

Senedd Committees

A call for information – Welsh Government Draft Budget
Proposals for 2024-25

November 2023

About Colegau Cymru

Colegau Cymru is a post-compulsory education charity; we promote the public benefit of post-compulsory education and learning. We also convene the Further Education (FE) Principals' Forum, which represents FE colleges and FE institutions (FEIs) in Wales. Colegau Cymru also undertakes research, policy development and provides practical support to FE colleges in Wales, including on work-based learning (WBL) which is a key part of FE college activity.

Colegau Cymru welcomes the opportunity to submit its response to the Senedd's call for information – Welsh Government Draft Budget Proposals for 2024-25. This response is being shared with the following Senedd Committees – Children, Young People and Education; Economy, Trade and Rural Affairs; Equality and Social Justice; and Finance Committee. We have focused our response on questions most relevant to both FE and work-based learning.

- Further education and work-based learning are not luxury items that are simply 'nice to have' – they are both absolutely fundamental to our economic recovery and to building the fairer society we all want to build. Cutting funding for either will weaken the potential for sustainable economic growth and impact the life chances of people living in our poorest communities. The cumulative impact of any potential budget reductions to FE and apprenticeships should be understood as a whole. The time to invest in our learners, our workers, and our second-chancers is now.
- The education and social impact of the pandemic is still evident through poor levels of attendance in schools, significant mental health challenges facing many learners, and evidence of wider behavioural challenges of learners entering college. FE needs to be properly resourced to allow it to mitigate the impact of the pandemic during school education and to ensure the most vulnerable learners are not doubly disadvantaged.
- The proposed 24% cut to the apprenticeship programme will see the largest drop in work-based learning activity since devolution, with around 10,000 fewer individuals able to start an apprentice next year. This will immediately undermine support for our anchor companies and SMEs, as well as putting future inward investment opportunities at risk. Protecting the apprenticeship and part-time learning budgets are essential to ensuring employers can upskill their workforce and grow their businesses.

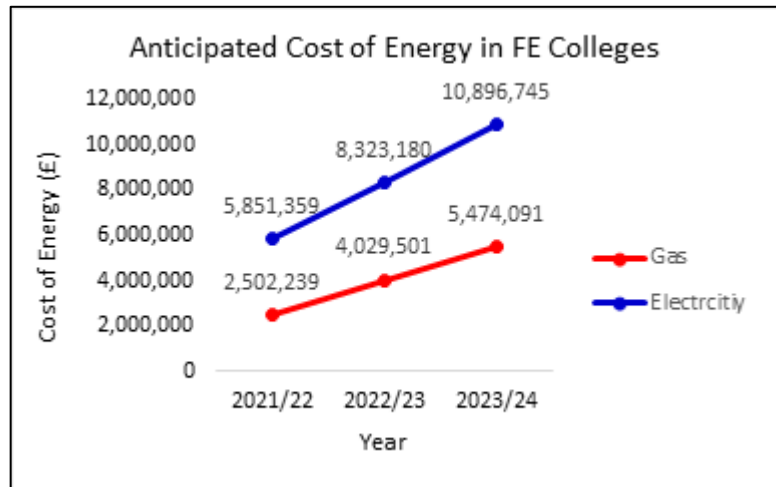
1. Background

The FE sector is confronted with a series of unprecedented financial and policy challenges. Over the coming years colleges will be faced with significant financial challenges, the rising cost of pay settlements to support staff with the cost of living, sharply rising costs for materials and consumables, and the impact of Brexit and the loss of EU funded projects and uncertainties

presented by the UK Shared Prosperity Fund. Alongside this, the sector is managing the long legacy of the pandemic, including the huge demand for health and wellbeing services and learners entering FE after years of disrupted school education.

Inflation has hit the UK hard, in fact, inflation in the UK has remained at around a 40 year high¹.

The graph shows data provided by the ColegauCymru Finance Directors Group. It shows that between 2021 and 2024, the cost of electricity and gas for colleges in Wales will have risen by 53.7% and 45.7% respectively. This, in addition to the soaring prices of food and course materials, the uncertainty posed by the post-Brexit European funding arrangements, and a tightening public purse, make it vital that we recognise the breadth of financial challenges facing colleges.



