Gwynedd from the bottom up: building the local economy

Review by Foundational Economy Research Ltd (FERL)

This paper is about an opportunity to refocus public policy and government machinery on developing the economy of Gwynedd. The aim is to sustain and grow Gwynedd's mix of SMEs, social enterprises and micro firms which can fit together into an economy that makes society work to underpin language and community.

The challenge is to follow the evidence laid out soberly. This evidence shows that existing policy is not working, even on narrow criteria to deliver jobs and growth, and that public grants can be claimed by corporates whose employment practices breach Welsh fair work policy.

The time is right for rising to the challenge. Cultural policies to promote the use of Welsh language are important but Gwynedd now needs economic policies to build capability and reduce precarity in the everyday supply side economy of small business which supports Gwynedd families and communities.

This report presents evidence and argument about how better economic support for language and community can be put in place. The process of improvement should not start from a grand vision or a set of targets but from the specifics of where Gwynedd is at now.

FOREWORD

I would like to thank Foundational Economy Research Ltd (FERL) for their detailed report, which provides an in-depth analysis of the nature and structure of Gwynedd's economy today.

Over two terms as the Senedd Member for Arfon, I have sought to encourage and contribute to discussions across several important areas that affect the lives of my constituents and the sustainability of communities in Arfon — from health and education to housing, planning, and the Welsh language.

One way I have tried to support this work is by prioritising the commissioning of original research from a broad cross-section of individuals and organisations, reflecting a rich range of perspectives.

My objective has remained constant: to strengthen the evidence base and expand the range of sources available to scrutinise and understand how Welsh Government policies operate in practice, and to offer practical policy solutions that governments could implement to improve the lives of my constituents.

This report contributes directly to that aim.

It highlights the practical consequences of uniform economic policies imposed on Wales by Westminster — policies that do not fit neatly with the specific challenges and opportunities facing the economy of Arfon, which is, of course, an integral part of the wider economy of Gwynedd. The report also points to a lack of leadership and courage from the Welsh Government, as well as the limitations of the current governance structures in addressing Gwynedd's needs. These criticisms add to concerns previously expressed by the Economy Committee of the Sixth Senedd and by local elected members in Gwynedd.

At the same time, the report tells a positive story of resilience: of communities that are taking the lead in shaping and sustaining their own economies and sharing the benefits locally. Gwynedd has the highest number of community enterprises per head of any county in Wales, alongside around 12,000 small businesses that form the backbone of the local economy, sustaining livelihoods and ways of life. The local authority, too, continues to strive to do things differently, even within the constraints it faces.

The key question, then, is what more needs to happen to ensure the economy works for the people of Arfon and for the things that matter most to us here. The authors suggest that efforts should focus on increasing people's residual income - what remains at the end of the month to make life a little easier and more secure for the many who currently struggle to make ends meet. I strongly agree with that assessment.

The authors also set out ideas for potential policy and structural changes in the future. These proposals will, of course, require broad discussion and consultation, and they recognise that some changes can be made within the world as it is today, while others involve working towards the kind of future we would like to see.

Sian Gwenllian, Member of the Senedd for Arfon (March 2026)

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Introduction

This report about Gwynedd economic development policy reviews the results of current supply-side development policies before proposing radical changes in intervention which would involve new machinery of government. Some of the evidence the report draws on adds complication because even a simple task like counting the number of enterprises is not straightforward. We have tried to explain everything so that readers can understand the underlying data issues. We also preface the report with a short summary of our argument and a list of recommendations which we hope will motivate the reader to engage with the whole report.

Readers should note that this report focuses on the supply side of economic development which is about sustaining and building the stock of firms. It does not cover the equally-important demand-side of economic development which is about households and liveability. Since 2022, high utility bills and food price inflation have worsened an acute liveability crisis as the rising cost of on-market essentials has squeezed the household residual incomes which have to cover everything else. These liveability problems were at analysed at UK level in our 2023 book *When Nothing Works*[1] and at Welsh level recognised in the 2024 report of the Commission for Welsh-Speaking communities[2]

(1) (Re)framing regional economic development: Gwynedd needs actionable strategy which includes "how to" and "who does what" for betterment of what we have

This report is about reframing how we think and changing what we do about regional economic development in Gwynedd. The narrow growth and output objectives of regional development policy are now being broadened to include making the economy work better for society by supporting language and communities. But Welsh policy makers' reach exceeds grasp partly because they have fixed on an idea of strategy as ambition which starts from a vision and targets for being different.

To deliver on ambition, what Gwynedd needs is an actionable strategy which includes the "how to" and "who does what" for delivery. Actionable strategy must be grounded in that it must start from the economy that we have in Gwynedd. If the aim is betterment of what we have, this opens the issue of how much public effort and resource should be put into step change by major corporate projects, as distinct from organic development of the existing firm stock. And the starting point here must be a granular analysis of the existing firm stock.

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[1] Calafati, L. et al (2023) *When Nothing Works*. Manchester: Manchester University Press

[2] Commission for Welsh-speaking Communities (2024) *Empowering Communities, Strengthening the Welsh Language.* Available at: [Empowering communities, strengthening the Welsh language]

(2) Gwynedd has a small-scale hinterland economy where different segments of the firm stock contribute to economy and society in different ways

The Gwynedd firm stock is dominated by around 12,000 micro businesses (employing 0-9) and more than 600 SMEs (employing 10-249). Large UK corporates (like the supermarkets) are represented only by relatively small local branches distributing goods and services to the Gwynedd population. The large employers are almost entirely public sector bodies like the local authority or health board. The other striking characteristic is an unusually strong social enterprise sector. With nearly 200 (mainly micro) social businesses, Gwynedd has more social businesses per head of population than any other Welsh county.

The Gwynedd economy is a hinterland economy defined by its geographic location outside the UK's central area of preferred locations for UK corporates producing goods or services. In this respect it is different from the Wrexham/Flint corridor which consequently has a different firm stock, including production sites for large private corporates. But the result in Gwynedd is not an economy of deficiency but a heterogeneous economy where all segments of the firm stock contribute in different ways to economy and society.

The SME segment can contribute respectable productivity and output growth to Gwynedd overall performance. The micro firms contribute differently because they typically support a Welsh-speaking family by providing affordable services for the local population. The social enterprises sustain and build community by making the most of not-for-profit opportunities. The public sector employers retain skilled workers and managers who would otherwise leave in a diaspora exodus to seek career opportunity elsewhere.

(3) Current development policy is (a) unbalanced in its reliance on major projects which are not producing step change and (b) ineffectual when smaller grants give little leverage for organic development of SMEs, micros and social enterprises

Policy is unbalanced. With jobs and GVA priorities set by the UK Treasury, the £240 million North Wales Growth Deal for Gwynedd (and five other North Wales local authorities) puts resource into step change via major projects. But the corporates are not coming to save Gwynedd. Across all six local authorities the target was 4,200 jobs created over 15 years, after nearly 5 years the outcome is just 49 jobs. Upcoming grant aided projects raise due diligence issues, as in the case of Zip World whose employment practices breach Welsh Government fair work policy.

Ineffectuality and limited leverage over organic development is the problem about the grants offered by UK schemes like the Sustainable Prosperity Fund, Welsh Government's Transforming Towns or smaller funds controlled by Cyngor Gwynedd. The structural issue about leverage is that a relatively small number of typically modest grants is spread thin across a large population of firms. The assistance that is offered does not ease the market precarity of micro firms with limited control over input costs and output pricing, while short term project grants maintain social enterprises in constant funding precarity.

Against this background, the Gwynedd 2035 economic strategy and the Gwynedd and Eryri sustainable visitor economy plan are paradoxical. They commendably broaden the objectives of development policy to include language and community, but their development and implementation plans summarise what is already being done and contain no new policies. The last section of our report takes up the challenge of innovations in practice which can deliver improvement.

(4) How to do development policy differently within the Overton window and more radically by developing new kinds of government machinery to develop innovative interventions

Within the Overton window of what is currently thinkable, there is much that Welsh policy makers can do constructively. They could reshape the growth deal by, for example, prioritising embedded projects with community benefits and allowing consortium applications by social enterprises. Other practical options include filling the gaps in our knowledge of social enterprises and persuading the Welsh Local Government Pension scheme to set up an investment fund for SMEs.

If we can change what is thinkable and doable, there are more exciting possibilities of putting together an actionable strategy for organic development of the existing firm stock,

- ✓ SMEs and larger social enterprises build their capability by executing projects and should be offered project development grants and hybrid grant cum loan schemes for funding capital investment.
- ✓ Market precarity for micros can be reduced by intermediary support for groups of firms, as, for example, through a website with booking facilities for small firms along the Llwybr Llechi Eryri/ Snowdonia Slate Trail long distance path.
- ✓ Funding precarity of social enterprises can be reduced by unrestricted core support covering salaries and overheads for the organisations which are the carriers of innovation.

Much of this requires a change in the machinery of government because the task would not be implementation of policy but developing experimental kinds of intervention. For this we recommend a skunk works approach. This would involve the creation of two units led by doers on the edge of government tasked with (a) accelerating the flow of investable projects by SMEs and larger social enterprises and (b) learning by doing through setting up intermediary organisations to support sector or place-based groups of micros.

Recommended actions: changes in policy and machinery of government

There have been various suggestions for new machinery of government including the creation of a National Development Agency. To ensure that connected issues of language, community and economy get the focused attention they deserve in Gwynedd and Arfor, we recommend that Welsh Government should:

- ✓ Set up a language and economic interventions/iaith a chymorth economaidd review group tasked with reporting with actionable supply-side recommendations for SMEs, micros and social enterprises in 90 days.
- ✓ Give the language and economic intervention/ iaith a chymorth economaidd review group a brief that: (a) states the objective of developing an actionable strategy for an economy that supports the Welsh language; (b) recognises that existing supply-side policies are not working to deliver broad or narrow development objectives for the hinterland economies; and (c) includes the necessity therefore to innovate and experiment by changing what is thinkable and doable as machinery and policy.
- ✓ To ensure grounded recommendations, a majority of the review group's members should be drawn from two groups: (a) representatives from the "missing middle", the "overlooked micros" and social enterprises and (b) expert academics, consultants, funders and others with a record of work on small firm business models and finance.
- ✓ While the review should be entirely free to make recommendations, it could be asked to consider the recommendations below from this rapid review, as illustrative of the economic policy innovation that is required to support language and economic development.

The table which follows summarises the major changes in policy and machinery of government proposed in this report.

	Recommendation	Action by:
1	Review the achievements of the North Wales Growth Deal - as the flagship program for economic development in North Wales – and proceed with more appropriate priorities to both (a) support development of investable projects embedded in the Gwynedd economy (including consortium applications by social enterprises) and (b) require a 'something for something' approach to grants.	Welsh Government and the six local authorities to commission an independent rapid review. This can be the basis for Welsh Government as joint funder engaging the UK Treasury in dialogue about changing programme objectives so that they are relevant to the North West Wales economy.
2	Fill some of the knowledge gaps, especially around social enterprises, including by i) obtaining an official count of different kinds of social businesses by StatsWales and ii) funding a review of social enterprise business models and functions.	Welsh Government to (a) ask StatsWales to produce an actionable proposal for counting and distinguishing between different kinds of social enterprises (b) commission an analytic review of social enterprise business models and functions by researchers tasked with identifying

		social enterprise development needs, problems and opportunities and making recommendations to reduce grant funded precarity.
3	Free up new sources of funding for investment in SMEs and larger social enterprises, such as from the amalgamated Welsh Local Government Pension Scheme (WLGPS) which has a remit to support local investment.	Under the aegis of Welsh Government, the Welsh Local Government Association (WLGA), should convene a group of local authority officers and councillors tasked with: (a) developing a plan for local productive investment with social returns that compensate for lower financial returns and (b) pressing for the creation of a separate local investment fund mobilising a small percentage of the total WLGPS investable funds.
4	Develop an innovative and problem-solving supply-side approach to build capability in SMEs and larger social enterprises by accelerating the flow of fundable projects. Specifically, by i) making available project development grants and ii) developing hybrid schemes for funding capital investment through a mix of grants and loans.	Welsh Government to create a first skunk works-type team (headed by a doer as leader) as adjunct to any new National Development Agency. The skunk works remit and operating model to be as proposed in this report. With governance by and accountability to a board of Welsh Government and the four Arfor local authorities.
5	Develop an innovative, learning by doing supply-side approach to reduce precarity in micro firms, including by supporting sector or area-based groups of micros by creating intermediaries at key points in the input/output chain to help manage cost and/or allow new capabilities.	Welsh Government to create a second skunk works team (headed by a doer as leader) as adjunct to any new National Development Agency. The skunk works remit and operating model to be as proposed in this report. With governance by and accountability to a board of Welsh Government and the four Arfor local authorities.
6	Develop an innovative supply-side approach to reduce precarity in community and sector based social enterprises including by: - Creating a rapid response unit to provide short term bridging finance for distressed social enterprises where there is a reasonable prospect that limited bridging finance can safeguard organisational capability. - Convening major anchor organisations including health boards and local authorities to	 Welsh Government to establish a distress fund to be operated by a third party such as WCVA; accountable to a board with 50% Welsh Government and local authority representatives and 50% third sector representatives. Welsh Government to use its convening power to get anchors to recognise and act on their

	discuss their responsibilities for managing precarity in social enterprises.	responsibilities towards social enterprises which perform distinctive, complementary roles.
7	Develop a basic income for artists scheme to sustain or build clusters of arts practitioners and creative workers, including connecting this support to place-making activities which involve the creation of new kinds of "local culture" centres as bases for creative activities.	Welsh Government to introduce a pilot scheme for at least 200 Arfor arts practitioners and creative workers. Drawing on the successful Government of Ireland scheme and using the opportunity to include developing local clusters.
8	Use a skunk works approach, establish two teams tasked with i) problem solving, to accelerate the flow of funding for investable projects by SMEs and larger social enterprises and ii) learning by doing, to establish the potential and challenges of intermediary organization to support groups of micros and social enterprises.	Welsh Government

1. (Re)framing regional development in Gwynedd: broad objectives, actionable strategy, step change vs organic development

Regional development and industrial policy are usually understood as a matter of supply-side economic objectives and policy, or desired ends and means acting on a stock of firms in an economy. If we are to understand the practice of regional development, we should add a third distinction about strategy. Or, more precisely, about actionable strategy. This is not about aims or vision but about how diverse policies fit together to define a "how to" and a "who does what" route to achieving objectives, grounded on analysis of what is appropriate in a specific time and place. The overview in this section shows that the objectives of development policy are now being usefully widened by Gwynedd policy makers and this is welcome. At this point, it becomes necessary to challenge old policies and machinery which have under-delivered; and to focus on the issue of how old and new policies can be combined into an actionable strategy that is appropriate to the supply-side economy of Gwynedd. But we do not yet have an actionable strategy.

Challenge is of course difficult in a system of multi-level government which mostly works by delegation of responsibility not devolution of power. Thus, at Welsh local authority level, Cyngor Gwynedd is largely required to work for economic development with austerity reduced resources, and to deliver programs within frameworks set by Westminster and Welsh Government, with the latter often in a junior role because its power and resources are limited

Thus, Welsh Government has contributed funding but not direction to Ambition North Wales's program which is formatted by the UK Treasury as a growth deal for Gwynedd and other North Wales local authorities. In 2024, the UK and Welsh Governments announced there would be two investment zones in Wales, including in Flint and Wrexham which form part of the growth deal footprint. The same top-down formatting can be seen at work in free ports, AI growth zones and large-scale energy projects beyond the growth deal structure, largely driven at Westminster's behest. As a counterpoint to this, there have been two phases of Arfor – Arfor 1 (£2m programme in the Fifth Senedd term) and Arfor 2 (£11m over three years in the Sixth Senedd term) which were joint ventures of Welsh Government with four local authorities to support the language through encouraging enterprise. Arfor was commendable as an experimental attempt to promote regional development through local action. But generally Welsh Government and Cyngor Gwynedd could both explain that their actions are heavily constrained within multi-level government.

But constraint does not excuse passivity by policy operators. If policy is not working to deliver its objectives it is also the responsibility of policy makers and influencers at all levels to analyse specifics and lobby for alternative policies which can be fitted together into an actionable strategy. When regional economic policy is not delivering for Gwynedd, this work of analysing the specifics and formulating necessary alternative policies needs to be taken up by policy actors in and around Cardiff Bay and the local authority. In Gwynedd, elected representatives and officers need to do much more to lead a campaign for actionable strategy which can deliver for Gwynedd. Because at Welsh national and local authority level, there has been a focus on strategy as a matter of vision or declaring aims, rather than sorting execution about “how to” and “who does what”. This Welsh notion of strategy is most obvious with the grand national ambitions of devolved Welsh Government in the Communities First Programme or the Future Generations Act. The inevitable result is that Welsh political reach has exceeded socio-economic grasp, with a slow-motion response after failure to reach objectives.

Broader aims without new policies

The future of Welsh language and communities is the one issue which has produced a greater sense of urgency about the need for new economic policies because cultural policies for Welsh language status alone are clearly not safeguarding the future of the Welsh speaking communities. The Cymraeg 2050 Strategy used the language of “action plan” but was a classic strategy document centred on a “vision” of one million Welsh speakers by 2050 and doubling the number of everyday users.[3] The 2024 Report of the Commission for Welsh-Speaking Communities did make a more radical demand. Their recommendation was that “an economic strategy, specifically tailored to the economic needs of areas of high-density linguistic significance, is formulated and implemented”.[4] On the demand-side of the economy, the Commission was clear that this meant meeting household foundational needs for housing and public services and addressing residual income (that is income after costs of essentials like housing, food, energy and transport). But on the supply-side of the economy, there was no such clarity. The Commission did not analyse the distinctive structure of business and enterprise in the high-density Welsh speaking districts and thus could not specify what “tailoring” policy might imply by way of new policies for firms.

In two phases since 2019, the Arfor programme stands out as the one serious attempt to “test interventions and learn lessons”[5] about how to support the language through supply-side policies. In Arfor, the four coastal local authorities (including Gwynedd) with a high density of Welsh speakers worked in partnership with the declared aim to “support the communities which are the heartlands of the Welsh language to prosper through economic interventions”.[6] This brief was approached with some imagination,

[3] Welsh Government (2017) *Cymraeg 2050. A Million Welsh Speakers.* Available at: Cymraeg 2050: A million Welsh speakers
[4] Commission for Welsh-speaking Communities (2024) *Empowering Communities, Strengthening the Welsh Language.* Available at: Empowering communities, strengthening the Welsh language
[5] Wavehill (2021) Evaluation, Conclusions and Recommendations of the Arfor Programme. Available at: Evaluation of Arfor - final report - final - October 2021.pdf. p. 5
[6] Arfor: creu gwaith- cefnogi’r iaith (Coastal areas: creating work - supporting language) Available at: Rhaglen ARFOR

especially with a scheme for encouraging enterprise amongst the young. But the programmes were small scale when the Arfor 1 programme had a budget of £2 million and Arfor 2 had a budget of £11 million spread across four authorities from Anglesey to Carmarthenshire. And there must be questions about whether local authorities (with their many responsibilities) have the capacity to run programmes of experiment. Nonetheless, Arfor provides an important challenge and stimulus to test and intervene with innovation in policy and machinery for focused and relevant assistance of micros and SMEs.

