

2 March 2026

Dear

## **Request for Information - ATISN 26639**

I wrote to you on 4 February regarding your request for information.

### **Your request**

You asked for the following information relating to Wales' productivity performance and the Welsh Government's strategy for closing the regional productivity gap with the UK:

#### **1. Productivity targets and accountability**

- a) Any formal, published or internal targets held by Welsh Government since 2019 for improving Wales' output per hour worked relative to the UK average.
- b) The department(s) responsible for meeting these targets.
- c) Any annual performance assessments, dashboards, or reports used to monitor progress against these targets.

#### **2. Evidence of impact**

For the period 2019–2024, please provide:

- a) A list of Welsh Government programmes explicitly designed to improve regional labour productivity in Wales.
- b) For each programme:
  - its stated objective,
  - total spend, and
  - any evaluation or assessment of its impact on productivity (output per hour, GVA per head, or equivalent)

#### **3. Investment and capital formation**

Please provide any analysis held by Welsh Government that compares:

- a) Private investment per worker in Wales versus the UK average since 2019.
- b) Capital investment in Wales in:
  - manufacturing,
  - digital/tech,
  - energy, and
  - research and development.

#### **4. Skills, R&D and innovation**

Please provide any recorded information showing:

- a) Welsh Government's assessment of whether skills shortages are constraining productivity in Wales.
- b) Annual R&D spending in Wales per head compared with England since 2019.
- c) Any targets or plans to increase R&D intensity in Wales.

#### **5. Regional convergence**

Please provide any internal or external analysis held by Welsh Government assessing whether Wales is:

- a) converging with, or diverging from, the UK average productivity level since 2019, and
- b) the reasons given for this trend.

## **Our Response**

I can confirm that we hold some of the information captured by your request.

For question one on productivity targets and accountability, we do not hold this information.

## **2. Evidence of impact**

The Welsh Government does not hold any programmes that are formally or explicitly designated as “productivity programmes.” However, we have provided a factual, recorded-information-based list of programmes and policy frameworks which, while not productivity-labelled, do influence recognised drivers of labour productivity such as skills, business capability, innovation, infrastructure and regional economic development.

The explanation makes clear that inclusion is based solely on their relevance to productivity determinants, and not on any explicit productivity designation.

### **Prosperity for All: Economic Action Plan**

The purpose of the Economic Action Plan was to support delivery of Prosperity for All – a previous national strategy for Wales. This plan set out a vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions.

#### **Productivity-relevant features**

- Links Welsh Government investment in the “Economic Contract,” requiring firms to demonstrate contribution to employment and productivity multipliers.
- Provides the strategic umbrella under which later regional and business-support programmes sit.

### **The Economic Mission: Priorities for a stronger economy**

This details identified outcomes which underpin four national priorities: a more prosperous economy, a greener economy and a more equal economy.

#### **Productivity-relevant features**

- Places productivity at the heart of Wales’s long-term economic ambitions, recognising it as fundamental for a sustainable and growing economy which produces more with less, innovates, creates returns and rewards to workers and business owners through better wages and incomes

- Aligns economic levers to support productivity-enhancing growth, including a just transition to net zero, strengthening regional economies, supporting innovation and diversification in SMEs, and improving skills to create good jobs closer to home.

### **Regional Skills Partnerships (RSPs)**

Regional Skills Partnerships are in place to drive investment in skills by developing responses based upon local and regional need, aligning post-16 education and training with employer demand, addressing skills mismatch, a major productivity constraint.

#### **Productivity-relevant features**

Regional assessments of skills gaps tied to economic sectors. Influence FE funding and curriculum decisions to better match workforce skills with regional industry needs.

### **Business Wales**

Provides SME support in areas widely evidenced to raise productivity (e.g., management and leadership capability, digital adoption, improve internal processes and export).

#### **Productivity-relevant features**

- Support for management capability (a known productivity determinant).
- Assistance for SMEs to adopt digital tools, improve processes, and access export markets.

### **City & Regional Growth Deals**

City and regional growth deals in Wales are long-term investment partnerships between the UK Government, Welsh Government and local authorities designed to boost economic growth, infrastructure, and skills. There are currently four city and regional growth deals in Wales, [Cardiff Capital Region City Deal](#); [Swansea Bay City Deal](#), [North Wales Growth Deal](#) and [Mid Wales Growth Deal](#)

#### **Productivity-relevant features**

- Capital investments in infrastructure, R&D, skills and sector clusters.
- Support for higher-value sector development (manufacturing, digital, energy).

