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Business News Wales

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Chancellor promises to cut red tape and boost growth

The Chancellor, John Healey, has given a number of speeches explaining how he intends to boost growth, reduce red tape and maintain fiscal responsibility.

Speaking at the Manufacturing Technology Centre in Coventry, the Chancellor promised changes to the judicial review process for Nationally Significant Infrastructure Projects, arguing that the current system of continued delays added unreasonable costs and destroyed growth.

“I will take an axe to the thicket of consultation, litigation and administration that has a stranglehold too often on private investment,” he said.

The government pointed to the delays in Sizewell C and that while the East West Rail project began in 2019, it hasn’t gone any further.

Most absurd of all was that despite 99% of respondents to a Call for Evidence supporting microchipping cats in the same way as dogs in 2019, it took nearly five years due to further consultations and addressing minority objections.

He criticised excessive risk aversion and said it stifled business. He also set a goal to double the number of UK unicorn companies, those valued at over £1 billion.

The key measures he announced to prevent delays from holding back growth and investment include:

- Parliament will be able to designate and approve the country’s most important infrastructure projects, giving them significantly enhanced protection from legal challenge. This expands plans first proposed for critical energy infrastructure
- The government also plans to introduce a fixed Challenge Window, which will ensure points of legal challenge are identified and addressed earlier, helping prevent delays after consent has already been granted.
- Departments will be expected to reduce unnecessary consultations. Ministers should focus on project delivery, using consultations only when there is a clear reason to do so.
- The Attorney General will also publish updated guidance making clear that legal risk should inform ministers’ decisions, not dictate them.

Big changes to the Apprenticeship Levy

The Apprenticeship Levy has undergone its biggest overhaul since its introduction, with major changes taking effect from 1 August 2026. For Small to Medium-sized Enterprises (SMEs), the most significant development is the expansion of what levy funds can be used for under the new Growth and Skills Levy. This expansion comes alongside tighter funding rules, making planning more important than ever.

The two headline changes are the removal of the government top-up and that levy-paying employers can now use their funds for a broader range of approved training, not just traditional apprenticeships.

Alongside full apprenticeships, the Growth and Skills Levy can now support foundation apprenticeships and approved apprenticeship units. This gives businesses greater flexibility to address specific skills gaps, upskill employees more quickly and access shorter, targeted training programmes without committing staff to a full apprenticeship.

Funding changes

The funding changes also create new financial pressures. From 1 August 2026, the government has removed the 10% top-up that was previously added to levy funds entering employers' apprenticeship service accounts.

Businesses will see less funding available.

There is also a reduction in the expiry period for new levy funds. Previously, employers had 24 months to spend funds before they expired. Any levy funds entering accounts from 1 August 2026 must now be used within 12 months. Funds already in accounts before that date continue to benefit from the old 24-month rule.

For businesses, this means unused funds are far more likely to be lost if training plans are delayed, pushing employers to regularly review their balances and plan training around the funding available.

Changes have also been made to co-investment arrangements when levy-paying employers exhaust their available funds.

For apprentices aged 16 to 24, eligible training costs are fully funded by government once levy funds are depleted. For apprentices aged 25 and over, employers must contribute 25% of the training cost, with government funding the remaining 75%, up to the relevant funding band limit.

This represents a higher contribution requirement than many employers were previously accustomed to and could increase training costs for businesses with older apprentices.

The levy itself remains unchanged. Employers with annual pay bills exceeding £3 million must pay 0.5% of their payroll costs, less a £15,000 annual allowance. The levy is collected through PAYE and applies to private, public and voluntary sector organisations. Connected companies and charities must consider their combined pay bill when determining liability.

In England, levy-paying employers access funds through an apprenticeship service account. The amount available is based on the levy paid and the proportion of employees who live in England. These funds can be used to pay for approved training and assessment costs, subject to funding band limits.

<u>Non-levy paying businesses</u>

For SMEs that do not pay the levy, government support remains. From August 2026, non-levy employers receive 100% funding for apprentices aged 16 to 24, up to the funding band maximum. For apprentices aged 25 or over, employers contribute just 5%, with the government paying the remaining 95%.

Eligible non-levy employers may also qualify for a hiring incentive of up to £2,000 when recruiting a new apprentice aged 16 to 24 from October 2026.

Levy funds can pay for approved training, assessment, off-the-job learning, certain qualifications and English and maths provision linked to apprenticeship programmes. They cannot be used for wages, recruitment costs, travel expenses, general business overheads or equipment required for normal job duties. Any training costs above the funding band maximum must be paid directly by the employer.

Another opportunity for SMEs is the levy transfer. Larger levy-paying employers can transfer up to 50% of their previous year's levy funds to other organisations, including smaller businesses within supply chains or local communities. This can provide valuable access to funded training where SMEs might otherwise face costs.

Government promises growth for space industry

The troubled Shetland SaxaVord Spaceport project has been saved. The £30 million rescue package for the ex-RAF station in Unst was announced the day after a rapidly rolled-out new UK space strategy was presented by the government.

SaxaVord, the UK's first fully-licensed spaceport, has regulatory approval for up to 30 rocket launches a year, with two German companies already signed up.

Scottish Secretary Douglas Alexander said, ”Scotland already builds more satellites than anywhere else in Europe, and with a £30m UK government investment boost, SaxaVord is now poised to deliver up to three-quarters of the continent's orbital launch slots.”

But SaxaVord exemplifies the problems facing the UK’s space industry.

Accounts showed a technical default on a £10 million loan last year, highlighting the financial and practical difficulties faced by the sector. Unst has limited five-week ‘launch windows’ reduced by bad weather.