More generally, the major recent change has been a broadening in the aims of economic development. This does not involve renouncing the old narrow aims or introducing new and different machinery or policies which takes us closer to actionable strategy. The outcome so far is that within regional and industrial policy for Gwynedd, there is now an explicit difference between narrow and broad objectives, between the economy narrowly as an end in itself and an economy which – more broadly – exists to make society work. These two kinds of aims currently co-exist.

- ✓ The old, narrow and long-established economic objectives of jobs, growth and productivity still take precedence for Gwynedd and everywhere else in the UK. Thus, Ambition North Wales is tasked with "delivering the growth deal" to close the gap with other more favoured regions within a Treasury framework that specifies objectives and approval procedures.[7] Consequently, it backs projects that promise jobs and GVA output, so the economy is an end in itself. This is devolution as top-down delegation to the six North Wales local authorities, with Welsh Government enlisted to provide half of the Growth Deal funding. The same objectives are set by the UK Treasury and passed down to all regional policy makers, regardless of whether it is Greater Manchester, North Wales or the North East of England. And the objectives persist despite 50 years of failure to close the output per capita gap between regions and 15 years of stagnant UK productivity and wages growth.
- ✓ At the same time, broader objectives are now being canvassed which recognise that regional policy objectives in Gwynedd should be place specific, and social as much as economic. Thus, in the draft of Cyngor Gwynedd's *Gwynedd 2035* economic strategy, the first aim of an "innovative, productive and low-carbon economy" is to "strengthen the Welsh language".[8] Cyngor Gwynedd and the Eryri National Park Authority, in their joint *Sustainable Visitor Economy 2035* strategic plan, recognise the need to manage their visitor economy for "the benefit and well- being of the people, environment, language and culture of

[7] Welsh Government (2025) *Memorandum of Understanding: the Use of UK Government Funding for City and Regional Growth Deals.* Available at: https://www.gov.wales/memorandum-understanding-use-uk-government-funding-city-and-regional-growth-deals-html
[8] Cyngor Gwynedd (2026) *Gwynedd 2035: An Innovative, Productive, and Low Carbon Economy that Strengthens the Welsh Language, Creates New Opportunities, and Contributes to the Well-being of All - Draft V12*, p. 5. Available at: https://democracy.gwynedd.llyw.cymru/documents/s46074/Appendix%201%20-%20Draft%20Gwynedd%20Economic%20Strategy.pdf This is a late draft of policy which is now being approved by the council.

Gwynedd and Eryri".[9] This is devolution as bottom-up initiative by local actors recognising that the Welsh language and problems of over-tourism are regional issues. This focus on local priorities is welcome because, from a foundational economy perspective, development should be about citizens living the lives *they* have reason to value. At the same time, restating objectives in this way is important but only the first step on a long journey to realising them through actionable strategy.

The reach versus grasp problem is manifest in the local authority's *Gwynedd 2035* economic strategy or in the local and national park authorities' *Sustainable Visitor Economy* plan. Both add recognition of Welsh language and community to the inclusive economic growth objectives that figure in similar documents by English local authorities. But neither document asks nor answers the question about what new and different economic policies does this imply? In *Gwynedd 2035,* the new policy idea is a Gwynedd Economy Forum for all stakeholders to develop and monitor a "delivery plan". The *Sustainable Visitor Economy* comes with a 2024-5 "implementation plan" but this is a list of existing projects and actions related to tourism: from grant schemes and infrastructure improvements to volunteer litter picking and an ambassador scheme for hearts and minds.[10] The question about how policies should be varied cannot be answered because neither document analyses the firm stock and the distinctive supply-side characteristics of Gwynedd and North West Wales. Policies that are appropriate to the Newport/ Cardiff or Wrexham/ Flint corridors are unlikely to be appropriate to the northern coal valleys or North West Wales, where the existing mix of firms and possibilities for corporate (inward) relocation are very different.

Supply side change and granular analysis

From this point of view, the practical question is how different supply-side policies and machinery can be variably combined so that they fit together to define an actionable Gwynedd strategy, appropriate to the existing local stock of enterprises and possibilities of new entrants. In thinking through how policies could be combined and how execution could be varied, we can start by distinguishing between two "how to" routes to change.

- ✓ Step change development: via a few major projects, by inward investing and/or expanding corporates, ideally in new sectors.

[9] Cyngor Gwynedd & Eryri National Park Authority (2023) *Sustainable Visitor Economy 2035: Strategic Plan*, p.3. Available at: https://eryri.gov.wales/wp-content/uploads/2023/08/EYCGE-Plan.pdf
[10] Cyngor Gwynedd & Eryri National Park Authority (2025) *Summary from the 2024-25 Implementation Plan*. Available at: https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Eco-tourism/Infographic-ENG-accessible.pdf

- ✓ Organic development: via many projects by local, smaller firms and social enterprises, building their capability and resilience.

Of course, these two routes do not represent binary choices. In practice, any development strategy will involve a judicious balance between the two routes. Nobody would refuse inward investment by corporates that brought quality employment for local communities; but equally it would be foolish to neglect developing the capability and securing the function of existing smaller firms. As regional circumstances and opportunities vary, there cannot be one best way strategic choice between the two routes. Instead, the regional balance should vary in different times and places according to (a) the quality and potential of the existing stock of firms and (b) the cost of, and realisable benefits from, attracting step change inward investment and new entrants.

The distinction between step change and organic development is partly recognised in the *Gwynedd 2035* strategy, which distinguishes between “maximising the value of our current economy” and “seizing new opportunities”. But the 2035 strategy does not follow through to ask what combination of policies and machinery would deliver on these objectives and whether the current mix of policies can realise the vision or is even appropriate to the existing local enterprises and opportunities.

This issue cannot be brought into focus without a granular analysis of the supply-side of the Gwynedd economy. That is analysis of the mix of firms – micro, SMEs, social enterprises and large firms – and how they contribute in variable amounts and in different ways to Gwynedd economy and society. The nature and extent of these different contributions is not brought into focus because key policy documents, like the *Gwynedd 2035* economic strategy, present descriptive statistics without the necessary contextual explanation. For example, this strategy notes “there are only 225 ‘large’ businesses in the County”.[11] But it does not add the essential qualification that almost all of these “large businesses” are small distributive local outlets (like the Kwik Fit or Costa branches in Bangor) of large private firms which employ more than 250 in total in the UK.[12] Gwynedd has at most two or three large private firms (like Siemens Healthineers at Llanberis) which employ more than 250 within a county whose large employers are predominantly public sector organisations.

When granular analysis of Gwynedd supply-side specifics is absent, standard economic metrics are used to tell a story of deficiency. Thus the *Gwynedd 2035* strategy notes that Gwynedd has “some of the lowest wages in the UK”, the lowest productivity measured as GVA per hour in Wales and the north west of England, and

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[11] Cyngor Gwynedd (2026) *Gwynedd 2035: An Innovative, Productive, and Low Carbon Economy that Strengthens the Welsh Language, Creates New Opportunities, and Contributes to the Well-being of All - Draft V12,* p. 9. Available at: https://democracy.gwynedd.llyw.cymru/documents/s46074/Appendix%201%20-%20Draft%20Gwynedd%20Economic%20Strategy.pdf

[12] See “Appendix 1: How official statistics count enterprises” for a discussion of firm classificatory issues and the important differences between NOMIS and StatsWales principles.

is sectorally specialised in tourism and agriculture which do not bring “stable high-value employment”.[13] All this is true and low incomes do contribute to an acute liveability problem, made worse by the current cost of living crisis. FERL takes this problem extremely seriously to the extent of having written in 2023 a book analysing the current liveability crisis which is partly about squeezed residual income because of energy prices and food inflation.[14] More recently, through our work on social housing rents, we are working practically on the problem of unaffordable rents with a group of Welsh housing association landlords and tenants.[15] These are indeed important issues which need to be tackled on the demand/ household side, but we do not think that supply-side or firm development policy in Gwynedd should be centred on an effort to deliver high wages and higher productivity.

When Gwynedd’s economy is framed using abstract economic metrics (without granular analysis of supply-side specifics), the story is that Gwynedd lags. This encourages the idea that Gwynedd should put policy effort into becoming more like places that score more highly on those economic criteria where Gwynedd scores low. This objective of “closing the gap” is perhaps not feasible or desirable if it is posed concretely as becoming more like Warrington or Milton Keynes. While the objective of closing the gap is probably not attainable given the difference of Gwynedd in terms of population density and geographic location. Certainly, for more than 50 years existing UK regional policy has not closed regional wage inequalities. As for raising productivity, that is appropriate for some Gwynedd firms, but it is neither possible nor suitable as a policy objective for Gwynedd’s 12,000 micro businesses which account for 40% of private employment. These businesses contribute economically by providing useful community functions like building or repair services in a low-income economy and contribute socially by supporting families which bring up the next generation of Welsh speakers.

Message: Gwynedd as part of Y Fro Gymraeg (or Arfor in modern policy usage[16]) needs economic policies and machinery which fit together into an actionable strategy that can deliver on the agreed broader social objectives of sustaining language and community. The issue for Gwynedd is then about strategic balance and how much effort and resource should be put into step change by major corporate projects as distinct from organic development of the small firms which dominate the Gwynedd firm stock.

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13 Cyngor Gwynedd & Eryri National Park Authority (2025) *Gwynedd and Eryri 2035 Sustainable Visitor Economy Plan – Draft Implementation Plan 2024-5,* slides 21-22. Available at: https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Eco-tourism/Implementation-Plan-2024-25.pdf

14 Calafati et al. (2023) *When Nothing Works: From Cost of Living to Foundational Liveability*. Manchester: Manchester University Press.

15 Foundational Economy Research (FERL) (2025) *A Foundational Approach to Affordability in Welsh Social Housing*. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/10/Foundational-affordability-final-10-Aug-2025-.pdf

16 *Y Fro Gymraeg* (or Welsh area) is the Welsh language and culture area identified by Owain Owain in the mid-1960s as an area of everyday use of Welsh. The term was subsequently appropriated by

2. Gwynedd's hinterland economy: a small scale economy of micros, SMEs and social enterprises

If we turn now to supply-side analysis of the firm stock, the starting point has to be that Gwynedd has an *economi cefnwlad*, a term which can be translated into rather stilted English as hinterland economy.[17] The Welsh distinction is found more or less exactly in some European languages as in the Italian *aree interne*/ inner areas where, as in Welsh, it captures economic geography not a negative value judgement. The English language has a more metropolitan gaze so that it is difficult to think of such areas without being condescending about backwardness as in "left behind places" or romantic about the picturesque as a leisure destination. From our rather different perspective, hinterland economies are neither worse nor more exotic but simply different because their market economies are dominated by SMEs and micro firms. As in other hinterland economies, in Gwynedd relatively large agriculture and hospitality/tourism sectors are also important in terms of sectoral specialisation. Large private corporates distribute to Gwynedd but have in recent years not chosen to locate substantial operations producing goods and services in Gwynedd for export to the rest of the UK and international markets.

Comparisons of firm stock require a reference point. And in this case the distinctiveness of Gwynedd's hinterland economy is best understood by comparing Gwynedd in North West Wales with the Wrexham/Flint corridor in North East Wales. Of course, Gwynedd itself is internally differentiated. The Caernarfon/ Felinheli/ Bangor coastal strip with adjacent commuter villages like Llandwrog has a very different character from the upper reaches of the slate valleys, which themselves have varied exposure to mass tourism. But our argument is that these internal differences fit together into a hinterland pattern of firm stock at Gwynedd county level which is systematically different from the Wrexham/ Flint corridor. The immediate challenge is that the differences between the firm stock in Gwynedd and Wrexham/ Flint are not immediately legible because of, first, classificatory differences in the two available official statistical sources by StatsWales and Nomis and, second, limits in the unofficial data analysed by Wavehill in their report for Cwmpas on social businesses in Wales.

In the official statistics, StatsWales and Nomis count micro firms and large private firms differently, although both are using the same ONS source data.[18] StatsWales counts 12,030 micro firms in Gwynedd in 2023 when Nomis counts 4,880 in 2024 (Appendix

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Dennis Balsom in his account of Welsh political behaviour. *Arfor* (coastal, in English) is strictly a post-2019 Welsh Government programme covering the four local authorities of Carmarthenshire, Ceredigion, Gwynedd and Anglesey which are all Plaid controlled. The 2019 administrative entity corresponds very roughly with the linguistic entity.

[17] The Welsh term cefnwlad translates literally as back country which we translate loosely as hinterland. Welsh makes a series of distinctions about the character of such areas which are not visible to the metropolitan English gaze. Apart from cefnwlad/ back country we have (with an extra g) cefn gwlad/ countryside with the accent on rurality and y gwyllt/ literally, the wild country, which is a value judgement, but not necessarily pejorative.

[18] These differences are explained and discussed in Appendix 1: How official statistics count enterprises.

1, Table 1). That is because, in the micro firm category, StatsWales includes sole traders whereas Nomis counts only micros employing workers and high-income professionals operating above the VAT threshold. StatsWales then counts 225 large firms in Gwynedd in 2023 while Nomis finds none in 2024 (Appendix 1, Table 1). That is because, in the large firm category, StatsWales counts the local Gwynedd branches of firms which employ more than 250 *in total across the UK*, whereas Nomis counts only private firms employing more than 250 *in Gwynedd*. Another complication is that although ONS collects data on all registered firms, it does not subdivide them by the form of firm ownership, so neither StatsWales nor Nomis can publish an official count of the number of social enterprises in Gwynedd, nor do they provide basic data on their aggregate turnover and employment.

On this issue, Wavehill/ Cwmpas unofficially report on Wales and its local authorities. Overall, from various sources they count more than 3,113 “social businesses” in Wales and by inference mainly from sample survey they estimate turnover of £3.8-5.7 billion and employment of 57-68,000.[19] The issue here is what can be included and how in the count when the category “social businesses” includes all not-for-profits which do not distribute to shareholders. From their discussion of “outlier” large firm adjustments, even their lower bound estimates include all the turnover and employment of Welsh-based large corporates like Dŵr Cymru and do not explicitly exclude the non-Welsh turnover and employment of large businesses like the Nationwide building society.[20] This analysis does not isolate social enterprises as we would understand them in Gwynedd, that is, enterprises which have a social purpose and are grounded in, and accountable to, a place or sector. From this point of view, the bottom line is that the Wavehill/ Cwmpas turnover and employment figures are significant exaggerations, though the count of firm numbers is good enough at Welsh or local authority level because, for example, Dŵr Cymru adds nearly £1 billion to sector turnover but only one firm to the total sector number count.

Large firms

The discrepancy between StatsWales’ count of 225 and Nomis’ count of zero in the large firm category is important. It shows that large corporates are present in Gwynedd but only in the form of branches distributing goods and services to the local population, as in the case of supermarkets like Tesco or utilities like BT. Wrexham/ Flint has all these population related distribution activities which are, of course, found everywhere in the UK. But Wrexham/ Flint also has large corporate production sites. Kronospan

[19] Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill. Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf

[20] Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, pp.19-20. Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf

employs more than 600 in timber board production at Chirk;[21] while blue chip, high wage/high-tech firms like Airbus or Toyota are located on Deeside building aircraft wings and internal combustion engines. Furthermore, the UK's largest manufacturing sector of food processing is represented by fast growing Village Bakery/Menissez which already employs 900 in and around Wrexham.[22]

Economic geography explains why Gwynedd does not have such corporate manufacturing operations because it is located on the Western periphery of the UK economy outside the central corporate locational area. Large corporates locate their production sites making goods (and their offices providing services) in this central area where they have fast access to major consumer and business markets, integrated logistic networks around transport links and dense labour pools. The Thames Valley or the Oxford/ Cambridge corridor would be ideal locations, helped by the historic concentration of transport investment in London and the south of England. In Wales, the Wrexham/ Flint or Newport/ Cardiff corridors are at the edge of this central area and can compete to offer sites. Some deindustrialised regions can stretch the locational area and compete for call centres and such like by offering a pool of cheaper labour for outsourceable activities. But Gwynedd is outside the field of preferred corporate locations and gets only the local branches which everywhere distribute goods and services.

The exceptions to this generalisation are corporate accidents which are the result of a quirky local connection leading to subsequent path-dependent development. This is certainly so in the case of two major local exceptions. Siemens Healthineers in Llanberis employs nearly 500 workers and is the global manufacturing base for the German manufacturing firm's Immulite blood analysis technology.[23] Rehau in Tanygrisiau employs around 200 in plastics extrusion and lamination so that one in seven uPVC windows fitted in the UK are made from Rehau sections.[24]

Both manufacturing operations started from local accident. In the early 1980s, Osborn Jones, health board employee and visionary inventor, began making blood analysis kits in a shed in Llandwrog. His local base of know-how was the incentive for the American DPC company which in 1992 built the Llanberis factory to serve the European market. In 2006 the existing operation was acquired by Siemens.[25] The Rehau story has fewer twists and turns but the same basic structure. The company is now owned by a Swiss holding company but was founded as a family owned

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[21] Kronospan Limited (2025) *Kronospan UK welcomes Welsh Minister*. Available at: https://kronospan.com/en_UK/company/news/view/kronospan-uk-welcomes-welsh-minister-120/

[22] North Wales Business (2024) *Entente Cordiale with "Significant" Investment Helps Jones Village Bakery Create 65 New Jobs*. Available at: https://north-wales-business.co.uk/entente-cordiale-with-significant-investment-helps-jones-village-bakery-create-65-new-jobs/

[23] Daily Post (2025) *Multimillion-Pound Healthcare Centre Secures Hundreds of Jobs*, 21 November 2025. Available at: https://www.dailypost.co.uk/news/north-wales-news/multi-million-pound-investment-secures-32908355

[24] REHAU Group (no date) *REHAU Factory Expansion in Blaenau Ffestiniog*. Available at: https://www.rehau.com/uk-en/rehau-factory-expansion-blaenau

[25] Daily Post (2024) *Long History of Gwynedd Factory Set to be Celebrated*. Available at: https://www.dailypost.co.uk/news/north-wales-news/long-history-gwynedd-factory-set-26266740

mittelstand operation by a German ex-prisoner of war. He had been well treated when in captivity in North Wales and recognised that by locating UK factories in Anglesey and Ffestiniog.[26]

We could list more local connection stories from the creative industries or manufacturing like DMM Engineering at Llanberis, which was founded by three climbers who used the kit they made and 45 years later employs 200 in Llanberis.[27] These happy accidents largely explain the Gwynedd presence of some strong medium sized SMEs. But they are inevitably few in number. If we leave them aside, the large firm employers operating in Gwynedd are not private but public sector organisations, like Betsi Cadwalader Health Board, Bangor University, Coleg Llandrillo Menai and Cyngor Gwynedd. In the absence of large private employers, public sector employment is relatively more important in Gwynedd than in the Wrexham/ Flint corridor: public sector jobs account for 35% of all jobs in Gwynedd against 31% in Wrexham and 23% in Flint (Appendix 3, Table 2).