### **Regional Investment Framework**

#### **Productivity-relevant features:**

- Investment in innovation, skills and local economic development.
- Strengthening regional delivery capacity.

### **Skills and Employability Programmes**

Provide comprehensive support to help individuals enter work, retrain, or upskill through initiatives like [Working Wales](#), [Apprenticeships](#), [Jobs Growth Wales+](#), and [ReAct+](#), [Net Zero Skills Action Plan](#)

#### **Productivity-relevant features:**

- Raising qualification levels and workforce efficiency.
- Employer-led training support.

### **[Wales 4.0 / Future of Work & Digital Transformation Work](#)**

Highlighting digital adoption, automation and work organisation—direct determinants of productivity.

#### **Productivity-relevant features:**

- Guidance on digital adoption and AI readiness.
- Support framing for SME digitisation and innovation.

### **Infrastructure & Connectivity Investments**

Strategic investment in connectivity is identified by the [OECD and Welsh Economic & Fiscal Report 2024](#) as necessary for improving productivity. [Wales infrastructure investment plan and strategy](#)  
[Digital strategy for Wales](#)

#### **Productivity-relevant features:**

- Improved travel-to-work efficiency.
- Enhanced firm competitiveness via better digital and physical connectivity.

### **Foundational Economy Programmes**

Aimed at strengthening local supply chains and organisational capability in everyday economy sectors. Supporting the foundational economy is a key commitment in our [Economic resilience and reconstruction mission](#).

#### **Productivity-relevant features:**

- Better service efficiency and business capability.
- Local economic ecosystem strengthening.

### **SMART Flexible Innovation Support (SFIS):**

SMART FIS is open to any organisation wishing to engage in Research, Development and Innovation (RD&I), including the third sector, local authorities and health boards.

### **Productivity-relevant features:**

Interventions aim to increase Welsh productivity by satisfying at least one of its stated objectives:

- Increase levels of business R&D;
- Increase innovation in the business community;
- Attract business-focused R&D investment;
- Support innovative collaborations both locally and globally.

As part of *Wales Innovates*, SFIS will be assessed in Years 1,3 & 5. Year 1 Assessment: [Wales Innovates: Creating a Stronger, Fairer, Greener Wales Delivery Plan - One Year On \(19 March 2025\) | GOV.WALES](#)

### **3. Investment and capital formation**

a) Private investment per worker in Wales versus the UK average since 2019.

[Experimental regional gross fixed capital formation \(GFCF\) estimates by asset type, UK - Office for National Statistics](#) provides data from 1997 to 2022, now discontinued by ONS due to data quality concerns, giving estimates of Gross Fixed Capital Formation by region in the UK.

b) Capital investment in Wales in:

**Energy** - [Regional energy strategies | GOV.WALES](#); Ynni Cymru business case [atish20879doc1.pdf](#)

**Research and development** – please find below links to published information and programme documentation.

- Hidden Innovators report - now published on Innovation and Research Caucus (Welsh Gov data supplied) (UK comparison can be made) - [Uncovering Hidden Innovators: Insights through linked data - Innovation Research Caucus](#)
- Gross Expenditure on R&D (GERD) - [Research and development gross expenditure: 2022 | GOV.WALES](#)
- Business Expenditure on R&D (BERD) - [Research and development business enterprise expenditure: 2024 \[HTML\] | GOV.WALES](#)
- Horizon 2020 in Wales – [End of Horizon 2020 Programme Report](#)

- Wales in Horizon Europe 2021 to 2023 - [Wales in Horizon Europe 2021 to 2023 \[HTML\] | GOV.WALES](#)
- Capital Equipment grant - [Business Wales SMART Capital Equipment Fund - Innovate UK Business Connect](#)
- Geographical Distribution of UKRI funding - [Geographical distribution of UKRI funding, financial years 2022 to 2023 and 2023 to 2024 – UKRI](#)

Please note that skills capital funding is available and in the public domain via Medr or HEFCW if older. You may wish you contact Medr (Commission for Tertiary Education and Reaesrch) directly for this information:  
<https://www.medr.cymru/en/freedom-of-information/>