With Wales looking for a pathway out of flat economic growth, a strong FE and work-based learning sector is needed more than ever. Yet to play our role in delivering the fairer, stronger and greener Wales we all want to see, colleges need the sustained financial support to ensure that learners get the high-quality education they deserve and that employers access to the skills they need to grow for the future.

Today's young people and our adult learners must not become a lost generation. They cannot be left behind. There is no route map to a better Wales that doesn't rely on a thriving, resilient and successful FE and WBL sector. Colleges are training, re-skilling, and upskilling tomorrow's plumbers, counsellors, welders, caterers, cyber security specialists, nurses, heat pump system installers, web designers, social care workers, and many more. At a time when both learners and employers need access to FE the most, the Welsh Government must prioritise investment in the sector.

2. What, in your opinion, has been the impact of the Welsh Government's 2023-2024 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective, given the economic outlook for 2024-25?

The sector recognises the level of additional support provided to the sector to support learners through the pandemic. However, it is vital policymakers acknowledge that impact of the pandemic has not gone away and that many learners coming into post-16 education require additional and ongoing support with literacy and numeracy, support with their mental health and

well-being, and additional support to overcome the impact of prolonged period of absences. A commitment to long-term and mainstream funding to support the recovery from the pandemic is essential.

The move from financial year funding to academic year funding has been welcomed, however it was suggested that bigger pots of funding to cover various different projects over a longer time frame would potentially generate better value for money in the longer term – for example, it would be easier to hire specialist staff to run a project for a three year period, rather than a six month period.

Together with NUS Wales¹, the increase in Education Maintenance Allowance (EMA) payments was warmly received by the sector, however a review of eligibility thresholds is encouraged in order to support those learners who are struggling daily with the cost of living, but who may fall just outside the entitlement boundaries. Further to this, the sector is looking forward to the outcome of the full EMA review which is underway. It should not be forgotten that families and communities are still feeling the effects of the pandemic, therefore consideration should be given to those learners from the most disadvantaged backgrounds whose families may not have financially recovered from the impact of the pandemic.

3. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? How financially prepared is your organisation for the 2024-25 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

FE colleges directly support businesses more than any other form of education through programmes such as apprenticeships and Personal Learning Accounts (PLAs). It should be noted that with the end of European funding – which assisted 25,000 businesses and supported 86,000 people into employment²– and the delay in implementing its replacement, the ‘Shared Prosperity Fund’, there is likely to be far less support available to businesses through FE in 2024/25 unless current funding levels in these areas are maintained.

It is incredibly difficult for the sector to plan when so much is uncertain. Colleges generally have robust finances, however with enrolment trends flattening out some colleges have already made cuts to their budgets, and further reductions in funding will inevitably require similar action. A further issue is that a number of colleges have embarked on major construction projects – to which they have to make a financial contribution – and these plans are built on the expectation that funding is stable. Any reductions in funding could put at risk the needed modernisation of campuses across Wales, leading to a poorer experience for learners from the most disadvantaged communities.

¹ [EMA: Welsh Government to increase weekly student grant](#)

² [Not a penny less – Welsh Government calls for commitment on Shared Prosperity Fund](#)

Work based learning is key to ensuring that the Welsh Government can achieve its ambition for a stronger, greener, fairer Wales. However, in 2023/24 there has been an ‘in year budget reduction’ of £17.5million to apprenticeships, with further cuts expected in 2024/25. Apprenticeships provision is ‘demand led’, and the Welsh Government’s own data shows an increase in apprenticeship starts in the first half of 2022/23, compared with the same period a year earlier. There is no lack of demand from employers for apprenticeships.

Proposals from the Welsh Government will see a 24% cut to the apprenticeship programme, which would result in 10,000 fewer starts in 2024/25. The reductions would fall disproportionately on young people (16-24), those in the lowest socio-economic groups, and women. Early analysis indicates that it would likely mean a significant reduction in the number of Black, Asian and Minority Ethnic apprenticeship learners. If apprenticeships are to be subject to such a significant budget reduction, it will be the key priority sectors which are impacted the most, including health and social care, construction, and engineering. It will be the most significant drop in work based learning provision since devolution and undermine our economic recovery at a time when employers, individuals and the economy need it the most.