This public sector employment has a workforce stabilising and retaining role in Gwynedd. Public sector health, education and public administration have all been weakened by austerity funding, but these employers cannot exit because (like the supermarkets) they provide population-related services. Public sector organisations offer more than stability because in Gwynedd public sector jobs are the main source of quality employment. The public sector offers relatively secure employment on national pay scales with career progression and a pension at the end of a working life. This local offer is socio-economically important because it helps retain a trained workforce which might otherwise emigrate in pursuit of opportunity. However, this process will only work if we train and retain the local population rather than rely on attracting ready-made trained workers. Every young local nurse, physiotherapist or radiographer hired at Ysbyty Gwynedd is a family supported for the next thirty years and an investment in bringing up the next generation of Welsh speakers.[28]

Micros and SMEs

If the public sector is large-scale, by way of contrast Gwynedd's market economy is predominantly a small-scale economy because the private firm stock is dominated by micro businesses and SMEs. In 2023, using StatsWales data, 12,030 micro

[26] No printed source corroborates this widely told story.
[27] DMM (undated) *About DMM.* https://dmmwales.com/pages/about-dmm
[28] See Calafati, L. et al. (2022) *NHS Wales as a Driver of Economic Value*, FERL report. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2023/03/NHS-Wales-Public-Interest-Report-June-2022.pdf

enterprises - each employing between 0 and 9 - accounted for 93% of the Gwynedd private business stock, while 630 SMEs between 10 and 250 employees represented a further 5% (Appendix 3, Table 3).

The micro firm share of total firm stock in Gwynedd is not unusual because, across Wales and the rest of the UK, micro businesses usually represent 90% or more of the stock of firms. However, the micro business contribution to employment and turnover is exceptionally high in Gwynedd. On StatsWales figures in 2023, micros account for 40% of all private employment in Gwynedd, whereas in Wrexham micro firms account for 30% of employment, and in Flint just 25% (Appendix 3, Table 6). In 2023, the micro firm share of turnover in Gwynedd is some 26% which is twice or more the 13% in Wrexham and 10% in Flint (Appendix 3, Table 8).

The Gwynedd economy is therefore (and much more so than Wrexham/ Flint) a small-scale economy dominated by micro firms. When the micros account for 40% of private employment, they are the single most important source of employment for the county. Most of the 12,000 Gwynedd micros are very small artisanal operations. The upper size limit in the micro firm category is nine employees. But the average Gwynedd micro firm employs just 1.6 workers, and more than half of all Gwynedd micro firms are sole traders who may draw on family labour but have no formal employees[29] (Appendix 1, Table 2). Predictably, these artisan operations perform badly in conventional productivity terms, and the Gwynedd micro firm sector is, in standard economic terms, a drag on aggregate economic performance. The subpar productivity performance of micros is captured by the disparity between their shares of employment and turnover, with 40% of the private workforce in micros producing 26% of the private turnover (Appendix 3, Table 8).

But it is doubtful whether productivity is the relevant measure of micro firm contribution to Gwynedd economy and society. Leaving aside a couple of thousand small farmers,[30] the stock of micro firms is dominated by local service providers. It includes the builder who can patch and mend a leaky roof, the mechanic who fixes elderly cars, the café used by locals and tourist walkers, the heating engineer who comes at the end of their day to fix a central heating pump and the accountant who provides useful business advice while sorting annual accounts. This is an important part of what makes Gwynedd work.

These micros have artisanal skills which provide amenity for a mainly low-income community and earn a modest income from doing so. The local car fixers are never short of work because their hourly rate is relatively low and they fit cheaper pattern or second-hand parts; company franchised dealers typically charge 40% more per hour than independents and are obliged to fit expensive OE parts.[31] At the same time, the

[29] See "Appendix 1: How official statistics count enterprises" for the full discussion.
[30] NOMIS counts 1260 micro in agriculture in Gwynedd (Appendix, Table 1). We estimate based on the discussion in Appendix 1 another 800-1000 self-employed in the sector.
[31] GarageWire (2025) *UK's Garage Labour Rates Revealed*. Available at: https://garage-wire.co.uk/news/uks-garage-labour-rates-revealed/

fixer's modest income can help to support a family. Thus, the 12,000 micro firms make a huge social contribution because the families they support are the single most important buttress of language and community. If Gwynedd did not have its micro firms, it would be an economic and social dead zone.

We are not arguing that measures like productivity do not matter, only that we should not seek to understand the whole economy in these terms. Specifically, we should respect the distinctive economic function of Gwynedd micro firms in the provision of local services, and their crucial social role in underpinning language and community. From this point of view, it is quite remarkable that this sector is largely ignored by policy makers. Farmers are recognised through agricultural and agri-environmental support policies. But policy makers do not ask what the much larger group of non-agricultural local micro firm service providers need and how they might be better sustained. These micros are the overlooked firms.

If policy makers want productivity increase and firm growth creating new jobs, then they could and should look towards the SME sector which (in the absence of standalone large firms) is critical to Gwynedd's performance on standard economic metrics. As we have noted, the large private corporates are present in the form of relatively small local branches which generally do not grow. This limits the large firm economic and social contribution. This means that Gwynedd would (more so than most UK regions) benefit from a larger, stronger SME sector which filled out the "missing middle".[32]

SMEs employing between 10 and 249, according to StatsWales in 2023, accounted for 5% of all Gwynedd private enterprises (Appendix 3, Table 4) but provided 29% of private employment (Appendix 3, Table 6) and 37% of turnover (Appendix 3, Table 8). The good news here is that the Gwynedd SME sector looks to be up for delivering on output growth and productivity because its performance compares well enough with that of SME sectors elsewhere in the UK.

We cannot make precise productivity comparisons when we do not have value added per employee data: this would correct for regional differences in specialisation and activity-related variation in the purchases/ sales ratio which will influence turnover. However, the available StatsWales data on SME turnover per employee are suggestive if we make the comparison with Wrexham/ Flint. In 2023, average turnover per employee in Gwynedd small firms employing 10-49 is £68,000 per employee, which lags £103,000 per employee in Flintshire and £118,000 per employee in Wrexham (Appendix 3, Table 13). But Gwynedd beats the comparators in medium-sized firms employing 50-249 where the turnover per employee in Gwynedd is £168,000 as against £160,000 in Flintshire and £154,000 in Wrexham (Appendix 3, Table 13).

[32] The idea that Wales has a problem about a missing middle of SMEs was originally developed by the FERL team in a 2015 report *What Wales Can Be* for FSB Wales. Available at: https://foundationaleconomy.com/wp-content/uploads/2017/01/what-wales-could-be.pdf

Social enterprises

If we turn from productivity to look at broader social measures of contribution by different kinds of enterprises, then social enterprises are undoubtedly important. As we have argued, micro enterprises are socially important because of their number in thousands; and the much smaller number of social enterprises are important because a couple of hundred social enterprises have a catalytic role in local communities. Gwynedd benefits from a social enterprise sector which has grown by turning economic and social challenges into not-for-profit opportunities in local communities. Social enterprises are concentrated in some districts of Gwynedd, including the slate valleys. But the remarkable point is that they operate in all kinds of communities so that, for example, we have community pubs in Llandwrog and Llan Ffestiniog, amongst many other places.

Frustratingly, it is then difficult to say much more about the size and character of the Gwynedd social enterprise sector for reasons previously explained. The data on number of social businesses – including mutuals/co-ops and employee-owned businesses as well as social enterprises[33] - in Gwynedd and elsewhere in Welsh is robust enough to be usable but the Wavehill/ Cwmpas estimates of turnover and employment confusingly include giant corporates like Dŵr Cymru in their totals of "social businesses", as explored further in Appendix 4. Most social businesses are at the opposite end of the scale: in the Wavehill/ Cwmpas sample survey, 70% of Welsh social businesses were micro and 30% employed no paid staff.[34] From our own independent research on the Cwmni Bro federation of social enterprises, their general position is that they can break even but operating surpluses are modest and major capital expenditure has depended on grants.

According to the Wavehill 2025 report for Cwmpas, Gwynedd has an exceptionally large social business sector with around 180 enterprises against 85 in Flint and 119 in Wrexham (Appendix 3, Table 11). Of course, county populations vary and so we have calculated the number of social businesses per head of population by relating the 2025 count of enterprises from Cwmpas to the most recent 2023 official population estimates. On this basis, Gwynedd leads the Welsh league table as the county with more social businesses per inhabitant than any other in Wales. Gwynedd has one social business per 657 inhabitants whereas Wrexham has one social business per 1,152 inhabitants and Flint has one per 1,825 inhabitants (Appendix 3, Table 11). From a foundational economy point of view, the number of social enterprises is an indicator

[33] There is an useful table distinguishing the different types of social business on page 5 of Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf

[34] Allies, O et al. (2025) op. cit.

of civic culture which both manifests and builds social identity at local level. And, on this basis, Gwynedd is streets ahead of its comparators.

If this is the limit of what can be said from the available data, we urgently need more official and independent information on the social enterprise sector and the wider social business sector in Gwynedd and throughout Wales. This includes distinguishing between the many forms that local social businesses can take as charities, co-ops (including employee-owned firms), community interest companies (CICs), community benefit societies (CBS), and other forms of not-for-profit organisations. Welsh Government should consider conducting a periodic census or building an administrative data-based register, with StatsWales leading on the framing, collection and presentation of data. Some of this data inevitably exists in other categories and administrative systems already, but it is not currently pulled together in a way that makes the sector visible. A periodic, robustly framed census (or register) would make the social economy visible in the same way as other parts of the economy. This would allow policy for social enterprises to be framed and targeted using robust data.

The firm stock and making Gwynedd work

At this point we can bring our arguments about firm stock together. If we look across the whole firm stock, the supply side in Gwynedd is not an economy of deficiency, which would justify descriptions that emphasise what the economy lacks and how Gwynedd compares unfavourably with other more fortunate localities. Instead, Gwynedd has a heterogeneous economy where different segments of the enterprise stock contribute in different ways to making economy and society work, which means that they cannot be judged against one standard and are all deserving of policy support. If we appreciate our enterprises for the diversity of what they are, do and can be, Gwynedd has a stock of enterprises which can enable and sustain *restanza* motives so that many different kinds of citizens will want to stay (or return) and make a difference in their community.[35] To recap on the argument, in Gwynedd:

- ✓ The public sector provides a relatively stable base of secure jobs with career prospects which can retain trained and educated workers, many of whom would otherwise emigrate.
- ✓ Some 12,000 micro firms perform useful local economic service and repair functions which involve hard work and modest reward for artisan families who are the largest single support of language and community.

[35] For the definition of restanza and its practical importance in a slate valley community see our 2022 report *A Way Ahead* available at https://foundationaleconomy.com/wp-content/uploads/2022/04/restanza-english-version-as-of-7-feb-2022.pdf

- ✓ The SME sector of 600 firms is economically credible and competitive. This is a reservoir of realistic ambition and economic capability with medium-sized SMEs a potential growth pole.
- ✓ The nearly 200 social businesses – including social enterprises - are mostly micros primarily on a social mission of community development which spills over into trading whether as community pubs or the Antur Stiniog mountain bike trail.

If we are looking for a firm stock to support language and community as the basis of Gwynedd identity, this heterogeneity is a strong foundation because it supports that identity in so many different but relevant ways. But the Gwynedd firm stock is not going to deliver a high-output growth, high-wage economy. On output growth, the SME sector cannot do enough to lift overall growth rates when the public sector is revenue constrained, micros typically lack ambition and capability to grow, and the social enterprise sector is too small. Equally, Gwynedd is not positioned to change its firm stock by attracting significant inward investment by large corporates.

The same point about the limits on transformation can be made another way by considering the sectoral pattern of activity specialisation. Gwynedd is not going to become a high-growth/ high-wage economy because the pattern of activity specialisation holds down both wages and the ability to capture earnings from the rest of the UK economy. Gwynedd can and should aspire, therefore, to increase the residual income levels of local households on the demand-side because supply-side intervention is not going to deliver high wages, though it can help to improve quality and stability of jobs. StatsWales classifies and adds together activity categories at Welsh county level in a way that limits our analysis. But nevertheless, the overall sectoral picture for all private enterprises is clear.

- ✓ Gwynedd does not have a high-wage expanding sector which can pull revenue from outside the region by exporting goods or services. Financial services mean retail banking in Gwynedd. Manufacturing is present but the sector is smaller than in Wrexham/ Flint. On the StatsWales count, manufacturing in 2023 accounted for 10% of Gwynedd employment as against 22% of employment in Wrexham and 27% in Flint (Appendix 3, Table 9). While Gwynedd manufacturing is led not by blue chip high-wage corporates but by the 35 SME manufacturing firms which Nomis counted in 2024.
- ✓ Gwynedd's main export earning sector is tourism where wages are low and employment is seasonal and often insecure. Tourism drives up the numbers employed in the StatsWales category 'wholesale, retail, transport, hotels and communication'. In 2023, these activities accounted for 39% of Gwynedd employment, as against 31% in Flint and 26% in Wrexham (Appendix 3, Table 9). Separating out tourism from 'tourism and hospitality' in the Nomis classification is difficult, but we have elsewhere guesstimated that up to half the

19% of Gwynedd employment in tourism and hospitality is sustained by visitor spend.[36]

Against this background of structural limits, Gwynedd's firms have in the aggregate displayed qualities of resilience and enterprise in an often-difficult environment. This is most obvious from the way in which enterprise births exceed deaths. On the Stats Wales count (which includes self-employed micros) there was a 28% increase in the total number of Gwynedd enterprises from 10,040 enterprises in 2003 to 12,885 in 2023 (Appendix 3, Table 10). If most of this increase is numerically accounted for by micro firms, there are healthy percentage increases in the SME category with a 53% increase in the number of small firms and a 22% increase in the number of medium-sized firms. Wrexham and Flint predictably did much better: Flint had a stunning 72% increase in enterprises over the period 2003-2023, while Wrexham had a 48% increase over the same period, in line with the all-Wales average (Appendix 3, Table 10). But these are of course different economies in different places and Gwynedd cannot and will not become somewhere else.

Furthermore, the increase in the number of firms is not the only indicator of enterprise. Another indicator of achievement is the outcome number of jobs per thousand of population. The number of public jobs per thousand in Gwynedd has attracted criticism because Gwynedd has relatively more public sector jobs, at 168 per thousand, than any other Welsh county (Appendix 3, Table 12). However, the number of private jobs per thousand is completely ignored, even though Gwynedd is comfortably mid-table here. With 312 private jobs per thousand, Gwynedd is roughly in line with the Welsh average and within touching distance of Wrexham with 329 private sector jobs per thousand (Appendix 3, Table 12). If we add public and private sector, we can see that the heterogeneous economy of Gwynedd is delivering a total of 480 jobs per thousand, which is exactly the same as Wrexham on 481 and Flint on 480 (Appendix 3, Table 12).

Message: Gwynedd's market economy is dominated by small-scale private enterprise which fits into a heterogeneous economy that is adapted to the challenge of sustaining language and community with assistance from social enterprises. The structure of the economy makes it a suitable case for further organic development via smaller firms. It is therefore surprising to find in the next section that top-down regional policy is centred on step change via major projects by corporates.

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[36] Foundational Economy Research (FERL) (2023) *Tourism Briefing 1: Gwynedd Tourism*, pp. 3-4. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2023/04/Tourism-briefing-1-Gwynedd-tourism-March-2023-p.pdf

3. Unbalanced and ineffectual development policies, with SME assistance spread thin and micros and social enterprises precarious

The argument in the previous section about the character of the Gwynedd economy has important implications for policy. Firstly, the small firms of Gwynedd need an organic development strategy if language and community are to be protected. There is then a second issue about how economic geography has constrained – and will continue to constrain – step change via major corporate projects. From this point of view, this section now goes on to argue that current economic development policy is unbalanced and ineffectual. Policy is unbalanced because too much effort and funding go into trying to achieve step change, when major new corporate projects are not bringing significant jobs and GVA output to Gwynedd. Policy is ineffectual because resources are not being focused on levering organic development, with little done to benefit most small private firms or to ease the precarity of social enterprises.

Put another way, there is a fundamental mismatch between policy and the opportunities of the small-scale Gwynedd economy because almost all policy is formatted around assistance on a project basis for an individual firm. The North Wales Growth Deal is set up by the UK Treasury to recognise and support step change by major corporate investment projects, ideally in new technology sectors. The evidence below shows this policy is frustrated by the economic geography of corporate location: even in the Wrexham/ Flint corridor, there are not enough major projects to deliver a step to significant change. Other UK-wide schemes - like the Sustainable Prosperity Fund - or smaller Welsh Government funds for specific purposes – like Transforming Towns – have greater potential to promote organic development through more modest investment projects distributed on a broader geographical basis. The evidence below shows that this process is challenging when Gwynedd has many micros and SMEs. This means that a relatively small number of public grants gives limited leverage for significant change when it is spread thinly across many small enterprises.

The Growth Deal pursuit of step change

The North Wales Growth Deal is part funded by Welsh Government but sponsored by the UK Treasury on the model of its city deals. Implementation of the Growth Deal by its executive body Ambition North Wales provides a test case of what step change – via major projects and grants to corporates – can achieve for Gwynedd, and the five other local authorities in North East and North West Wales. The relevant evidence with sources is presented in Appendix 2 to this review and summarised in the argument below.

The Growth Deal was primed to encourage investment by corporates with £240 million of public funding and a 15-year target of 4,200 new jobs created and £2.4 billion of additional GVA output. But, after more than four years, Ambition North Wales reported to a Senedd Committee in summer 2025 that it had produced just 35 jobs, a total that has increased to 49 in its most recent quarterly report. If step change policies are not working for Wrexham/ Flint in North East Wales, it is unrealistic to assume that a policy of a few large investment projects with corporate partners will ever come to save Gwynedd.

Meeting the ambitious projected outcomes in output and employment depends heavily on two Growth Deal programmes in low carbon energy and commercial property development. As Appendix 2 shows, these projected outcomes were exceedingly optimistic and there was relatively little benefit in either programme for Gwynedd.