In addition to the above, capital investment information is held in the public domain via capital tables via this link [Welsh Government budgets | GOV.WALES](#) with further info via annual [Wales infrastructure investment plan and strategy | GOV.WALES](#)

#### **4. Skills, R&D and innovation**

Please provide any recorded information showing:

a) Welsh Government's assessment of whether skills shortages are constraining productivity in Wales, please see this link - [R&D skills supply and demand: workforce trends and projections - GOV.UK](#)

b) Annual R&D spending in Wales per head compared with England since 2019.  
 I confirm we hold some of this information. I have concluded, however, that it is exempt from disclosure under Section 22 of the FOI Act 2000, information intended for future release. Full reasoning for applying this exemption is appended at Annex A at the end of this letter.

- [House of Commons Research Briefing - Research and development spending - House of Commons Library – GERD](#) provides a UK figure, not broken down by region.

c) Any targets or plans to increase R&D intensity in Wales.

- Wales Innovates - [Innovation strategy for Wales | GOV.WALES](#)
- Delivery plan - [Innovation strategy for Wales: delivery plan | GOV.WALES](#)
- Collaborative Innovation Plan for Wales - [English-Wales-Action-Plan.pdf](#)
- R&D Intensive businesses in Wales (A DBW report on Wales only) - [Wales' R&D-intensive businesses drive innovation and value creation - Dev Bank](#)
- Wales' Productivity Challenge (not a WG report) - [Wales' Productivity Challenge: A Focus on the Future](#)
- The innovative capacity of Welsh local authority areas - [Report](#)

- IUK Collaboration - [Innovate UK- WG Collaboration Plan](#)

## 5. Regional convergence

Please provide any internal or external analysis held by Welsh Government assessing whether Wales is:

- a) converging with, or diverging from, the UK average productivity level since 2019 - [Regional and subregional labour productivity, UK - Office for National Statistics](#)
- b) the reasons given for this trend. This information is already available in the Welsh Economic and Fiscal Report which has already been provided above.

## Next steps

If you are dissatisfied with the Welsh Government's handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government's Freedom of Information Officer at:

Information Rights Unit  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

or Email: [Freedomofinformation@gov.wales](mailto:Freedomofinformation@gov.wales). Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at:

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely

## Annex A

### **Section 22 of the Freedom of Information Act 2000, Information Intended for Future Publication.**

Section 22 states that *Information is exempt information if –*

- a) *The information is held by the public authority with a view to its publication, by the authority or any other person, at some future date (whether determined or not)*
- b) *The information was already held with a view to such publication at the time the request for information was made, and*
- c) *It is reasonable in all the circumstances that the information should be withheld from disclosure until the date referred to in paragraph a).*

I am of the opinion that subsections (a) and (b) above are met because the information is held with a view to its publication. This information is expected to be published by the end of March 2026.

With regards to part (c), I have given consideration as to whether it would be 'reasonable in all the circumstances' that the information should be withheld from disclosure until the proposed publication date. I am of the opinion that releasing the information at this time would cause disruption to the Welsh Government's intentions in relation to its publication arrangements. Thus I am content that the exemption is engaged.

Section 22 is a public interest exemption. This means that, in order to withhold information, I must show that the public interest in withholding is greater than the public interest in releasing it.

In terms of the public interest, it is recognised that there is public interest in there being openness and transparency within Government.

The information you have requested on the Annual R&D spending in Wales per head compared with England, will be included in a paper that is due to be published this month.

The proposed publication date for this information has been agreed as part of normal business and will be published on the Welsh Government website.

The Welsh Government has committed to publishing information of this nature on our website however there is a thorough validation process which is undertaken on the information to ensure its accuracy. By restricting access to the paper ahead of publication, we will be publishing the information in a co-ordinated manner to all people at the same time, and will ensure an editorial process is adhered to which will confirm the quality and integrity of data.

An accelerated release of the paper which involve research, drafting preparation and meticulous inspection might result in inaccurate, unchecked information being disclosed prematurely, misleading the public.

To that end, I do not think it is reasonable in all the circumstances or in the public interest to release this information prematurely. Rather, I believe the public interest would be best served if the information were released as scheduled. Policy officials will send a link to this information directly to your email address.

I am satisfied therefore that the balance of the public interest falls in favour of withholding the information.