It is critical that the FE sector has sufficient funding to be able to navigate the stormy economic waters, and support Wales’ communities and economy in its recovery. Colleges are the skills engine driving economic recovery and supporting resilience. Investing in colleges is investing in the most important natural resource which Wales has – its people. A recent report from the owner of Screwfix and B&Q, Kingfisher Plc, showed that the UK is set to lose out on £98billion of growth by 2030 due to a shortage of tradespeople³. Colleges are central to delivering these skilled tradespeople. Ultimately, the availability of skills plays a pivotal role in the prosperity of Wales’ economy and communities, and its attractiveness to investors. In order to drive inward investment, it is critical that skills are the central pillar to that plan. To highlight the inward investment case: just recently PWC has announced they are to create 1,000 new jobs in Wales by 2028⁴ and said “The demand for those skills is only going up, and this is a great opportunity for Wales to make sure we are at the forefront of the next industrial revolution. We are creating jobs where people right here in the Cardiff office will be serving clients all over the world”; and Thales⁵ who support 1,100 jobs in Wales gave evidence in November 2023 to the Welsh Affairs Committee where they highlighted the importance of Cyber College Cymru for skills improvement, arguing that apprenticeships form a key part of their workforce.

³ [UK to lose out on £98bn of growth by 2030 due to shortage of tradespeople \(kingfisher.com\)](#)

⁴ [Cardiff: PWC to create 1,000 new tech jobs in Wales - BBC News](#)

⁵ Aerospace, Space, Defence, Security and Transportation

4. What action should the Welsh Government take to help households cope with inflation and cost of living issues. How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

Public transport in rural areas of Wales have been described by some colleges as unreliable and costly, which makes transport for learners to both college and places of work for apprentices, very difficult. Pembrokeshire College Principal and Chair of the Colegau Cymru Strategic Work Based Learning Group, Barry Walters, highlighted this during his evidence to the Senedd's Economy, Trade, and Rural Affairs Committee on 28 September 2023. He spoke about an apprentice who needs to take two buses to reach their place of work, fares which total £9. Once he had purchased lunch for the day his total spend has reached £13, however with the apprenticeship wage being £5.28 per hour, he will have to work two and a half hours before he has any money to take home. Some areas have already seen many bus routes cancelled, for example the Fflecsi Bwcabws in Ceredigion, which was EU funded. With routes in smaller, rural areas being cancelled or withdrawn all together, learners have no equality of access to transport, meaning no parity between those in rural and those in urban areas.

The Financial Contingency Fund is provided to learners by the Welsh Government and is means-tested. It is there to support those who are in most financial need. The fund is allocated based on the number of full-time learners enrolled at each college, and discretion is given to colleges to use the fund as they see fit. In 2021/22, the largest sum of money across the sector was allocated to learner transport. This is echoed by Welsh Government research from March 2023, which recognised that 41% of 16 to 24 years olds identified transport as being the number one barrier for 16 to 24 year olds to getting a new course, training or a job⁶. For this reason, colleges are eager to see the outcome of the Learner Travel Measure review which was undertaken by the Welsh Government over the summer of 2023, and hope that careful consideration has been given to post-16 transport for both academic learners going to college, and WBL learners travelling to their places of work.

5. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

As noted by the Welsh Government in the “Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan”, skills will be a key enabler as we transition to a net zero economy⁷, therefore investment is crucial to ensure that no one is left behind. As we adjust our economy towards the net zero goals, these existing and emerging jobs require different skills. Without a suitably trained workforce, the transition will be impossible. This includes key sectors like renewable energy,

⁶ [Young Person's Guarantee National Conversation: update for participants](#) – Welsh Government

⁷ [Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan](#) – Welsh Government

energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing.

The scale of the proposed cuts to both the FE and WBL budgets will severely undermine our drive towards net zero and our ability as a nation to be able to attract the kind of investment that we need for the future. Long-term we need to take a more strategic view of the skill needs for the transition to net zero and ensure that it is resourced so that people can retrain and upskill for the jobs of the future. Cuts to apprenticeships and reductions in the opportunities to access Personal Learning Accounts will only risk the progress we need to make in reaching our targets and in contributing to the global effort to tackle climate change.