- ✓ More than half the total project investment of some £669 million was expected to come from major projects in low carbon energy. But, as Appendix 2 shows, investment in clean energy from current projects is likely to total around £150 million because several proposed major high-tech projects will not be delivered. It was impossible to make a technical-cum-business case for the hydrogen pipeline in North East Wales. Gwynedd, did not have a doable multi-million energy project like Menter Môn's Cydnerth's tidal energy. The inland site at Trawsfynydd was always a second-best site for small modular nuclear reactors when all the alternative new reactor sites were coastal.
- ✓ More than half of the new employment - 2,280 of the projected 4,200 new jobs – was expected to come from property development projects. This takes the form of mixed-use development at Wrexham, business park development including Parc Bryn Cegin outside Bangor, and now a proposed new building for Bangor University's business school. The estimates of jobs created do not appear to consider the extent to which property development transfers jobs rather than creates new jobs. As Appendix 2 notes, official and academic evaluations of Enterprise Zones from the 1980s showed that they often transferred jobs *within* localities. As for commercial mixed-use property development, that can work in financial terms in Wrexham but not in the towns of Gwynedd like Caernarfon or Blaenau Ffestiniog – with lower property values and less demand for space – where urban regeneration has depended on grants for third sector organisations.

Looked at from another perspective, North West Wales is disadvantaged because the Growth Deal's agrifood and tourism programme is small and struggles to find investable major projects in leading sectors of the Gwynedd economy. In Welsh Government industrial strategy, six of the eight priority sectors are new economy sectors (e.g. semi-conductors, life sciences, creative industries), which are more relevant to the Newport/ Cardiff corridor than to Gwynedd. Agrifood and tourism figure as the two remaining sectors in Welsh industrial strategy, so it is understandable that the Ambition North Wales has an agrifood and tourism programme. But this is relatively small and, as Appendix 2 shows, planned investment here totals just £41.3 million. The way this fund is being distributed raises questions about what is being offered and how, and consequently about whether Welsh Government (as part funder) should intervene to change how these significant public funds are allocated.

- ✓ Zip World is being offered £6 million of public assistance for its "Responsible Adventure" expansion at the Llechwedd and Penrhyn sites. This is unnecessary because Zip World is a highly profitable firm which can finance its own investment from earnings when it makes a profit of more than 20p on every pound of revenue.[37] The private equity business model of Zip World's owners is to boost earnings and resell the firm at a profit after some five years or so. They do not need public grants as a financial incentive to invest in expansion which will increase the value of the business. A £6 million public grant directly reduces the cost of a major investment to Zip World, thereby increasing the cash which private equity owners can take out while they hold the business.
- ✓ Public assistance for Zip World raises a series of questions about the rationale for giving grant aid, partly funded by Welsh Government, to a firm whose employment practices are not in line with Welsh Government's Fair Work policy. Zip World's £6 million Responsible Adventure application promises more jobs and Zip World is separately being offered additional assistance through its share of a £19 million tourism workforce training programme where Portmeirion is the other Gwynedd beneficiary. Our comparison of terms and conditions in 2025 job adverts shows that Portmeirion is a more responsible employer than Zip World.[38] This finding is confirmed by Zip World's own disclosure that more than 85% of its Penrhyn and Llechwedd employees are seasonally employed on zero hours contracts.[39] Zip World is now promising that less than 50% of new hires on the Responsible Adventure project will be zero hours. When Zip World has high profit margins, Welsh Government could and should make any public assistance for Zip World conditional on an agreed plan to also reduce zero hours contracts for its existing workforce.
- ✓ Given the shortage of private corporate applicants, by default grants go to public bodies, especially educational institutions, which can put together the large applications that Ambition North Wales needs if it is to move towards its targets. Thus, Bangor University has a tech hub at Gaerwen on Ynys Môn and the Glynllifon food hub is led by the Llandrillo Menai further education college. This raises questions about whether the eligibility focus should be widened further to allow other kinds of applicants and applications, including by a consortium of SMEs or social enterprises for a portfolio of projects. A few years

[37] Foundational Economy Research (FERL) (2025) *Six Reasons Why Zip World Should Not get £6.2 million,* pp. 2-3. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/02/Six-ReasNomis -Additionality-Report-28-Jan-2025.pdf

[38] Foundational Economy Research (FERL) (2025) *Five Indicators and Two Questions about Wages and Conditions at Zip World,* pp.12-15. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/08/Zip-World-Wages-and-conditiNomis -Final-12-Aug-2025.pdf

[39] Foundational Economy Research (FERL) (2025) *Five Indicators and Two Questions about Wages and Conditions at Zip World*, p.14. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/08/Zip-World-Wages-and-conditiNomis -Final-12-Aug-2025.pdf

ago, Ambition North Wales was propositioned by a group of slate valley social enterprises but ruled that a consortium application for a portfolio of slate valley projects would not be eligible for funding. Here again there is a need for Welsh Government intervention to ensure consortia applications are eligible.

Small grants and organic development

At this point in the argument, we return to the theme of policy makers stating broader objectives but lacking the policies to achieve them. As we have noted, broader language and community objectives figure prominently in the Gwynedd 2035 economic strategy and the Gwynedd and Eryri visitor economy plan. But the strategy's "delivery plan"[40] and the visitor economy's "implementation plan"[41] do not present new policies designed to deliver on the broader objectives; and the 2035 economic strategy does not recognise the problem that existing policies have not delivered on the narrow jobs and growth objectives more generally in Wales. Instead, both plans list everything that is being done currently under various existing schemes offering grants and other forms of business and regeneration assistance. All 72 Grants under the SPF and Transforming Towns programmes are listed as part of both the Gwynedd delivery plan and the visitor economy implementation plan. While many forms of state assistance will have some general economic or tourism sector benefits, it is very unlikely that existing or similar policies will produce different results going forward and deliver on either broad or narrow development objectives.

It is hard to be more specific about policies in practice because the project vignettes in the delivery and implementation plans give skeletal information on grants and non-financial assistance (like business advice) given under the various schemes. From this information it is not possible to get an overall picture of the distribution between small and large awards; nor is it clear whether these are cumulative awards, since the start of a specific scheme or over some shorter subsequent period. Nonetheless, the basic story is clear: a relatively small number of grants (usually for modest amounts) is being spread thinly across a large number of micros, SMEs and social enterprises. If many small for-profit firms do not have the headspace or resource to make grant applications, the grants will go to a subset of firms and social enterprises who have the motivation and capability to apply. Under these circumstances, it is hard to see

[40] Cyngor Gwynedd (2026) *Gwynedd 2035: An Innovative, Productive, and Low Carbon Economy that Strengthens the Welsh Language, Creates New Opportunities, and Contributes to the Well-being of All - Draft V12,* pp 28-45. Available at: https://democracy.gwynedd.llyw.cymru/documents/s46074/Appendix%201%20-%20Draft%20Gwynedd%20Economic%20Strategy.pdf
All Gwynedd grant scheme descriptions below are taken from the scheme vignettes in this delivery plan.
[41] Cyngor Gwynedd & Eryri National Park Authority (2025) *Sustainable Visitor Economy Plan – Draft Implementation Plan 2024-5,* slides 21-22. Available at: https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Eco-tourism/Implementation-Plan-2024-25.pdf

how grants (or non-financial assistance) can give much leverage over organic development by accelerating change or easing enterprise precarity.

Consider for example the SPF and Transforming Towns grants: 43 firms are listed as receiving SPF Business Development grants totalling £1,331k and averaging £31k. If we include SPF Property Development and Transforming Towns grants, we have an additional 29 grants totalling £945k and averaging £33k.[42] While these are no doubt individually meaningful, there are about 12,000 micros and 600 SMEs (Appendix 1, Table1) in Gwynedd so that is one grant for about 170 firms of all kinds in all sectors over an uncertain period of more than a year. As a result, the positive effects on "people, environment, language and culture" will at best be very limited.

The thinly spread problem persists if we counterfactually reallocate all the SPF and Transforming Towns grants to enterprises in one sector like hospitality and accommodation which serves both the visitor economy and local demand. This sector has a population of around 1,500 firms. From Nomis statistics the sector has 175 SMEs and 555 micros employing labour and we estimate another 1,000 sole traders (Appendix 3, Table 1). If all 72 grants were distributed annually to this population, then less than 5% of all firms in the sector would be assisted every year. On a random allocation by lottery each visitor economy firm could then expect a grant of less than £35k once every twenty years.

Of course, SPF and Transforming Towns are not the full extent of grant aid to for-profit firms. But most of the rest is offered through a multiplicity of short-lived programmes with specific objects and criteria which again typically offer small sums of money. Thus, Gwynedd has a £1.07 million "resilience fund" open until March 2026 to help businesses reduce costs or increase income. The outputs are listed as 70 enterprise grants and 170 enterprises receiving non-financial support. If the non-financial assistance is expense charged against the fund, the average individual grant cannot be much more than £10k. The proliferation of many different small special purpose programmes must incidentally make it difficult for individual firms to understand exactly what is available and whether it is worth applying. And this confusion issue needs to be addressed in any reform of policy.

If we turn to consider advice and non-financial assistance, that is the same story of a little advice spread very thinly often from a programme drawing on a small fund. The "Recharge" scheme to help sustainability of local enterprises through advice on "how to work more efficiently or diversify" draws on an investment of just £30k whose output is expert advice for 25 businesses. It is notable that the advice like the financial grants is entirely focused on assistance to individual firms. There is no sense that groups of firms are being targeted with the aim of building horizontal networks or vertical chains.

At the level of appearances, the one group that is doing relatively well is the social enterprises. Because their number is small at less than 200, a modest flow of grant

[42] Cyngor Gwynedd & Eryri National Park Authority (2025) *Sustainable Visitor Economy Plan – Draft Implementation Plan 2024-5,* slides 21-22. Available at: https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Eco-tourism/Implementation-Plan-2024-25.pdf

funding looks generous or at least proportionate; with the bonus that these grants are supporting the new socio-economic community objectives of development policy. Thus, a Community Regeneration Support Fund of nearly £1million has supported 14 new facilities and provided 36 enterprises with non-financial support. The "Diwyllesiant" Scheme has supported 20 community-led arts, culture and heritage programmes through a £1.4 million investment/support package and support for the arts, culture, leisure and tourism sectors.

But appearances can be, and in this case are, deceptive. In a for-profit SME, public grants are an occasional boost to market revenues and profits. For most social enterprises public and charitable grants usually account for a large percentage of revenue and are often the sole source of capital expenditure. As FERL and People's Economy *Precarity* report documents,[43] the universal complaint of social enterprises is that the erratic flow of short-term project funding leads to many near death experiences as they try to bridge the gap between grants. This point was confirmed in an online meeting with members of the Cymunedoli network[44] while this report was being prepared.[45] The existing form of grant-based project finance from a variety of funders is dysfunctional insofar as it does not provide continuing funding for core employee salaries nor cover overhead for the organisation which is the carrier of ambition and capability. In the Cymunedoli meeting, one community development worker told us:

> "We are stuck together with Sellotape and thread. People are doing difficult and stressful jobs and then you lose them because they need to pay the mortgage. This has been going on for 30 years, but it is getting worse. There is no revenue stream to keep people in work".

If this major problem has not been addressed by grant givers of all kinds, there have been some recent shifts in practice towards recognising the small-scale economy Gwynedd has. With major projects not delivering for the clean energy programme, Ambition North Wales has recently changed tack and in July 2025 launched a new clean energy fund[46] which directed some funding to SMEs and social enterprises. The £24.6 million Clean Energy Fund[47] targets relatively small capital projects. It will be managed by the WCVA with an initial £5 million sub-fund for third sector

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[43] Foundational Economy Research (FERL) and People's Economy (2024) *The Precarity of Community Benefiting Innovation*. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/04/Precarity-report-final-16-April-2025.pdf
[44] Since 2023 Cymunedoli Cyf is A Gwynedd network of community based, social enterprises founded to promote and strengthen the sector. Available at https://nation.cymru/news/new-community-network-to-be-launched-at-eisteddfod/
[45] Zoom meeting with Cymunedoli members, January 15th 2026.
[46] North Wales Pioneer (2025) *North Wales Clean Energy Fund Will Power Sector Progress*. Available at: https://www.northwalespioneer.co.uk/news/25312726.north-wales-clean-energy-fund-will-power-sector-progress/
[47] Ambition North Wales (no date) *Clean Energy Fund*.
Available at: https://ambitionnorth.wales/low-carbon-energy/clean-energy-fund

organisations[48] and a £15 million sub-fund managed by UMi for the private sector SMEs.

The clean energy fund raises interesting questions about the role of loan funding in business support and development. The terms of the third sector sub-fund are much more generous than that for the private sector.[49] The third sector fund will see up to 50% distributed as grants of £25k – £500k, 25% as interest free loans up to a maximum of £250k, with the remaining 25% being match funding. Third sector loans are repayable by 2035 or up to around 100 months. The private sector fund will offer loans ranging from £25,000 up to £2 million, with interest rates ranging from 5% to 14% based on risk, with a 1% arrangement fee. There is a flexible payment term of up to 60 months.

The third sector offer assumes that 50% grants are necessary to lubricate the capital investment process and that the 25% borrowed has to be interest free, with repayment of principal over a longish term. The private sector offer assumes that, if onerous personal guarantees are not required, SME borrowers will provide "matching funding" presumably of 50% and borrow the balance on something like commercial terms with risk-based interest rates and shorter repayment periods. This is unlikely to be attractive in SME sectors where returns are modest, as in food processing. In 2021, we wrote a report for Welsh Government on SMEs in Welsh food processing and distribution[50] which relayed the general food sector SME complaint that commercial lending did not work for them.

For a more Gwynedd specific view in 2025 we looked at some business case spreadsheets for typical local tourist projects like buying and developing an established bunkhouse business or reopening a closed pub with letting rooms.

If tourist business projects are mainly loan funded to acquire the assets, it is usually very difficult to make the numbers work, even on a lengthy term, when principal and interest have to be repaid. A WCVA type hybrid funding model with a significant grant is necessary plus some matching funding from private or community sources. This becomes clear in the business plan for buying and developing a bunkhouse business which was on the market for around £500k. Regardless of varying the term of the loan from 10 or 20 years - and assuming lower than market interest rates - the income after deducting administrative expenses from letting out 22 beds at plausible occupancy rates did not cover interest and loan repayments on a 100% loan of £500k, nor on a 75% loan of £375k supported with a 25% (£125K) grant. Some combination of

[48] WCVA (Wales Council for Voluntary Action) (no date) *Clean Energy Fund*. Available at: https://wcva.cymru/funding/social-investment-cymru/clean-energy-fund/

[49] Ambition North Wales (no date) *Clean Energy Fund*. Available at: https://ambitionnorth.wales/low-carbon-energy/clean-energy-fund

[50] Foundational Economy Research (FERL) (2021) *What can Welsh Government do to Increase the Number of Grounded SMEs in Food Processing and Distribution.* Available at: https://www.gov.wales/what-can-welsh-government-do-increase-number-grounded-sme-firms-food-processing-and-distribution

substantial grant and reduction in asking price was necessary to make the project viable.

Looking back over the first half of the 2020s, a private business person who was financially rational would have rejected the option of investing for-profit in a bunkhouse of this kind and gone for investing for rents from short-let house property. As the expansion of Airbnb and other platforms show, it was straightforward and financially attractive to take out a standard loan based on 75% of valuation, on an interest-only buy-to-let mortgage on house property for short-let renting. This financially rational choice would of course reduce the local long-term rented housing stock and thereby undermine language and community. After holiday short-lets had expanded to take more than 30% of Gwynedd's private rented stock,[51] Welsh Government policy is now allowing local authorities to hinder the buy-to-let business option by adding costs and regulatory limits on property conversion. But government policy has not addressed the issue of making the alternatives to renting house property positively more attractive for local businesses including social enterprises looking to generate revenues to support other projects.

When we reviewed the tourist business project cases, this highlighted another problem which is about the demand for loans. The flow of investable projects from SMEs and social enterprises is modest because developing proposals for investable projects takes time and money which many SMEs and social enterprises do not have. In this respect, large firms are favourably placed because they can cover the expense of new business development from a much larger management resource and revenue stream. When there is no funding available for project development, SMEs and social enterprise projects will simply not be brought forward.

In the case of the closed pub case study, the question for private buyer or community group was how much to pay for the building to allow a sustainable business model in operating it. The answer depends partly on how much it will cost to renew and upgrade every system, refit the kitchen and convert the letting rooms to ensuite bedrooms or holiday flats which meet the relevant regulations. This requires survey, drawings and costings with provision for contingencies before the purchaser can relate income and expenditure, draw up a business plan for the food and drink activity, and then decide on making an offer to buy. In the case of our example, this offer is somewhere between £200k and £400k depending on the cost of renovation works needed. The pub in our illustration remains closed and on the market at £475k because neither private buyer nor social enterprise have got over this initial hurdle.

[51] Bevan Foundation (2022) *Holiday Lets and the Private Rented Sector,* p.2. Available at: https://www.bevanfoundation.org/wp-content/uploads/2022/09/Holiday-lets-and-the-private-rental-sector.pdf

Message: Development policy has been performative in that it conveys an impression of purposive action. But in terms of achievable outcomes, it has been unbalanced and ineffective. Too much effort is put into step change through attracting major corporate investments which do not materialise. And existing policies do little for the large number of small businesses and leave social enterprises precarious. Gwynedd needs new policies for developing its small-scale economy.

4. How to do policy differently for Gwynedd

Proposals for reform immediately raise the issue of whether they envisage action within the current Overton window of what is thinkable and doable for policy makers. As in previous FERL reports, in the section that follows we make proposals for reform within the Overton window and separate proposals which would require changes in what is thinkable and doable. Policy makers can be constructive and make a difference within the existing frame of what is thinkable and doable by beginning to move towards supporting the supply-side that exists in Gwynedd. But they cannot deliver radical change by doing the same thing in much the same way after minor variation by implementing a handful of policy recommendations. Radical difference in this case would require changes in the machinery of government as well as new policy objectives. As this is challenging, it is sensible to begin with what can be done consensually within existing frameworks before sketching a more radical actionable strategy which can move us closer to the broader objectives of organic economic development in Gwynedd.

Within the Overton window

1. *Review the North Wales Growth Deal*

The first step towards reform should be to review the Growth Deal which is the flagship programme for economic development in Gwynedd and five other North Wales local authorities. Scarce public money needs to be spent wisely where it can deliver on objectives but, after nearly five years, the programme is not delivering, even on its narrow objectives of jobs and GVA output. For structural reasons we have analysed, the future over the next ten years will not be very different for Gwynedd. At this point it is sensible to resist the temptation to devise projects that spend out available funds and buy time but will only end in disappointment.

Welsh Government should commission an independent rapid review whose findings would provide the opportunity for Welsh Government and the six North Wales local authorities to start a conversation about reset with the UK Treasury which knows that this growth deal (like the Cardiff Capital Region deal) is not working. Welsh Government has some leverage in this matter when it provides half the funding. Welsh Government could immediately press the UK Treasury to establish more Gwynedd relevant priorities *within* the existing framework of growth and jobs development objectives. The introduction of the Clean Energy Fund shows that innovative thinking is possible.