Regulatory limitations have also held back the industry. Following the failure of the UK’s first commercial space launch from Cornwall in January, the Parliamentary Science and Technology Committee heard that it cost one satellite company more money to get a launch licence than to physically put the satellite into space.

The importance of the space and related sectors ought not be underestimated. Government figures show the space industry generated £18.5 billion for the UK and employed over 55,000 people.

Landmark missions benefit from UK know-how, such as the UK-built Rosalind Franklin Mars Rover.

UK Space Strategy

The new UK Space Strategy policy is backed by £7.8 billion of investment until 2030. Its mission is to safeguard the UK's national security and defence capabilities, while exploiting technology opportunities. It brings the government's space investment and activity under one plan.

Ministers said they wanted to create jobs and help Britain and its partners launch satellites without relying on countries 'further afield'. The new policy formally replaces the previous National Space Strategy, published in 2021.

The new UK Space Strategy expropriates existing policies and financing, including some that up until now were not regarded as being space-related.

Space Domain Awareness, the study and monitoring of objects like satellites, rockets and debris orbiting our planet, is being backed by projects including £149 million for the European Space Agency's (ESA) Vigil mission and £85 million for the National Space Operations Centre.

UK funding will see British tech offer earlier warnings of potential satellite collisions, hostile activity and solar storms, helping protect the power, communications and navigation services people rely on every day.

Another £880 million will help beef up the UK's space control and intelligence, surveillance, and reconnaissance capabilities, funding technologies that can track military activity on the ground and potential attacks on satellites. This should improve responsiveness and decision-making in protecting the country and its space assets.

A further £2.8 billion will strengthen connectivity, including the Connectivity in Low Earth Orbit and SKYNET defence communications programmes. This plays a pivotal role in keeping the UK's Armed Forces connected globally.

The new joined-up thinking is ambitious on announcements but less so on funding. The £7.8 billion has been pulled together from existing funding projects and brought under one umbrella.

Initiatives include £57 million already allocated by the Department for Transport to improve rail connectivity, £190 million from UK Research and Innovation (UKRI) for astronomy and space science research and £9 million from the Met Office which is funding that was already announced.

SMEs warned on all internet-exposed systems

Disruptive cyber attacks are going beyond computers and into manufacturing and processing systems, Small to Medium-Sized Enterprises (SMEs) have been warned.

The National Cyber Security Centre (NCSC) has seen a concerted and increased number of attacks on what's known as Operational Technology (OT) in numerous sectors both globally and domestically. These attacks have had real-world effects.

Hackers cut off a small gas-fired 'peaker' power station earlier this year. These UK plants have small local capacities, are remote with no employees and use OT to balance local baseload and feed into the national grid.

OT is both the hardware and software systems that monitor, control and automate infrastructure and processes across a variety of sectors.

The NCSC is warning that organisations should not assume their equipment is not internet-exposed. It said, "Against the backdrop of technology-enabled uplifts in cyber capability and increased geopolitical instability, the NCSC assesses that the threat from state use of offensive cyber, including outside of conflict, has almost certainly increased."

Without organisations testing legacy structures, older equipment or misconfiguration, systems can be easy to exploit for state and non-state actors.

Companies should examine all their Programmable Logic Controllers (PLCs), Industrial Control Systems (ICS) and Supervisory Control and Data Acquisition (SCADA) systems to ensure their security.

The NCSC has outlined a series of steps that should be taken.

- Build a definitive view of your OT architecture, including all assets, communications pathways and external connections. This will help identify internet-exposed systems, unmanaged assets and legacy connectivity that may introduce risk.
- Ensure OT devices are not directly exposed to the public internet.
- Change any default credentials and prevent the use of shared passwords on web interfaces, management interfaces, and management protocols.
- Use unique accounts for administrators and enable multi-factor authentication (MFA) wherever supported. Any stronger authentication mechanisms, such as public/private key authentication, are recommended.
- This includes the control of access to OT networks. The NCSC recommends updating systems efficiently. This also includes ensuring that the management of these devices is only possible from a segregated management network that is not connected to the internet.

The NCSC proposes updating certain industrial protocols and security applications, which it lists on its website, including procedures.

If it wasn’t important before, IT departments should ensure they log and monitor all connectivity to and within OT networks. As OT environments are typically static and predictable, baseline monitoring can be highly effective at identifying unauthorised activity, misconfigurations, or potential cyber compromise.

Monitoring is also important during normal operations. PLCs, in particular, should not be left in programming or maintenance modes and should be in write-protected mode where possible.

The NCSC also recommends the separation of networks; for example, the business and management system should be separated from OT and, come to that, security systems.

Don’t just keep backups; it is important to test the backups and your recovery procedures. Many organisations, including those regarded as ‘tech-savvy’, have been diligent in backup procedures but hit problems when it came to restoring their data.

£10m to fund Welsh SME growth

High-growth Welsh businesses look set to benefit from a new £10 million pot aimed at providing matching equity investment.

The pilot scheme from the Development Bank of Wales aims to retain larger equity slices of companies and encourage more institutional investment. Welsh Small to Medium-sized Enterprises (SMEs) that have the potential for strong commercial growth, especially those with a technology focus, will be the prime beneficiaries.

The £10 million pilot has been ring-fenced from the Wales Flexible Investment Fund and will be called the Wales Equity Co-investment Scheme.

It will provide matched equity investment of between £500,000 and £2 million alongside qualifying institutional investors and invest on the same financial and legal terms as the lead investor.