<sup>16</sup>. Similar to the policy in England, this has relied heavily on public sector funding but at the same time, the private sector has seen sales fall significantly behind other regions in the UK. This is partly because construction costs in Wales are broadly the same as in much of England, while sale prices in England are around two-thirds higher. The Welsh Government has done very little to counter this, and participants accused the public sector of penalising developers. The Cabinet Secretary for Finance, Mark Drakeford, has recently asked the UK Government for powers on vacant land tax to penalise developers if they fail to start building promptly, with the implication that developers are buying land in the region to hold onto it before selling it at a higher price. Businesses said that this fails to understand the underlying reasons why developers are not building, namely that they lack the skills, capacity and the funding pipeline to begin projects.

Viability was also discussed, with participants identifying a disparity between the larger development firms operating in other parts of the UK, who are able to build numerous developments in one region at any one time, because the viability exists in the marketplace. That viability is not currently present in Wales, with reforms of planning processes taking longer than in England.

## 5.2 Infrastructure

In February 2026, the Prime Minister announced funding for seven new railway stations in Wales, including Cardiff Parkway in St Mellons, as part of a £14 billion rail investment<sup>17</sup>. This was viewed by businesses as a positive step, which will reduce the time it takes to travel into Cardiff City Centre from 45 minutes to 7 minutes and has the potential to unlock considerable economic opportunity. However, it was highlighted that one of the stations announced was first in its initial planning stages over twenty years ago, reflecting how slow the current planning processes have been in Wales. The proposed M4 relief road was also given as an example, which was intended to bypass congestion on the existing M4 and address the subsequent economic costs for South Wales. However, this was abandoned by the then First Minister, Mark Drakeford, in 2019.

Delays in developing critical infrastructure more widely were identified as a factor currently holding back economic growth. Weight restrictions introduced in May 2025 for heavy goods vehicles travelling over the Severn Bridge on the M48 due to its deterioration were given as an example of neglected infrastructure, with severe repercussions for the flow of goods into Wales. The Menai Bridge, described as 'one of the main arteries' into Wales, was also shut for a prolonged period due to the age of the infrastructure and a lack of investment, both by the Welsh Government and the UK Government. Beyond the South Wales metro and modular nuclear energy projects, Wales also lacks any major energy or infrastructure projects, many of which had been proposed but were subsequently cancelled due to viability concerns.



## 5.3 Commercial Property

Issues of viability also relate to commercial property. Upfront capital costs are typically not reflected in the valuation of the property when businesses are looking to rent or buy. Rather, the costs are reflected in businesses rates and sales prices. The main challenge businesses across sectors, and particularly retail companies, raised was that rent, business rates, and energy costs, amongst other costs, currently far outstrip likely turnover. The uncertainty and fluctuations surrounding these costs mean businesses are simply unable to know whether they will be able to manage their commercial property year-on-year.

<sup>17</sup> Wales Office, Prime Minister's Office and Department for Transport, 'Prime Minister announces seven new stations and major rail funding commitment' (17 February 2026).

# 6. Adopting a Competitive Approach to Taxation

Developing a competitive taxation policy, both at a regional level and nationally, that cultivates a business-friendly environment is at the heart of driving economic growth. The feedback from businesses was clear. Taxation is currently completely inconsistent across the UK, and rebalancing powers in favour of devolved authorities in Wales is essential to ensure that 'the fiscal framework is working for workers'. The point was made that Scotland has powers over income tax; Northern Ireland has powers over corporation tax. Wales has control over neither, and there was a clear sense of frustration that repeated representations to HM Treasury had not produced meaningful change.

*Taxation policy is the greatest lever that any municipality or national government has in being able to ensure that the public sector is run efficiently and that it is able to set the table for growth in the future'.*

An emphasis was also placed on the importance of having hubs to build an environment for businesses that encourages investment and supports job creation. In particular, free ports were raised as an important mechanism to drive economic growth across Wales. There are currently two free ports in Wales. The Celtic Freeport was launched in November 2024 and will accelerate the green energy transition in South West Wales. It is projected to attract up to £8.4 billion in public and private investment, and will create 11,500 new jobs in the region. The Anglesey Freeport was launched in January 2025 and is estimated to attract £1 billion in investment for low-carbon innovation. Collectively, the Welsh Government has said that it expects the two Freeports to attract £6.5 billion in investment and create 17,000 jobs<sup>18</sup>. However, in the time since these were announced, little has been said. It was recommended that the Freeport initiative should be expanded further across Wales and into new sectors, with more publicity and thus the potential for greater opportunity.

More widely, businesses across the region have been 'horrified' at the changes to taxation that have been introduced since this government came into office, in particular increasing employers' National Insurance contributions (NICs) and lowering the threshold at which employers will start paying NICs. When companies have asked to meet with representatives from both the Welsh Government and the UK Government to express their concerns, the request has fallen on deaf ears. The point was made that few in the Welsh Government have come into office without any business experience, and without any desire to understand the challenges they currently face. There is an urgent need for regional and national government to not just meet with large businesses and representative bodies, but to regularly talk to and interact with those who run small businesses and work to keep this country afloat.

18 Welsh Government News, 'Boost for Ynys Mon as Freeport goes live' (22 January 2025) <https://media.service.gov.wales/news/boost-for-ynys-mon-as-freeport-goes-live>.

# Conclusion

The UK needs a more practical, honest conversation about growth – one rooted in enterprise, responsibility and serious policy, and one that looks beyond Westminster to the experiences of businesses across the country. Prosper UK was founded to help rebuild the national case for an open, competitive, pro-enterprise economy, and the response from those creating jobs and driving growth shows why that case matters.

What businesses across Wales told us was clear. Wales has the talent, sectoral strengths and entrepreneurial ambition to play a leading role in unlocking economic growth across the UK. From advanced manufacturing and defence to tourism, construction, fintech and professional services, there is no shortage of potential. But that potential is too often held back by slow decision-making, excessive regulation, persistent skills shortages, weak support for firms seeking to scale, and a wider policy environment that is too rarely aligned with the needs of business. Alongside the recommendations below, the underlying consensus among businesses across the region was that there is an urgent need for regional and national government to engage in regular dialogue with businesses, taking their concerns seriously and translating them into policies that will enable the UK to prosper again.

## Recommendations from Welsh Businesses

- 1 Cultivate a **more investment-friendly environment for innovative businesses** attempting to scale and operate from within the UK, rather than forcing them to look overseas.
- 2 Improve **Welsh Government coordination with manufacturers** to strengthen local defence supply chains and remove the regulations holding the industry back.
- 3 **Shift skills policy towards AI capability and practical up-skilling**, with curriculum development that keeps pace with technological change and the needs of employers.
- 4 Create **clearer routes for the existing workforce to upskill** as the workplace evolves
- 5 **Invest in Level 7 apprenticeships in Wales** and across more sectors, including the legal sector.
- 6 Reform the approach of the public sector towards startups so it is **less risk-averse and less process-driven**.
- 7 **Reinstate the Welsh Development Agency** to facilitate opportunities for small businesses and communities across the region.
- 8 Ensure the Welsh Government **listens to the needs of the tourism industry**, rather than adding to their administrative burden.
- 9 **Speed up planning and infrastructure delivery**, given concerns about delays and viability issues in construction and property development.
- 10 Pursue a more **competitive tax framework for Wales**, including greater rebalancing of fiscal powers towards devolved authorities.
- 11 **Expand the Freeport initiative** across Wales and into new sectors.



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