- ✓ **Identify and fast track the development of investment projects embedded in the economy Gwynedd has and/ or those which bring community benefit.** For example, this would mean prioritising the Tanygrisiau district heating scheme which can benefit a significant SME employer, Rehau, and an energy-poor community if its technical and financial problems can be resolved.[52]

- ✓ **Adopt a "something for something" approach to all grants of public assistance.** This requires independent accounting analysis of applicants so that grant recipients could be set appropriate improvement targets for workforce terms and conditions and/or investment and reserves. It is scandalous that until FERL research highlighted Zip World's high profitability and poor working conditions, the firm was being offered millions in assistance without any conditions. Something for something would recognise that existing practices of reward do not change very much if, for example, we give limited preference in procurement to firms currently meeting social value criteria like local purchase or living wages. What would be better is to set firms on an improvement journey from starting points which may well not yet be good or best practice.
- ✓ **Enable and encourage consortia applications by social enterprises.** Individual Gwynedd social enterprises are unlikely to come up with multi-million schemes, but this could be possible if consortia applications are admitted. An obvious related step here is to broaden the property development programme so that non-commercial developers and high street regenerators - including social enterprises - in smaller Gwynedd towns are eligible. This is also an opportunity to encourage social enterprises into a conversation about diversification into low-risk trading activities, including in sectors like agri-food and tourism, that build capability and generate surplus.

2. *Fill out some of the gaps in our knowledge, particularly on social enterprises*

Welsh Government has a policy of benign encouragement for social businesses. Greater support for worker buyouts figured in the 2021-6 Programme for Government, while government sponsorship of social business is manifest in Welsh Government's commitment to evict for-profit providers from children's residential and foster care to allow not-for-profit providers to do whatever the state cannot.[53] It is therefore remarkable that public policy makers do not have reliable statistics on social businesses which would allow us to understand the sector in all its diversity, from Dŵr Cymru to a local community pub.

It is regrettable that in the absence of reliable official evidence, policy positions are based on the Wavehill/ Cwmpas biennial report. As Appendix 4 explains, these reports include giant firm outliers such as Dŵr Cymru which inflate output and employment totals and do not separate out social enterprises which are embedded in sector or community. And Welsh Government does not have via Stats Wales solid basic data

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[52] Ramboll (2025) *Tanygrisiau Gwynedd Community Heat Network.* Available at: https://energylocal.org.uk/system/files/2025-07/Tanygrisiau%20Heat%20Network%20Design%20Study%20Report%20Final.pdf

[53] Welsh Government (2025) *Landmark law in Wales to end profit from children in care,* Press Release 24 March 2025. Available at: Landmark law in Wales to end profit from children in care | GOV.WALES

on the sector in all its diversity. Furthermore, there is no information at all available on social enterprise business models, so we do not, for example, know anything about the relative importance of grants versus trading as sources of social enterprise revenue in various activities.

Therefore, we recommend that Welsh Government should:

- ✓ **ask StatsWales to produce an official count of social businesses** which allows policy makers and others to distinguish between different kinds of social businesses and identify community and sector based social enterprises and the sectors in which they are active
- ✓ **fund an analytic review of social enterprise business models and functions (as soon as the StatsWales data is available) so we can better understand the factors leading to their creation** and identify community and sector based social enterprise development needs, problems and opportunities. This review should consider, among other things, what motivates the establishment of different social enterprises and the models selected, the functions they undertake and the services they provide, the current and potential geographic coverage of social enterprises at town and community level across Wales and what interventions are necessary to deal with the precarity that results from grant funding.

3. *Free up new sources of funding, such as from the Welsh Local Government Pension Scheme (WLGPS) allocation to local investment*

Particularly if we look at Cyngor Gwynedd's many small funds, the policy constraint is not only about how money is spent but also about how little money is available for allocation. So, one major issue is whether and how to tap new sources of funding.

There are several possibilities. Most obviously there is the visitor levy which is projected to raise £2.6 million for Gwynedd in its first year and more in every subsequent year. This will need to be spent in ways that support the visitor economy, including communities affected by it. Very much larger sums in the hundreds of millions could be raised if the 22-authority WLGPS set up a loan fund for Welsh SMEs with suitable governance.

The newly amalgamated Welsh scheme make a return of around 6% and, under existing regulations, could set up a new fund which invested for local benefit and accepted lower returns of maybe 3%. If the new fund deployed 1-5% of WLGPS' £25.8 billion of assets (as at the 31st March 2025),[54] that would create a near £400 million fund which could then offer long-term loans on terms which are more favourable than commercial lenders, without materially reducing the pensions paid to retired scheme members.

[54] Wales Pension Partnership (no date) *Sub-Funds*. Available at: https://walespensionpartnership.org/sub-funds/

But there will be many claimants on WLGPS funds when investment for local benefit can include so many different things. The Westminster government's pension reform paper *Fit for the Future* gives anything-goes guidance on what such "local or regional" investment might be in a pooled fund:

> "Broadly local or regional to the AA or pool. It should have some quantifiable external benefits to the area in question, including economic growth, environmental benefits or positive social impacts. Such investment may include investment in affordable housing, small and medium size enterprises, clean energy investment, local infrastructure, and physical regeneration".[55]

With this guidance, some of the other claimants (such as housing associations seeking funding for affordable and social housing new build) will have very straightforward propositions for investment in assets with secure income streams. If Welsh Government and the four Arfor local authorities are to press the claim of supply-side economic development, that needs to be backed by an actionable strategy and a plan to do something different.

So, under the aegis of Welsh Government, the Welsh Local Government Association (WLGA), should convene a group of local authority officers and councillors, expertly advised and tasked with: (a) developing a plan for local productive investment with social returns that compensate for lower financial returns and (b) pressing for the creation of a separate local investment fund mobilising a modest proportion, like 3% of the total WLGPS investable funds, under suitable governance arrangements.

Changing what is thinkable and doable

A credible supply-side plan for doing something different which delivers on the broader economic development aims of language and community must involve *changing* what is thinkable and doable. Specifically, it involves shifting from strategy in the sense of vision and targets backed by committees and formal plans towards actionable strategy which moves from broad aims through focused problem definitions to intermediate variables. This then requires a change plan, which engages with who does what and when, to shift those variables.

In this case, actionable strategy to deliver broad aims including language and community leads to a problem definition based on analysis of Gwynedd specifics. As analysed in this report, the relevant problem in Gwynedd is organic development of a hinterland economy. The intermediate variables are what we have to shift if the problem is to be addressed. The argument below is that the relevant intermediate shifts are more firm capability and less precarity. These shifts require a change plan

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[55] Ministry of Housing, Communities and Local Government (2025) *Consultation Outcome. Local Government Pension Scheme (England and Wales): Fit for the Future.* Available at: https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future

which specifies what to do and how to get there, covering not only new interventions but also governmental machinery as part of a who-does-what division of labour.

The paragraphs below sketch an actionable strategy and take us outside the current Welsh frame of what is thinkable and doable, in recognising the limits of current governmental institutions and recommending a skunk works approach for focused action with rapid results.

1. *Intermediate variables*

Gwynedd would have a supply-side economic basis for language and community if, building on the existing (private and social) firm stock, it had more capable small and medium firms and less precarious micros and social enterprises.

- ✓ **With SMEs and larger social enterprises, the aim should be to build the capability of individual enterprises,** that is**,** build out the Welsh "missing middle" from which will follow better jobs, growth of output, incremental innovation and diversification. We are not letting go of the objectives of jobs and output growth but pursuing these objectives indirectly by establishing their preconditions. If policy succeeds in building a larger stock of capable SMEs and social enterprises, then better jobs or diversification into new markets will happen.
- ✓ **With micro firms and social enterprises of all sizes, the aim should be to reduce precarity.** Private micro firms typically live in a condition of market related precarity because they have limited purchasing power on the input side and limited pricing power on the output side. Production, marketing and finance are typically the kitchen table responsibility of one or two individuals in a narrow-margin operation with little scope for reducing expense. So, micros will struggle to cope with market vicissitudes like a shift in demand or a surge in input prices. As we have noted, social enterprises of all sizes experience a different kind of precarity related to grant funding which is short term and does not cover organisational overhead and core salaries.

From this it follows that we need innovation and a different approach for private SMEs -because existing policies are not focused on building capability - and a program of outreach for micros because existing policies reach very few micros in this overlooked sector. Policies are often focused on private firms that can grow and contribute extra jobs and economic output or, even if they do not grow, have respectable levels of productivity. Most private micros in Gwynedd have neither the ambition nor capability to grow and if they added an extra worker they would most likely be low paid.

Individual micro firms do not and will not boost the aggregates in ways which make the growth and productivity figures look good. At the same time, these firms perform valuable local economic and social functions and for that reason they deserve policies which provide reward for function. As we have noted, 12,000 micros account for 40%

of Gwynedd private employment, provide amenities in a low-income economy and a key support of language and community.

Another aspect of selective vision is the failure of public and charitable grant givers to recognise that their short term project funding produces precarity for social enterprises of all sizes. Funders typically monitor project key performance indicators without considering the need to protect continuity of employment and capacity, and to cover overhead in the organisations which are the carriers of social innovation in Gwynedd.

2. *Build capability*

How to build capability? Single firm capability in SMEs is often built from the practice of executing new investable projects which develop the productive, market and financial skills necessary to manage risk and find opportunity. This then requires two kinds of policy acceleration to make more investable projects happen.

- ✓ **Make project development grants available.** Increase the flow of investable projects by ensuring that private SMEs and social enterprises can claim funding for developing investable projects as well as for the projects themselves. Recognise that SMEs and social enterprises cannot bring forward costed, worked out investable proposals without spending time and money on professional advice and support. They do not have the resource of larger corporates who can treat this expense as a cost of doing business.
- ✓ **Develop hybrid schemes for funding capital investment.** Change lending practice to make more investable projects happen. Hybrid funding can (a) mix grants and loans to reduce repayments of principal and (b) provide loans on more manageable terms by extending repayment periods and reducing interest rates. Terms could be varied project-by-project, but 50/50 grant and loan would be a good starting point when commercial borrowing does not work. Developing and delivering innovative hybrid schemes requires new alliances to coordinate public grant giving with private lending.

All this would need developing and working through to surmount the many obstacles. In the UK, these obstacles include property-related business assets (which are over-priced in relation to future income streams when they come onto the market), business rates and utility bills which are punishing burdens for operating businesses and new build construction costs which have recently inflated. Some action is possible here because business rates can and should be changed by Welsh Government. It is the case that some ingenuity will also be required to make investable projects work and possible work arounds include:

- ✓ Lenders directly investing in property so that the asset and liability sit on the lender’s balance sheet and an operator can pay rent under a lease deal. Rents can then be varied according to turnover or another appropriate financial metric.
- ✓ Revenue support through reduced repayments on borrowing in the early years of a new business, with strict rules about the withdrawal of such support within

a few years. Because capital funding without subsequent revenue support can create as many problems as it solves.

3. *Reduce precarity*

How to reduce precarity? This is a real challenge which requires intelligent directed experiment and learning rather than overconfident recommendations in dealing with market related and project funded precarity.

Gwynedd has 12,000 private micro firms and nearly 200 (mostly micro) social businesses. Given the large number of firms, the focus of effort should not be on direct support for individual firms, as is the case in current schemes.[56] Administering a multiplicity of small grants is complicated and costly, and the grants will reach a few firms from a large population where many do not apply. So, there is a strong case for indirect support of groups of micros by intermediary organisations which can change the conditions of precarity.

Experiment here would be about expanding what is already happening on a small-scale. On private micro firm outputs, South Caernarfon Creameries is processing and marketing cheese to supermarkets for Gwynedd dairy farmers. Or, on micro firm inputs, when Natural Resources Wales (NRW) only sells felled timber in large lots, Woodknowledge Wales has purchased a large lot and distributed this timber amongst small sawmills. Some grant funders of social enterprises like Building Communities Trust are already providing unrestricted core funding. Their Communities Anchor Development Program has offered £150,000 unrestricted over four years to 11 community organisations including Cwmni Bro Ffestiniog.[57]

- ✓ **Market precarity can be reduced by support for groups of firms through intermediaries at key points in the input/ output chain.** As we note above, Gwynedd has some home-grown successes in this work which is not easy because it requires negotiation not top-down direction. There is scope for doing much more. In the visitor economy, for example, experiment could start on the recently created Llwybr Llechi Eryri/ Snowdonia Slate Trail which connects communities including Penygroes, Bethesda and Blaenau. This could sustain marketing experiments like a website that allowed bookings of rooms, meals, tours and luggage transfer on the slate trail, which would benefit turnover of small businesses including B&Bs, pubs, cafes and taxi firms (especially if communities along the trail were also encouraged to develop investable projects).
- ✓ **Project funding precarity can be reduced by unrestricted core funding, covering salaries and overheads.** Public and charitable grant givers should

[56] Cyngor Gwynedd (no date) *Business Development Grant*. Available at: https://www.gwynedd.llyw.cymru/en/Businesses/Case-Studies/Business-Development-Fund/Business-Development-Grant.aspx
[57] Building Communities Trust (2024) *Community Anchor Development Programme.* Available at: https://www.bct.wales/cadp

be pressured to consider grant terms and overhead provision, after recognising that social enterprise reliance on short term project grants produces constant precarity and too many near-death experiences. All of which undermines funder declared core objectives of building community resource and resilience. Of course, grant practice can only change slowly because adding overhead increases the cost of the individual award but does not increase the size of the available funding pot. While longer term grants for some from that pot will exclude others.

- ✓ So **Welsh Government should also be asked to (a) to create a distress fund,** operated by a third party such as the WCVA, for support of social enterprises where short term bridging funding can preserve social enterprise capacity and (b) use its convening power to get anchors to recognise and act on their responsibilities towards social enterprises.

The above suggestions are indicative and preliminary with the aim of showing how we could and should construct policy to reach significant numbers of micro businesses by intelligent interventions. The qualification is that the approach would have to be varied by activity and sector. The most obvious case for sector specific treatment is local culture in the Fro Gymraeg. The narrow market in Welsh language culture limits the capacity of all kinds of practitioners to make a living; and local culture matters in sustaining community identity which is the foundation for whatever is done by national institutions like S4C. Appendix 5 reports the Government of Ireland's successful three-year experiment in supporting individual creative practitioners with a universal basic income of €325 per week regardless of other benefits.

- ✓ **Welsh Government should pilot a basic income for artists scheme to sustain or build clusters of arts practitioners and creative workers**, grouped by practice and/or locality in high density Welsh speaking communities. A pilot to support 200 creatives in Arfor could be connected to place-making activities – like creating local spaces for all kinds of cultural activities – as part of regeneration and developing a more sustainable, community-benefiting visitor economy. If successful, the scheme could be extended to the rest of Wales

4. Machinery of government

Radical innovation is frustrated by the complicated Welsh system of multi-level government and governance which is full of disconnects rather than integrated into one machine.

- ✓ Over 25 years of devolution, Welsh Government's reach has exceeded grasp. This verdict applies not only to devolved health and education but also to the strategising programmes for poverty reduction through Communities First or the UN sustainable development goals through the Future Generations Act.

Welsh government issues edicts and creates apparatus, as with the Future Generations Commissioner and the Public Service Boards. This secures formal compliance without rapid progress at the local and regional level.

- ✓ In the 22 local authorities, there are pockets of real innovation and imagination on issues like home care or food. But experiments are often short-lived for reasons explained in our *Precarity* report.[58] Overall, the capacity of local authorities has been weakened by more than a decade of austerity cuts, and what remains is by default adapted to managing standard practice within delegated frameworks.
- ✓ Matters are then complicated by the multiplicity of "anchors" in the form of not-for-profit institutions serving households (NPISHs) like health boards, housing associations and further education colleges. They are increasingly distracted by firefighting as they struggle with working their business models and meeting performance targets under revenue constraint. Collectively the NPISHs have finance and management resource but this is not being focused and mobilised into effective collective action in a sector or place.

This disintegration produces connection by ineffectual top-down delegation and local action in isolated silos. So that declared Welsh Government policy in areas like procurement has had little impact on practice, while Welsh Government targets in key areas like afforestation have been consistently missed. Our recommendations for development of SMEs and micros require a new kind of facilitation work which involves more than implementing policy. Facilitation means developing experimental kinds of intervention which will need to be worked out through a process of improvisation. Thus, new hybrid grant and loan schemes for SMEs would involve coordinating grants by public bodies and loans by private lenders. Or, intermediary support for groups of micros depends on building alliances of the willing from micro firms which initially will often have a sole trader mentality and be suspicious of cooperation. In both cases, the brief would involve delivering significant change in short-order and the task would be to find out what works and then to make things work. Policy instruments would have to be improvised and adapted in the light of experience which would include rapid learning from failure.

As we argued in our submission to a Senedd Committee inquiring into the foundational economy,[59] if Wales is serious about this kind of policy innovation it needs something much more like a "skunk works" approach.[60] This would involve the creation of a unit at the edge of government, outside the routine department, committee and agency processes, charged with delivering new policies quickly, taking calculated risks and

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[58] Foundational Economy Research (FERL) and People's Economy (2024) *The Precarity of Community Benefitting Innovation*. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/04/Precarity-report-final-16-April-2025.pdf
[59] Foundational Alliance Wales (2024) *Foundational Economy Briefing - Submission to the Senedd Economy, Trade and Rural Affairs Committee.* Available at: https://business.senedd.wales/documents/s153933/FE02%20-%20Foundational%20Alliance%20Wales.pdf
[60] Ibid.

learning by doing. If the return from the skunk works approach are uncertain, it is also the case that Ambition North Wales' returns to financial resource and management effort are certainly very limited and, so far, have involved little learning and policy modification.

Skunk works was pioneered by Lockheed Martin in the 1940s for jet fighter development and has subsequently been used by corporates which believe that their standard organisational processes and a culture of control slow disruptive innovation. A skunk works is then an officially sanctioned breakout space with high-level report to the organisation (not low-level control by the organisation). Inside the skunk works, a small team of innovators is given a difficult task with substantial autonomy about how it tackles problems. It is the opposite and antidote to command without control by Welsh Government or the default onto rules and established procedures in local authorities and agencies.

The good news is that Wales can do things differently. The point is proved by some past and present exemplars of successful skunk works approaches in and around the social housing sector. These show that when Welsh Government is willing to experiment, innovators can think outside the box and come up with innovative solutions. Looking backwards, the two classic examples from the late 2000s are i2i and Arbed1.

- ✓ In i2i a small team of housing professionals was funded by Welsh Government but located outside in the Chartered Institute of Housing which was tasked with getting more community benefits from public contracts. Their *Can do Toolkit* gave practical advice on how to write local preference contracts so as not to breach EU regulations and had considerable influence on the practice of registered social landlords (RSLs).
- ✓ Arbed 1 from 2009 was about improving housing stock for energy efficiency, reduced fuel poverty and supply chain benefits. An autonomous team in Warm Wales, a specially formed community-interest company, facilitated problem solving action by RSLs and local authorities, their contractors and energy suppliers while keeping householders on board.

These programmes were formally evaluated[61] and positively written up by academics[62] but they did not become templates for action because they were both supported and opposed by sections of Welsh Government. Value Wales actually went so far as to seek legal advice on the supposed illegality of the contract provision proposed in the *Can do Toolkit*.

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[61] Patterson, J. (2012) *Arbed 1 Scheme: Evaluation of the Warm Wales Programme*. Welsh School of Architecture, Cardiff University. Available at: https://orca.cardiff.ac.uk/id/eprint/41181/1/FI-NAL%20WW%20Arbed%20Report%2008%202012.pdf

[62] Morgan, K. (2016) *Values for Money*. Institute of Welsh Affairs. Available at: https://www.iwa.wales/agenda/2016/02/values-for-money/

Subsequently, the skunk works approach has done no more than surface occasionally in the housing sector. The Delivering Net Zero programme[63] mobilised 12 RSLs and 11 local authorities for a pattern book-based move to low carbon social housing; and that alliance has since mutated into the Tai ar y Cyd project[64] for cost-effective and environmentally friendly modular housing solutions. Our argument is simply that the wider potential of a skunk works approach for coordinating actors and building alliances needs to be explored in local economic development.

Thus, we recommend that Welsh Government creates two small skunk works teams, each with less than half a dozen members drawn from diverse backgrounds (including Welsh Government, local authorities, small business, alternative finance and social enterprise). Each team should be led by a doer with a record of non-standard, problem-solving achievement. Naming individuals is invidious, but some names will indicate the kind of doers required. A skunk works team needs leaders like: Alun Jones of WCVA, or Gary Newman of Woodknowledge Wales, or Meleri Davies of Partneriaeth Ogwen.

Skunk works team 1 should be tasked with problem solving to accelerate the flow of, and funding for, investable projects by SMEs and larger social enterprises. The brief would include set targets for number of project development assists and projects funded on a definite time line without taking on excessive risk.

Skunk works team 2 should be tasked with learning by doing to establish the potential and problems of intermediary organisation to support groups of micros. The brief would be to sponsor at least two intermediary micro support organisations, ideally in the visitor economy where there is scope for bringing together private micros and social enterprises.

Both teams should be appointed by, and accountable to, a joint board of Welsh Government and the four Arfor local authorities. Formally the skunk works team with a regional brief could be adjunct to any new National Development Agency.

Policy, machinery and momentum

At this point we can draw together the major policy recommendations in this report and address the larger question of how to generate the political momentum to get change underway. There have been various recommendations for new machinery of government to accelerate change. In its *The First 100 Days* plan, Plaid promises to create a National Development Agency with a "panel of business and economic experts to refine the remit, governance and operating model of this new agency". The panel's brief would be broad and national. To ensure that connected issues of language, community and economy get the focused attention they deserve in Gwynedd and Arfor, we recommend that Welsh Government should:

[63] CarbonCopy (no date) *Delivering net zero*. Available at: https://carboncopy.eco/initiatives/delivering-net-zero
[64] Acuity Law (no date) *Tai ar y Cyd*. Available at: https://acuitylaw.com/tai-ar-y-cyd/

- ✓ Set up a language and economic interventions/iaith a chymorth economaidd review group tasked with reporting with actionable supply-side recommendations for SMEs, micros and social enterprises in 90 days.

- ✓ Give the language and economic intervention/ iaith a chymorth economaidd review group a brief that: (a) states the objective of developing an actionable strategy for an economy that supports the Welsh language; (b) recognises that existing supply-side policies are not working to deliver broad or narrow development objectives for the hinterland economies; and (c) includes the necessity therefore to innovate and experiment by changing what is thinkable and doable as machinery and policy.

- ✓ To ensure grounded recommendations, a majority of the review group's members should be drawn from two groups: (a) representatives from the "missing middle", the "overlooked micros" and social enterprises and (b) expert academics, consultants, funders and others with a record of work on small firm business models and finance.

- ✓ While the review should be entirely free to make recommendations, it could be asked to consider the recommendations below from this rapid review, as illustrative of the economic policy innovation that is required to support language and economic development.

The table that follows summarises the major changes in policy and machinery of government proposed in this report.

	Recommendation	Action by:
1	Review the achievements of the North Wales Growth Deal - as the flagship program for economic development in North Wales – and proceed with more appropriate priorities to both (a) support development of investable projects embedded in the Gwynedd economy (including consortium applications by social enterprises) and (b) require a 'something for something' approach to grants.	Welsh Government and the six local authorities to commission an independent rapid review. This can be the basis for Welsh Government as joint funder engaging the UK Treasury in dialogue about changing programme objectives so that they are relevant to the North West Wales economy.
2	Fill some of the knowledge gaps, especially around social enterprises, including by i) obtaining an official count of different kinds of social businesses by StatsWales and ii) funding a review of social enterprise business models and functions.	Welsh Government to (a) ask StatsWales to produce an actionable proposal for counting and distinguishing between different kinds of social enterprises (b) commission an analytic review of social enterprise business models and functions by

		researchers tasked with identifying social enterprise development needs, problems and opportunities and making recommendations to reduce grant funded precarity.
3	Free up new sources of funding for investment in SMEs and larger social enterprises, such as from the amalgamated Welsh Local Government Pension Scheme (WLGPS) which has a remit to support local investment.	Under the aegis of Welsh Government, the Welsh Local Government Association (WLGA), should convene a group of local authority officers and councillors tasked with: (a) developing a plan for local productive investment with social returns that compensate for lower financial returns and (b) pressing for the creation of a separate local investment fund mobilising a small percentage of the total WLGPS investable funds.
4	Develop an innovative and problem-solving supply-side approach to build capability in SMEs and larger social enterprises by accelerating the flow of fundable projects. Specifically, by i) making available project development grants and ii) developing hybrid schemes for funding capital investment through a mix of grants and loans.	Welsh Government to create a first skunk works-type team (headed by a doer as leader) as adjunct to any new National Development Agency. The skunk works remit and operating model to be as proposed in this report. With governance by and accountability to a board of Welsh Government and the four Arfor local authorities.
5	Develop an innovative, learning by doing supply-side approach to reduce precarity in micro firms, including by supporting sector or area-based groups of micros by creating intermediaries at key points in the input/output chain to help manage cost and/or allow new capabilities.	Welsh Government to create a second skunk works team (headed by a doer as leader) as adjunct to any new National Development Agency. The skunk works remit and operating model to be as proposed in this report. With governance by and accountability to a board of Welsh Government and the four Arfor local authorities.
6	Develop an innovative supply-side approach to reduce precarity in community and sector based social enterprises including by: - Creating a rapid response unit to provide short term bridging finance for distressed social enterprises where there is a reasonable prospect that limited bridging finance can safeguard organisational capability. - Convening major anchor organisations including health boards and local authorities to	 Welsh Government to establish a distress fund to be operated by a third party such as WCVA; accountable to a board with 50% Welsh Government and local authority representatives and 50% third sector representatives. Welsh Government to use its convening power to get anchors to

	discuss their responsibilities for managing precarity in social enterprises.	recognise and act on their responsibilities towards social enterprises which perform distinctive, complementary roles.
7	Develop a basic income for artists scheme to sustain or build clusters of arts practitioners and creative workers, including connecting this support to place-making activities which involve the creation of new kinds of "local culture" centres as bases for creative activities.	Welsh Government to introduce a pilot scheme for at least 200 Arfor arts practitioners and creative workers. Drawing on the successful Government of Ireland scheme, and using the opportunity to include developing local clusters.
8	Use a skunk works approach, establish two teams tasked with i) problem solving, to accelerate the flow of funding for investable projects by SMEs and larger social enterprises and ii) learning by doing, to establish the potential and challenges of intermediary organization to support groups of micros and social enterprises.	Welsh Government

Message: With policy innovation for SMEs and micros plus a skunk works approach, we can learn how to organically develop the economy Gwynedd has and begin to deliver on broad socio-economic objectives of language and community so that Gwynedd becomes not like somewhere else but a better version of itself.

Appendix 1: How official statistics count enterprises

In a modern service-dominated economy, it is natural to want to understand the market economy of a locality by counting the number of "enterprises". However, less straightforward is the question of what counts as an enterprise and how these are classified. In Wales and the UK more generally, self-employment (including sole trading) has grown while national service and distribution chains with local branches have proliferated. From a historical perspective, matters are further complicated by privatisation, which does not create but transfers activities from the public to the private sector, and by the expansion of the third sector operating with a mixed grants and trading business model.

The two main official sources for studying enterprise numbers in Wales are StatsWales and the Nomis database which covers all four UK nations. Both draw on ONS data, but the two databases adopt different methodologies for counting and classifying enterprises so that they give partially overlapping pictures of Welsh local economies. Solid understanding depends on an appreciation of their differences and then reading the two sources side by side.

Table 1: Number of enterprises in Gwynedd split by employment bands according to different sources[65]

	Micro (0–9) No.	Small (10–49) No.	Medium (50–249) No.	Large (250+) No.	Total No.
StatsWales (2023)	12,030	520	110	225	12,885
Nomis (2024)	4,880	510	45	0	5,435
Difference	**7,150**	**10**	**65**	**225**	**7,450**

StatsWales and Nomis operate with the same broad definition of the private sector. Both include limited corporations and public bodies like the BBC or the Met Office and exclude public sector employers like local authorities, the police or NHS Wales. Both sources also include third sector organisations where the organisation has trading activities. This means that trading cooperatives and mutuals are broadly included but voluntary-based neighbourhood associations, charities and grant-dependent non-profits are excluded.

However, StatsWales and Nomis differ in two key respects: a) in how they define and count micro private sector enterprises and b) in how they define and count larger private enterprises which operate sites in many localities.

[65] Source: Business Structure, StatsWales.
UK Business Counts: Enterprises by industry and employment size band, downloaded from Nomis.

a) StatsWales has a more generous definition of enterprise than Nomis and includes unregistered businesses operating below the VAT threshold and/or businesses with no employees. For StatsWales, a self-employed trader with a modest turnover, a micro firm employing two people, a trading cooperative employing 40 people and a large business with over 250 employees are each counted as one enterprise. In contrast, Nomis excludes all self-employed workers operating below the VAT threshold (and therefore unregistered).

These different definitions result in a major difference in the enterprise count in the micro category i.e. those with fewer than 10 employees, as Table 1 shows. While StatsWales on its wider definition counted around 12,000 micro enterprises in Gwynedd in 2023 (including sole traders), Nomis in 2024 counted 4,800 micro enterprises, including only those which employed workers.

b) Another important difference between StatsWales and Nomis is in how they define and count multi-site operations. This difference is relevant to many medium-sized enterprises and most large enterprises, from manufacturing firms producing at different sites across England and Wales to national bank or supermarket chains like HSBC or Tesco with networks of local branches.

StatsWales counts every local branch of a large UK enterprise as a large enterprise in its own right, even when the Welsh branch employs less than 250 – the threshold for "large".[66] In contrast, Nomis does not record the local branches of large UK enterprises operating in Gwynedd as single enterprises unless the branch employs more than 250 employees. As a result, StatsWales counts 225 large private enterprises in Gwynedd which are almost entirely the relatively small branches of large chains. While as Table 1 shows, Nomis cannot find one large private enterprise. Zero is an underestimate when for example, Siemens Healthineers in Llanberis is a branch employing nearly 500 workers. And this is a useful reminder that all official counts are fallible and have a margin of error. But from local knowledge, three or fewer would be our guess about the number of large private firms in Gwynedd on the Nomis criteria.

The same difference arises in definition and counting of medium-sized enterprises with multiple-sites with between 50 and 249 employees. StatsWales counts each local branch as a medium-sized enterprise on the basis of national firm size, even if the branch employs fewer than 50 workers in the locality. In contrast the Nomis counts the enterprise in the medium category only if the local branch employs more than 50 (and less than 250) at that one site. As a result, StatsWales counts 110 medium enterprises in Gwynedd, more than double the number of 45 counted by Nomis.

In contrast when it comes to small enterprises which employ between 10 and 49, there is very little discrepancy between StatsWales and Nomis counts because these firms are typically single-site operations, not businesses with several sites or branches.

[66] StatsWales (no date) *Latest Business Structure in Wales by Size band and Measure*. Available at: https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Structure/Headline-Data/latestbusinessstructureinwales-by-sizeband-measure

Here StatsWales and Nomis converge on a very similar count of 520 small enterprises in StatsWales and 510 small enterprises in Nomis (see Table 1).

When it comes to recording employment (Table 2) and turnover (Table 3), StatsWales figures are adjusted so that they count employment and turnover of the local branch. This means that an enterprise which is a branch of a large chain and therefore recorded in the large category (i.e. with over 250 employees), can show average employment below 250 reflecting the number actually employed in a local branch. Thus, for StatsWales, medium enterprises employing 50-249 in Gwynedd have average employment per enterprise of just 47, implying that most medium-sized enterprises in the local authority area are branches of national or regional firms with less than 50 workers per branch on average (see Table 2).

In contrast, at the national level in Wales and even more so at the UK level, StatsWales captures the fuller footprint of a large multi-site operation with more than 250 employees not just the footprint of the local branch. As a result, the average employment of StatsWales large enterprises at the Welsh national level is 257 employees and at the four nation UK level is 1,315 employees.

Table 2: Average employment per enterprise, 2023[67]

	Micro (0–9) No.	Small (10–49) No.	Medium (50–249) No.	Large (250+) No.	Total No.
Isle of Anglesey	1.6	18.3	38.2	50.4	3.3
Gwynedd	1.6	17.5	47.3	65.8	3.8
Conwy	1.6	17.5	41.7	40.8	3.5
Denbighshire	1.7	17.0	42.9	51.8	4.3
Flintshire	1.7	18.2	47.2	112.8	6.1
Wrexham	1.6	17.9	51.3	76.3	4.8
North Wales	1.6	17.7	45.9	69.9	4.4
Wales	1.7	18.7	68.3	257.4	4.6
UK	1.6	19.5	98.2	1,315.8	4.6

When measuring by enterprise turnover, the effects are very similar. With large enterprises, StatsWales counts the turnover of the local branch, not the turnover of the whole operation. As a result, at the local level, the turnover of a single enterprise or branch in the large category can be smaller than the average turnover of a single enterprise in the medium category. Overall, according to StatsWales, in Gwynedd in

[67] Source: Business Structure, StatsWales.

2023 average turnover per large enterprise is £6.5 million, which is significantly below the £7.9 million average turnover in medium-sized enterprises (see Table 3).

This counter intuitive result is because, in Gwynedd, 40-45% of the enterprises in the medium category of StatsWales are medium-sized operations with substantial turnover. In contrast almost all enterprises in the large category of StatsWales are branches with relatively smaller turnover. For the same reason discussed in previous paragraphs, these seemingly counterintuitive results diminish substantially at the level of Wales, where more of the footprint of a large multi-site operation is captured. And, at the UK level, the distortion effectively disappears.

Table 3: Average turnover per enterprise, 2023 (£)[68]

	Micro (0–9) £	Small (10–49) £	Medium (50–249) £	Large (250+) £	Total £
Isle of Anglesey	81,509	1,608,333	3,200,000	8,312,000	303,903
Gwynedd	87,947	1,188,462	7,918,182	6,524,444	311,603
Conwy	84,215	1,245,455	3,150,000	4,639,216	261,793
Denbighshire	102,024	1,352,500	4,857,143	6,035,897	376,224
Flintshire	107,391	1,870,909	7,538,889	27,034,483	1,007,833
Wrexham	89,850	2,120,513	7,881,250	14,440,000	641,950
North Wales	92,084	1,554,724	6,236,986	12,258,273	497,049
Wales	92,833	1,522,368	8,343,439	42,415,430	508,839
UK	112,559	2,365,234	16,090,186	200,832,644	573,297

The key difference between these two sources then is that StatsWales counts enterprises by local presence, while Nomis counts enterprises by organisational control or registration location. The two databases present the same underlying economic activity through different lenses. StatsWales provides a more useful picture of local economic presence and exposure, while Nomis is better for understanding organisational control and structure. Neither one is correct and both have their uses, but they are not interchangeable. Problems arise when numbers are taken from one data source without understanding the basis of the classification.

Appendix 2: The North Wales Growth Deal

68 Source: Business Structure, StatsWales.

“the North Wales Economic Ambition Board have identified key sectors where collaboration can achieve transformative growth within the region”

“delivery itself should always be with localities and will have to be sensitive and responsive to the needs and opportunities of localities”[69]

The quotes above are from the North Wales Economic Ambition Board (NWEAB) evidence to the UK Parliamentary Welsh Affairs Committee in June 2020, when it was finalising a multi-year package – the North Wales Growth Deal – with £240 million of funding from Welsh and UK Governments. From the outset, the NWEAB had great ambitions for the North Wales Growth Deal, but it has struggled to deliver on its targets, partly because the design of the Deal does not engage with how to develop the economy that North West Wales has.

Ambition North Wales (which became the sponsor and decision-making body for the North Wales Growth Deal in 2021) reported to the Senedd Economy, Trade, and Rural Affairs Committee in June 2025 on progress up to that point. The 15-year target was of 4,200 new jobs created and £2.4 billion of net additional GVA (gross value added) output. After four and a half years, £15.2 million of “growth deal investment” – which is most of the £16.6 million of “total investment” to date – had created 35 jobs (26 direct and 9 indirect).[70] The ‘benefits dashboard’ in the 2025-26 Quarter 3 progress report for September to December 2025 shows modest improvement with the tally of 49 ‘new jobs’ (direct and indirect) from £26.6 million of growth deal investment (out of a total investment of £29.2 million).[71]

To make sense of these outcomes, we need to understand the targets and allocation of funds across the five priority areas in Table 1. This table presents data from the North Wales Growth Deal Quarterly Performance Report 2024-25, Quarter 4 (January to March 2025) which was the basis for Ambition North Wales’s report to Senedd in Summer 2025.

Table 1: North Wales Growth Deal resources and targets across five priority areas (as of 2025)[72]

[69] North Wales Economic Ambition Board (2020) *Written evidence submitted to the Welsh Affairs Committee inquiry into the proposed UK Shared Prosperity Fund (SPF0033)*. Available at: https://committees.parliament.uk/writtenevidence/6482/pdf/

[70] Ambition North Wales (2025) *North Wales Growth Deal Progress Update September 2023-June 2025*, p. 49. Available at: https://business.senedd.wales/documents/s163053/CGD03%20-%20Ambition%20North%20Wales.pdf

[71] Ambition North Wales (2025) *North Wales Growth Deal Quarterly Performance Report - 2025-26* quarter 3 performance (September-December 2025), p. 5. Available at: https://ambition-north.wales/media/jdndpyjj/appendix-1-q3-2025-26-performance-and-risk.pdf

[72] Source: Ambition North Wales (2025) *North Wales Growth Deal Progress Update September 2023-June 2025*. Available at: https://business.senedd.wales/documents/s163053/CGD03%20-%20Ambition%20North%20Wales.pdf

	Job creation Target (1)	GVA investment Target (2)	Total Investment (3)	Investment cost per job (4)
Digital	380	£158 m	£41.7 m	£ 110 k
Low carbon energy	980	£530 m	£668.5 m	£682 k
Land and property	2,280	£129 m	£355.4 m	£156 k
Agrifood and tourism	380	£281 m	£41.3 m	£108 k
Innovation in high-value manufacturing	180	£114 m	£39.5 m	£219 k
Total	4,200	£1,212 m	£1,146.4 m	£412 k (Weighted average)

The 15-year headline job creation target of 4,200 survives, though the "GVA investment target" is half the originally promised GVA growth. The weighted average investment cost per job is £412,000. This figure is biased upwards by the £682,000 cost per job in low-carbon energy, though in the other priority areas, the investment cost per job is still between £108,000 (agrifood & tourism) and £219,000 (innovation in high-value manufacturing). The high cost of job creation in low carbon energy raises the question of whether there should be explicit criteria for deciding the upper limits on investment cost per job (given that public funds are scarce and have alternative uses).

Subsequent quarterly reports and website postings have complicated matters slightly. The programmes remain the same, but some individual projects are added to and deleted from programme lists, while others change status in the RAG project classification system where red indicates "delivery significantly behind schedule and/or significant issues to be addressed". But none of this alters the three key points which emerge from Table 1 and are explored below in detail using data from the latest available quarterly survey.[73]

Note (1): the average investment cost per targeted job is calculated as the total investment in column (3) divided by the job creation target in column (1).
Note (2): an update for this data is not provided in the 2025-26 quarterly performance reports.
[73] The analysis below is based on Ambition North Wales (2025) *North Wales Growth Deal Quarterly performance report - 2025-26 quarter 3 (September-December 2025)*. Available at: https://ambition-north.wales/media/jdndpyjj/appendix-1-q3-2025-26-performance-and-risk.pdf
This is the most recent Quarterly Performance Report published by Ambition North Wales. The Ambition Board website lists additional projects that have not progressed far enough to be included in the performance review.

i. Job creation from the North Wales Growth Deal depends substantially on property development, where there are challenges in delivering significant *net* jobs.

ii. Investment volumes are driven by large low-carbon energy projects involving new technologies, which make it difficult to get projects off the ground.

iii. Agrifood and tourism is a relatively small programme (though these are large sectors in North West Wales) which is distributing public grants via just four projects.

i. ***Property development:*** *more than half the target jobs created (2,280 of the total 4,200 in Table 1) are expected to come from land and property development, "to address the shortage of suitable land properties for business growth and to bring forward sites for business development".*

Projects here include a business park – Parc Bryn Cegin (off Junction 11 of the North Wales Expressway) – and mixed-use development like the former North Wales Hospital site. Of the eight[74] land and property projects in the most recent quarterly performance report,[75] seven are categorised as green i.e. 'delivering to plan' and one – the former North Wales Hospital – is rated amber (meaning delivery is behind schedule). Some project that were listed in earlier quarterly reports are no longer included.

Development of sites can involve all kinds of complex legal and construction issues that take time to resolve. However, delivery of the job creation target presents additional challenges. There is no guarantee that business park developments will meet enterprise needs in the right place at the right price; and, like commercial development, they can transfer old jobs rather than create new jobs. Official and academic evaluations of various types of schemes going back to Enterprise Zones in the 1980s, find that new business and commercial parks typically encourage relocation over short distances.[76] Where this is the case, some of the jobs on new sites will be diverted from existing locations in or near Gwynedd, meaning that the critical performance indicator – *net* job creation – will be lower than headline or gross new jobs.

[74] The Kinmel Studios project is no longer included.
[75] Ambition North Wales (2026) *North Wales Growth Deal. Quarterly Performance Report 2025-26 - Quarter 3 (September-December 2025)*, pp-10-12. Available at: https://ambitionnorth.wales/media/jdndpyjj/appendix-1-q3-2025-26-performance-and-risk.pdf
[76] The IWA provides an overview of evidence on enterprise zones, noting that while there may be landscape and environmental benefits from clean-up of sites, as much as 80% of headline 'jobs created' were transferred from other places, not net new jobs. Studies of enterprise zones, science parks and related kinds of developments highlight the importance of understanding displacement effects (i.e. jobs are transferred from other sites) and deadweight effects (i.e. jobs would have been created anyway). The extent of net job creation depends on the local economic context and the effective targeting of specific sectors where there is a growth in activity and an appropriate local labour supply. See Hedges, M. (2013) *Enterprise Zones record of displacing existing jobs*. Available at: https://www.iwa.wales/agenda/2013/07/enterprise-zones-record-of-displacing-existing-jobs

ii. ***Low-carbon energy:*** *more than half the total investment is in low-carbon energy (£669 million out of £1,146 million in Table 1) with the intention "to position North Wales as a leading UK location for low-carbon energy generation, innovation and supply chain investment", through a small number of large projects.*

A key issue here is the uncertainty around the eventual completion of these projects. Three low-carbon energy projects have fallen away since 2023-24,[77] leaving four remaining.[78]

Three projects are rated as amber or green and are progressing. These have a combined total investment cost of around £40 million:

a) Expansion of Menter Môn's Morlais tidal energy project – Cydnerth – with a total £9m targeted investment, all from the Growth Deal.[79]

b) The recently announced £24.6 million Clean Energy Fund[80] for local voluntary organisations via WCVA (with £5 million)[81] and private sector firms via UMi (with £15 million), both targeting relatively small projects over five years; with an expected £73 million of additional private sector investment.

c) Bangor University's £8 million Egni project for a "centre of excellence enhancing the region's capability for research, design and innovation" partly through property development including rentable units in the M-SParc at Gaerwen.[82]

The fourth project is the Holyhead Hydrogen Hub with targeted investment of £3.8m from the growth deal, £5m from other public sector sources and £19.5m private sector (totalling £28.8m). Even with the Holyhead Hydrogen Hub (which is currently behind schedule and under review), on the basis of current tracking, low-carbon energy projects will realistically deliver less than £50 million of Growth Deal investment and

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[77] These are: NEW-H2, small modular reactors at Trawsfynydd (see Ambition North Wales (2025) *North Wales Growth Deal 2024-25 Quarter 4 Performance Review,* p. 7. Available at: https://ambition-north.wales/media/qwkmv4qe/q4-2024-25-north-wales-growth-deal-quarterly-performance-report.pdf) and Deeside Anaerobic Digestion Plant (see Ambition North Wales (2024) *Annual report 2023-24*, p. 21. Available at: https://ambitionnorth.wales/media/3fpprhnm/annual-report-2023-24-final-1.pdf). Both were included in the evidence to Senedd in: Ambition North Wales (2025) *North Wales Growth Deal Progress Update September 2023-June 2025*. Available at: https://business.senedd.wales/documents/s163053/CGD03%20-%20Ambition%20North%20Wales.pdf

[78] Ambition North Wales (2025) *North Wales Growth Deal Quarterly performance report - 2025-26 quarter 3 (September-December 2025)*, pp. 8-9. Available at: https://ambitionnorth.wales/media/jdndpyjj/appendix-1-q3-2025-26-performance-and-risk.pdf

[79] Ambition North Wales (no date) *Cydnerth – Morlais low carbon energy project*. Available at: https://ambitionnorth.wales/low-carbon-energy/cydnerth-morlais/

[80] Ambition North Wales (no date) *Clean Energy Fund*. Available at: https://ambitionnorth.wales/low-carbon-energy/clean-energy-fund/ This is referred to as 'Smart Local Energy' in the most recent quarterly review.

[81] WCVA (Wales Council for Voluntary Action) (no date) *Clean Energy Fund*. Available at: https://wcva.cymru/funding/social-investment-cymru/clean-energy-fund

[82] Bangor University (2024) *EGNI (M-SParc) – Contractor Event*. Available at: https://www.bangor.ac.uk/events/egni-m-sparc-contractor-event

less than £150 million of total investment, far below the ambition of £530m/ £669m shown in Table 1 in section 3 of this report.

iii. ***The Agrifood and tourism programme:*** *this is a relatively small programme with £41.3 million total investment in Table 1, though with grand ambitions because it "will optimise employment and training opportunities in North Wales by providing support facilities to ensure that the region has the skills needed to excel and become world leading. The Programme will also ensure prosperity through sustainably maximising our environment and landscape".*

One project is currently listed as green i.e. 'delivering to plan' with a further three as amber i.e. 'delivery behind schedule and/moderate issues to address'.

a) Glynllifon Rural Economy Hub will provide business units, facilities (green rated) – including a sheep milk dairy – and other support for start-ups and expanding businesses with Grŵp Llandrillo Menai as the project sponsor.[83] The £16.8 million project is fully financed by public funds with £11.8 million from the Growth Deal and £5 million from other public funding.[84] The project does not have any private investor or any private sector anchor firm playing the role of Castell Howell at the Cross Hands food park In South Wales.

b) The Responsible Adventure project (amber rated), where Zip World is developing the outline business case, and which is expected to "create up to 175 new jobs for the region".[85] This is the only one of the three projects that has significant private sector funding. The investment cost is £16.7 million, £6.2 million from the Growth Deal and £10.5 million from Zip World.[86] This is a significant 37% contribution from the public sector, though FERL research has shown that Zip World is a highly profitable company generating more than 20p as profit on every pound of revenue.[87] Moreover, 85-93% of its existing workers at Llechwedd and Penrhyn have zero hours contracts, which is contrary to Welsh Government fair work policy.[88] In its official fair work guidelines, Welsh Government recommends "Providing work and income security, including in relation to hours and earnings and affording workers the opportunity to work flexibly to secure a good work-life balance".[89] The percentage of zero hours

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[83] Ambition North Wales (no date) *Glynllifon Rural Economy Hub*. Available at: https://ambition-north.wales/rural-economy-hubs/glynllifon-rural-economy-hub
[84] Ibid.
[85] Ambition North Wales (no date) *Responsible Adventure*. Available at: https://ambition-north.wales/agri-food-and-tourism/responsible-adventure
[86] Ibid.
[87] Foundational Economy Research (FERL) (2025) *Six Reasons Why Zip World Should Not get £6.2 million,* pp. 2-3. Available at: https://foundationaleconomyresearch.com/wp-content/uploads/2025/02/Six-ReasNomis -Additionality-Report-28-Jan-2025.pdf
[88] Foundational Economy Research (FERL) (2025) *Five Indicators and Two Questions about Wages and Conditions at Zip World.* https://foundationaleconomyresearch.com/wp-content/uploads/2025/08/Zip-World-Wages-and-conditiNomis -Final-12-Aug-2025.pdf
[89] Welsh Government (2022) *A guide to fair work* Available at: https://www.gov.wales/guide-fair-work

work is much higher in Zip World than at Bluestone or Portmeirion, and Zip World's profit margins are much higher.[90] Our inference is that the zero hours contracts at Zip World are the result of cost reducing management policy not workforce preference.

c) Tourism Talent Network (amber rated) - with three spokes at Portmeirion, Zip World and Theatre Clwyd is in the delivery phase to "support the development of sustainable and high-value tourism jobs and position the sector as an aspirational career choice".[91] FERL research shows this ambition is realistic for Portmeirion which is a responsible employer offering decent terms and conditions but will require a significant shift in practice for Zip World given its reliance on a seasonal, zero hours workforce. The total investment is £19 million, with £4.4 million from the Growth Deal, £12.3 million from other public sector sources and only £2.3 million (12%) from the private sector.[92]

d) Venue Cymru Futures (amber rated), a project to "expand facilities" has been added in the most recent quarterly report. The total expected investment is around £20m, with £5m from the Growth Deal and £14.7m from other public sector sources, with no private sector investment.

There is a large variation here in private sector contribution: the four projects in this programme are between £16.7 and £19.8 million, with private sector investment of 63%,12%, 0% and 0%, and a weighted average of 18% across all four. In agrifood and tourism, this establishes the precedent for public finance as the major source of funding for projects including private projects.

Conclusion

(1) The Growth Deal is important because it involves a direct commitment of £240 million in public funds, as well bringing in additional investment from the public sector in some projects. This creates large expectations and means that all six North Wales councils have tried to capture some of the available funds by backing local projects to avoid missing out.

(2) In the first five years, there have been difficulties in finding suitable major projects with sponsors and then in progressing them. This is so even in North East Wales which has a base of for-profit corporates. Given the absence of such sponsors in Gwynedd, the Llandrillo Menai FE College and Bangor University figure largely and come with their own project priorities which in the case of the University include the

[90] Foundational Economy Research (FERL) (2025) *Five Indicators and Two Questions about Wages and Conditions at Zip World,* pp.12-18. https://foundationaleconomyresearch.com/wp-content/uploads/2025/08/Zip-World-Wages-and-conditiNomis_-Final-12-Aug-2025.pdf
[91] Ambition North Wales (no date) *Academi Croeso – Tourism Talent Network*. Available at: https://ambitionnorth.wales/agri-food-and-tourism/academi-croeso-tourism-talent-network/
[92] Ibid.

project of a new building for their business school which, under the plans announced, will receive £13.5 million of Growth Deal funding.[93]

(3) The shape and size of the different programmes limit the Growth Deal's engagement with sectoral specialisation in Gwynedd and North West Wales. For example, tourism and agrifood, which are important sectors in Gwynedd, are under-represented within Growth Deal programmes because they cannot easily generate major projects. The emphasis on commercial property development for job creation and high-tech clean energy for investment means few large benefits will go to North West Wales.

(4) The North West Wales economy is dominated by social enterprises and small business which are getting little from these funds. Menter Môn is the large social enterprise beneficiary from this group because it fits with the low-carbon energy programme. The recently announced clean energy funds for SMEs and social enterprises involve an initial allocation of £20 million, of which £15 million is available for SMEs on relatively unattractive lending terms.

(5) The Senedd Committee in September 2025 raised "serious concerns" about the performance of the North Wales Growth Deal and asked for more monitoring.[94] Beyond this, there are more fundamental issues about the causes of underperformance and the need to redesign a Growth Deal which is currently inappropriate for economy and society in North West Wales. Policy needs to ensure that public funds can more effectively deliver on supporting the local economies we have so that culture and language are sustained.

[93] Ambition North Wales (2026) *Albert Gubay Business School*, Ambition North Wales. Available at: https://ambitionnorth.wales/land-and-property/albert-gubay-business-school/

[94] Senedd Cymru / Welsh Parliament (2025) *Serious Concerns about the Performance of City and Regional Growth Deals*. Available at: https://senedd.wales/senedd-now/news/serious-concerns-about-the-performance-of-city-and-regional-growth-deals/

Appendix 3: Gwynedd's economy in comparison with the Wrexham/Flint corridor

Table 1: Number of enterprises in Gwynedd split by industry and employment bands[95]

	Employment bands					
	0-9	`10-49	50-249	250-999	1000+	Total
Agriculture, fishing	1,250	10	0	0	0	1,260
Mining and utilities	5	0	0	0	0	5
Manufacturing	190	25	10	0	0	225
Construction	35	0	0	0	0	35
Motor trades	10	5	0	0	0	15
Wholesale	670	45	0	0	0	715
Retail	565	75	10	0	0	650
Transport & storage	130	20	0	0	0	150
Accommodation & food services	555	165	10	0	0	730
Information & communication	145	10	0	0	0	155
Financial & insurance	30	0	0	0	0	30
Property	130	5	0	0	0	135
Professional, scientific & technical	350	30	0	0	0	380
Business admin & support services	300	30	5	0	0	335
Public admin & defence	40	0	0	0	0	40
Education	65	15	0	0	0	80
Health	130	45	10	0	0	185
Arts, recreation & other services	280	30	0	0	0	310
Total	4,880	510	45	0	0	5,435

[95] Source: UK Business Counts -enterprises by industry and employment size band, Nomis.

Table 2: Total employment in Wales split by public and private sectors, and by local authority, 2025[96]

	Public sector No.	Private sector No.	Total employment No.	Public sector share of total %	Private sector share of total %
Isle of Anglesey	10,700	21,700	32,400	33.0%	67.0%
Gwynedd	20,200	37,400	57,600	35.1%	64.9%
Conwy	16,300	37,100	53,400	30.5%	69.5%
Denbighshire	14,800	28,400	43,200	34.3%	65.7%
Ceredigion	9,400	27,800	37,200	25.3%	74.7%
Pembrokeshire	15,700	42,700	58,400	26.9%	73.1%
Carmarthenshire	25,500	55,000	80,500	31.7%	68.3%
Swansea	35,500	71,100	106,600	33.3%	66.7%
Neath Port Talbot	18,100	46,000	64,100	28.2%	71.8%
Bridgend	17,500	48,600	66,100	26.5%	73.5%
Rhondda Cynon Taf	38,900	60,400	99,300	39.2%	60.8%
Merthyr Tydfil	8,900	18,300	27,200	32.7%	67.3%
Caerphilly	26,800	60,300	87,100	30.8%	69.2%
Blaenau Gwent	7,400	20,700	28,100	26.3%	73.7%
Torfaen	13,600	30,500	44,100	30.8%	69.2%
Flintshire	17,600	57,100	74,700	23.6%	76.4%
Wrexham	20,700	45,100	65,800	31.5%	68.5%
Powys	16,100	42,100	58,200	27.7%	72.3%
Vale of Glamorgan	17,500	42,900	60,400	29.0%	71.0%
Cardiff	57,600	134,000	191,600	30.1%	69.9%
Monmouthshire	10,900	32,000	42,900	25.4%	74.6%
Newport	25,300	50,400	75,700	33.4%	66.6%
Wales	445,000	1,009,600	1,454,600	30.6%	69.4%

[96] Source: Annual Population Survey: employment in the public and private sectors by sex and Welsh local authority, StatsWales.
Notes: Totals are summations of each sector and Wales total is summated from local authority totals.

Table 3: Enterprise count, split by type, 2023[97]

	Micro (0 - 9) No.	SME (10 - 249) No.	Large (250 +) No.	Total No.
Isle of Anglesey	6,625	295	125	7,045
Gwynedd	12,030	630	225	12,885
Flintshire	10,215	730	290	11,235
Wrexham	10,640	550	300	11,490
Wales	234,615	11,755	1,685	248,055

Table 4: Share of enterprise count split by type, 2023[98]

	Micro (0 - 9) %	SME (10 - 249) %	Large (250 +) %	Total %
Isle of Anglesey	94.0%	4.2%	1.8%	100.0%
Gwynedd	93.4%	4.9%	1.7%	100.0%
Flintshire	90.9%	6.5%	2.6%	100.0%
Wrexham	92.6%	4.8%	2.6%	100.0%
Wales	94.6%	4.7%	0.7%	100.0%

[97] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

[98] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

Table 5: Employment, split by type of enterprise, 2023[99]

	Micro (0 - 9) No.	SME (10 - 249) No.	Large (250 +) No.	Total No.
Isle of Anglesey	10,600	6,500	6,300	23,400
Gwynedd	19,700	14,300	14,800	48,800
Flintshire	17,500	18,500	32,700	68,700
Wrexham	16,700	15,200	22,900	54,800
Wales	388,400	329,800	433,800	1,152,000

Table 6: Share of employment split by type of enterprise, 2023[100]

	Micro (0 - 9) %	SME (10 - 249) %	Large (250 +) %	Total %
Isle of Anglesey	45.3%	27.8%	26.9%	100.0%
Gwynedd	40.4%	29.3%	30.3%	100.0%
Flintshire	25.5%	26.9%	47.6%	100.0%
Wrexham	30.5%	27.7%	41.8%	100.0%
Wales	33.7%	28.6%	37.7%	100.0%

[99] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.
[100] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

Table 7: Turnover, split by type of enterprise, 2023[101]

	Micro (0 - 9) £m	SME (10 - 249) £m	Large (250 +) £m	Total £m
Isle of Anglesey	540	562	1,039	2,141
Gwynedd	1,058	1,489	1,468	4,015
Flintshire	1,097	2,386	7,840	11,323
Wrexham	956	2,088	4,332	7,376
Wales	21,780	32,970	71,470	126,220

Table 8: Share of turnover split by type of enterprise, 2023[102]

	Micro (0 - 9) %	SME (10 - 249) %	Large (250 +) %	Total %
Isle of Anglesey	25.2%	26.2%	48.5%	100.0%
Gwynedd	26.4%	37.1%	36.6%	100.0%
Flintshire	9.7%	21.1%	69.2%	100.0%
Wrexham	13.0%	28.3%	58.7%	100.0%
Wales	17.3%	26.1%	56.6%	100.0%

[101] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.
[102] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

Table 9: Employment count split by main industrial sectors, 2023 - all enterprises[103]

	Agriculture %	Production %	Construction %	Wholesale, retail, transport, hotels, food & comms %	Financial and business services %	Private sector health and education %	Other services %	All industries %
Isle of Anglesey	6.8%	12.3%	11.1%	40.9%	12.8%	11.1%	5.1%	100.0%
Gwynedd	4.3%	9.6%	8.8%	39.1%	13.7%	16.6%	7.8%	100.0%
Conwy	3.7%	6.2%	9.4%	41.6%	14.8%	16.7%	7.6%	100.0%
Denbighshire	4.7%	11.5%	9.8%	34.6%	17.2%	16.6%	5.6%	100.0%
Flintshire	2.9%	26.9%	6.0%	31.4%	20.2%	9.0%	3.5%	100.0%
Wrexham	2.2%	22.1%	6.9%	25.5%	23.7%	13.0%	6.6%	100.0%
North Wales	3.7%	16.5%	8.1%	34.4%	17.9%	13.5%	5.9%	100.0%
Wales	2.7%	14.0%	8.1%	34.1%	20.2%	14.5%	6.4%	100.0%
UK	1.5%	9.8%	7.5%	35.5%	26.1%	13.4%	6.3%	100.0%

[103] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold. StatsWales applies disclosure controls to the data, so totals may not always match those shown in other tables from the same series.

Table 10: Count of enterprise population in Wales in 2003 and 2023[104]

	2003 No.	2023 No.	2023-2003 nominal difference No.	Increase on the 2003 base %
Gwynedd	10,040	12,885	2,845	28.3%
Flintshire	6,545	11,235	4,690	71.7%
Wrexham	7,755	11,490	3,735	48.2%
Wales	169,535	248,055	78,520	46.3%

[104] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

Table 11: Social businesses in Wales split by local authority, 2025[105]

(Table ranked by population per social enterprise)

	Population (2023) No.	Social enterprises (2025) No.	Share of social enterprises in Wales %	Population per social enterprise No.
Gwynedd	120,064	183	6.5%	657
Merthyr Tydfil	58,841	82	2.9%	715
Pembrokeshire	125,043	171	6.1%	733
Ceredigion	72,488	97	3.5%	744
Isle of Anglesey	69,238	88	3.1%	784
Carmarthenshire	190,381	216	7.7%	880
Cardiff	379,739	396	14.1%	959
Powys	134,645	140	5.0%	961
Denbighshire	97,375	101	3.6%	969
Swansea	248,959	241	8.6%	1,035
Conwy	114,783	101	3.6%	1,142
Wrexham	136,890	119	4.2%	1,152
Rhondda Cynon Taf	242,091	204	7.3%	1,186
Bridgend	146,900	122	4.3%	1,206
Blaenau Gwent	67,523	55	2.0%	1,232
Caerphilly	176,639	134	4.8%	1,318
Neath Port Talbot	142,045	107	3.8%	1,332
Newport	165,112	104	3.7%	1,594
Flintshire	155,614	85	3.0%	1,825
Monmouthshire	94,672	49	1.7%	1,943
Torfaen	93,518	15	0.5%	6,140
Vale of Glamorgan	134,771	n/a	n/a	n/a
Wales	3,167,331	2,808	100.0%	1,128

[105] Sources: Population data from StatsWales; Number of social enterprises derived from Cwmpas data in Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, p.5. Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf.
Notes: Social business data relates to 2025 and includes social enterprises, cooperatives/ mutuals and employee-owned businesses; Population data is for 2023; Vale of Glamorgan data has been removed from the Wavehill/ Cwmpas data because it is collected on a different basis to that from the rest of the Wales.

Table 12: Private sector jobs per 1,000 population, split by local authority, 2023[106] (This table ranks the result by how many private sector jobs per 1,000 people)

	Public sector jobs per 1,000 people Ratio	Private sector jobs per 1,000 people Ratio	Public and private sector jobs per 1,000 people Ratio	Public sector share of total employment %	Private sector share of total employment %
Rhondda Cynon Taf	161	249	410	39.2%	60.8%
Swansea	143	286	428	33.3%	66.7%
Carmarthenshire	134	289	423	31.7%	68.3%
Denbighshire	152	292	444	34.3%	65.7%
Newport	153	305	458	33.4%	66.6%
Blaenau Gwent	110	307	416	26.3%	73.7%
Merthyr Tydfil	151	311	462	32.7%	67.3%
Gwynedd	168	312	480	35.1%	64.9%
Powys	120	313	432	27.7%	72.3%
Isle of Anglesey	155	313	468	33.0%	67.0%
Vale of Glamorgan	130	318	448	29.0%	71.0%
Conwy	142	323	465	30.5%	69.5%
Neath Port Talbot	127	324	451	28.2%	71.8%
Torfaen	145	326	472	30.8%	69.2%
Wrexham	151	329	481	31.5%	68.5%
Bridgend	119	331	450	26.5%	73.5%
Monmouthshire	115	338	453	25.4%	74.6%
Caerphilly	152	341	493	30.8%	69.2%
Pembrokeshire	126	341	467	26.9%	73.1%
Cardiff	152	353	505	30.1%	69.9%
Flintshire	113	367	480	23.6%	76.4%
Ceredigion	130	384	513	25.3%	74.7%
Wales	140	319	459	30.6%	69.4%
UK	113	368	481	23.6%	76.4%

[106] Sources: Population data from StatsWales; Annual Population Survey: employment in the public and private sectors by sex and Welsh local authority, StatsWales.

Table 13: Average turnover per employee, split by type of enterprise, 2023[107]

	Micro (0 - 9) £	Small (10 - 49) £	Medium (50 - 249) £	Large (250 +) £	Average £
Isle of Anglesey	50,943	87,727	83,810	164,921	91,496
Gwynedd	53,706	67,912	167,500	99,189	82,275
Conwy	51,080	71,169	75,600	113,750	73,907
Denbighshire	58,480	79,559	113,333	116,535	87,286
Flintshire	62,686	102,900	159,647	239,755	164,818
Wrexham	57,246	118,143	153,780	189,170	134,599
North Wales	55,825	87,756	135,910	175,298	114,029
Wales	56,076	81,270	122,113	164,753	109,566
UK	72,107	121,115	163,891	152,630	123,431

[107] Source: Business Structure, StatsWales
Note: Enterprise size split by type, categorised by number of employees. This dataset provides information on the structure of enterprises active in Wales, including businesses operating below the VAT threshold.

Appendix 4: Enterprise data for the social business sector in Wales

Section 2 of this report includes discussion of social enterprises in Gwynedd, including some empirical analysis based on the standard source, which is a biennial mapping of social businesses overseen since 2014 by Cwmpas on behalf of Social Business Wales. The purpose of this mapping is to "model the estimated size and scale of the sector" and to "conduct a health check of the sector'"[108] The most recent report was published in 2025 by Wavehill.[109]

The report covers "social businesses" which includes mutuals/ cooperatives and employee-owned businesses, as well as social enterprises.[110] The analysis of size and scale is based on an updated database of social business 'contacts', with sampling to carry out a survey from which sector characteristics can be estimated and trends can be analysed (including using a panel over two or three waves). Of these, social enterprises are the largest group, at an estimated 62% of social businesses in the survey. The remaining surveyed social businesses are identified as charities 21%, mutual/ co-operative 5%, employee-owned 4%, other types of third sector body 4% and none of the above 3%.[111]

The social business data in this report is the standard source, used for example by Audit Wales in their 2022 report on how local authorities need to work better with social enterprises.[112] However, there are significant limitations, some of which are acknowledged in the Wavehill report. For our purposes, there are some further issues which limit the usefulness of some of the data, as outlined below. This also makes the case for more systematic official data on the social business sector.

1. The social business database is not built from a comprehensive administrative register or census but rather a database constructed over time based on contacts and updating, including via checks on registrations - and delistings - from Companies House (by legal status such as CIC and CLG) and recordings on the charity register. The size of the sector in 2025 is given as 3,113 social

[108] Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, p.5. Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf
[109] The Cwmpas data also contributes to a parallel data collection exercise by Social Enterprise UK which uses a similar to the approach in the *State of Social Enterprise* survey produced every two years since 2009. See Mission-Critical-State-of-Social-Enterprise-Survey-2023.pdf.
[110] Some of the social businesses included were charities as that was their registered status, though the mapping does not appear to include all charities operating in Wales. Charities were 35% of the organisations covered in 2020, falling to 21% in 2025 (Source: as above, p.22).
[111] Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, pp.22-23. Available at: https://cwmpas.coop/wp-content/up-loads/2025/10/ENG-2025-SE-Mapping.pdf
[112] Audit Wales (2022) *'A Missed Opportunity' – Social Enterprises.* Available at: 'A missed opportunity' – Social Enterprises.

businesses in Wales. The database is used to provide counts of social business and some other information, such as classification by legal status and by location. This will exclude any organisations or networks that are not formally registered, though it will capture those that are in receipt of grant funding which requires basic governance arrangements.

Other information in the report – such as on turnover and employment - comes from sampling, where the response rates was no more than 11% (p.7), which may limit its usefulness when used to estimate the size of the whole sector.

2. The definition of social businesses by legal type leads to the inclusion of some individual enterprises that are disproportionately large and, more significantly, do not correspond to a commonsense understanding of a socially oriented, local embedded enterprise. The inclusion of large organisations – such as those with annual turnover of more than £10 million – increases the overall scale and the estimated average size for the sector.

   Examples of large enterprises that would be included as social businesses are Dŵr Cymru, with an annual turnover of around £1 billion, and Principality Building Society employing around 1,000. These are both quite different from community-based and locally accountable social enterprises. In the Wavehill 2025 report on social businesses, the total turnover of the sector is estimated at between £3.5 and £5.7 billion with employment around 57,000 to 68,000.[113] While the inclusion of a small number of large enterprises will make little difference to the overall number as they each only count as one business, the aggregate data on turnover and employment – and any averages calculated from this - becomes much less meaningful. A broad definition of social business that includes large 'outliers' creates an impressive headline, it also leads to misunderstandings by those who use the aggregates without understanding the origin of the numbers.

3. The report does suggest that typical social businesses are very different from what would be implied by the reported average turnover of £644k (or even £1.4m, if one large outlier in the sample is included). In 2025, Wavehill report that almost 80% of social businesses were micro firms: 30% of all social businesses have no paid staff at all and a further 28% employ less than 4 people (pp.17-18). It is noted that this data - which is estimated up from the sample - may understate the significance of micro businesses given that larger and better resourced social businesses were much more likely to have the resources to respond to the sample, compared with the micros. Equally, the

[113] Allies, O, Clark, M, Gallagher, P and Tweddell, B (2025) *Mapping the Social Business Sector in Wales 2025),* Wavehill, pp.19-20. Available at: https://cwmpas.coop/wp-content/uploads/2025/10/ENG-2025-SE-Mapping.pdf

data from the survey that captures business practices, plans and challenges is likely to overstate business capabilities and understate support needs and the overall precarity of the sector.

4. Table 11 in Appendix 3 provides our estimate of social businesses by local authority area, based on the Wavehill report (Figure 3.2). Historically the social business data in Wales has incorporated separate data for the Vale of Glamorgan which is collected on a different basis – and is likely to be more comprehensive -to that for elsewhere. We have chosen to exclude this data from our analysis to avoid the likely over-representation bias that would otherwise result.

5. The policy implication from this is that Welsh Government should consider a periodic census (or administrative-data based register) of the social economy. Notwithstanding the limitations of the Wavehill/ Cwmpas data, the social economy is important in Wales and needs to be better understood in order that it can be more effectively supported. StatsWales should lead on the framing, collection and presentation of the data, some of which may already exist in other categories and administrative systems already, though it is not currently pulled together in a way that makes the sector visible. A periodic, robustly framed census (or register) would make the social economy visible in the same way as other parts of the economy. This should also allow social enterprises to be separated out from other legal forms such as cooperatives or employee-owned businesses which may have different characteristics and development needs. At present there is no consistent and verified data on these separate types of social businesses, as well as the sector as a whole.

Appendix 5: Case study: Basic Income for the Arts (BIA), Government of Ireland

In 2022, the Government of Ireland introduced a basic income pilot scheme targeted at artists and creative arts workers to support the recovery of the sector after the COVID-19 pandemic. Some 2,000 individuals were paid €325 per week for three years on an unconditional basis and with no impact on benefit payments. Recipients were chosen randomly from around 8,000 eligible applicants, with a control group of 2,000 also recruited to allow an evaluation of the impact of the scheme.[114]

An impact assessment was published in 2025,[115] based on the data from the first two years of the pilot. The findings from the BIA include:

- ✓ Improved retention of artists and creative arts workers in the sector, with recipients spending less time working outside the arts and less likely to cease working in the arts altogether.
- ✓ Recipients were spending more time on their arts practice over time and compared with the control group (which on average was spending less time); this was an average additional 11 hours per week, of which 5.3 hours was spent. making work, with the rest on research, training, presentation or performance.
- ✓ There was a rapid improvement in recipients' ability to sustain themselves in the arts sector, at a time when this was worsening for the control group, though this appears to mainly reflect the impact of the payment at this stage.
- ✓ Recipients were spending more money on their practice and had not increased their prices for contracts or commissions. Recipients were as likely to apply for arts funding as those in the control group.
- ✓ There is a marked decrease in the extent of 'enforced deprivation' (i.e. being unable to afford two or more basics)[116] among recipients, compared to the control group,[117] but this is much higher in both groups than for the population as whole, reflecting high levels of deprivation in the arts sector.
- ✓ There is an improvement in wellbeing – measured as feeling depressed or downhearted, or feeling anxious in a four-week period – in the recipients compared with the control group;[118] and feelings of life satisfaction have risen

[114] Feldkircher, N. and O'Donnell, B. (2025) *Basic Income for the Arts. Impact Assessment (2 years)*, p.12. Available at: https://assets.gov.ie/static/documents/25207450/2-year_report.pdf
[115] Ibid.
[116] Ibid, p.19.
[117] In October 2024, 50% of the control group and around 30% of BIA recipients were experiencing enforced deprivation; for the population as a whole the share is 16% (p.vi).
[118] In October 2024, BIA recipients were 15-16 percentage points less likely to experience depression or anxiety compared with a year earlier. The comparison between the recipients and control group in relation to depression was 54% vs. 74-77% respectively and for anxiety 69% vs. 84%. Both groups have scores that are significantly higher than the population as a whole, of which 34% reported feeling depressed or downhearted (p.vi).

in the recipient group over time and are reported as much higher than in the control group.

The overall verdict is that there have been substantial individual benefits from the BIA pilot over its first two years. The economic evaluation based on an official cost-benefit analysis found that the BIA has produced benefits of €1.39 for every €1 spent on the programme, which includes economic, social and psychological wellbeing.[119] In February 2026, the Government of Ireland announced the continuation of the BIA scheme with a further three year round for 2,000 artists.[120]

There is an ongoing debate about how high basic income payments need to be to fulfil the objective of providing a stable and sustainable income. For comparison, the Welsh Government basic income pilot for care leavers pays £1,600 per month[121] - the same as that recommended in a study by Autonomy[122] - which is higher than the £1,220 (equivalent) per month paid under the BIA. Nonetheless, the impact assessment data clearly shows BIA's ability to enable more time and resource in the arts and cultural practice, sustaining individuals and the sector more broadly. The random selection from eligible applicants meets a criterion of fairness, though there would be scope to apply a basic income for the arts scheme on other bases e.g. to target individuals in particular places, those working in certain sub-fields of the arts or those with specific characteristics.

The BIA is targeted at individuals with the aim of improving the resilience of the arts sector as whole in Ireland. Building on the success of the BIA scheme, there is scope for further experiment in the Welsh context. For example, a basic income pilot could also be focused on sustaining or building clusters of arts practitioners and creative workers, grouped by practice and/or place. There could be significant additional benefits from this kind of cluster approach, especially if it was related to place making activities – including creating local spaces and networks - and complementing other actions, such as town and village centre regeneration and developing a more sustainable, community-benefiting visitor economy.

This is all very relevant not just to Gwynedd but to the future of the Welsh language where creatives must necessarily operate in very narrow markets which limit their capacity to earn income from product or service. In this case, the argument for basic

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119 Department of Culture, Communications and Sport, Government of Ireland (2025) *Basic Income for the Arts Pilot Produced over €100 Million in Social and Economic Benefits*. Available at: https://www.gov.ie/en/department-of-culture-communications-and-sport/press-releases/basic-income-for-the-arts-pilot-produced-over-100-million-in-social-and-economic-benefits/;
Alma Economics (2025) *Cost-Benefit Analysis for the Basic Income for the Arts*. Available at: https://assets.gov.ie/static/documents/b87d2659/20250929_BIA_CBA_Final_Report.pdf

120 Department of Culture, Communications and Sport, Government of Ireland (2026) *Minister O'Donovan Announces the New Basic Income for the Arts Scheme*, 13 February 2026. Available at: https://www.gov.ie/en/department-of-culture-communications-and-sport/press-releases/minister-odonovan-announces-the-new-basic-income-for-the-arts-scheme/

121 Cascade (2025) *The Welsh Basic Income Evaluation*. Available at: https://cascadewales.org/research/the-welsh-basic-income-evaluation/

122 Autonomy (2023) *A Big Local Basic Income: Proposal for a Locally-Led Basic Income Pilot,* p. 17. Available at: https://autonomy.work/wp-content/uploads/2023/06/BASINC.pdf

income is exceedingly strong and this is the kind of innovation which the Commission for Welsh-Speaking Communities and others should explore.

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