Our current frame of reference for a greener economy is the Net Zero Skills Action Plan. This Plan (and the supporting strategy documents) clearly outline Welsh Government's ambitious plans. As part of the Net Zero Skills Action Plan, Welsh Government are currently consulting on the skills needs within each of the eight 'emission sectors' with a view to developing 'sector route maps'. Only once those consultations are complete, and the resultant sector route maps published, will we fully know the extent of the skills gap.

6. Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

Analysis of data from the OECD / World Bank (1995-2015)⁸ identifies patterns between education and health indicators. Adults with higher educational attainment have better health and lifespans than their less educated peers. Tertiary education in particular, is critical in influencing infant mortality, life expectancy, and child vaccination. Education and wellbeing are intrinsically linked. The evidence behind the importance of education as a determinant of health is among the most compelling. Education is strongly associated with life expectancy, morbidity, health behaviours, and educational attainment plays an important role in health by shaping opportunities, employment and income⁹. The Chief Medical Officer for Wales' Annual Report highlights the disproportionate health effects that the cost of living crisis has had on low income people, and critically, recommends that the Welsh Government should continue investment in 'interventions that address upstream determinants', including education.

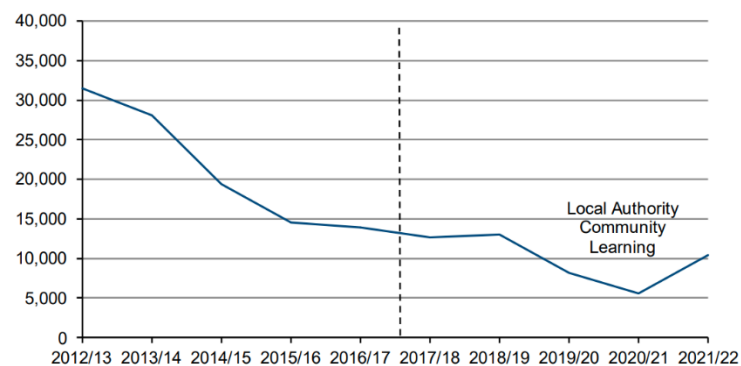
⁸ [The influence of education on health: an empirical assessment of OECD countries for the period 1995–2015 | Archives of Public Health | Full Text \(biomedcentral.com\)](#)

⁹ [Education: a neglected social determinant of health - The Lancet Public Health](#)

A decade ago, the budgets for part-time and adult community learning were slashed¹⁰. Since then, as recognised by Audit Wales, part time students have been particularly affected by the pandemic – especially those in adult community learning¹¹. In 2021, Audit Wales highlighted that “Decisions on the level of provision in future will need to take account of the Welsh Government’s aspirations for lifelong learning and creating flexible learning pathways that enable individuals to acquire new skills in a way that suits their personal circumstances”¹².

The long term decreased trend in adult learning can be linked to reductions in public funding¹³. The Minister for Education and Welsh Language has long publicly stated his commitment to adult learning – a commitment to creating a Wales where it’s ‘never too late to learn’.

Chart 2f: Learners in adult learning, 2012/13 to 2021/22 [note 1]



ColegauCymru is supportive

of this aspiration, and there is considerable research in place which demonstrates the value of adult learning in Wales, both in the community and within a college setting, and the positive difference this makes to people’s lives¹⁴. Lifelong learning supports the development of skills, improves health and wellbeing and is a catalyst for social engagement and integration. ACL is essential for those individuals who are hardest to reach, and furthest away from education and employment.

In respect of colleges delivery of skills-based programmes such as PLAs and apprenticeships, and employability programmes such as Jobs Growth Wales Plus (JGW+) this has been the case to-date. However, the college network is facing in-year and future budget reductions. If the Welsh Government is serious about preventative spending, to avoid greater issues in the future, then it must ensure that all demand (from individuals, employers, and/or the economy) is met. The skills-based training that colleges deliver is demand-led, and as such, so should Welsh Government’s funding in this area i.e. if there is demand, it must be met.

¹⁰ [Criticism over cuts to adult learning budgets in Wales - BBC News](#)

¹¹ [A Picture of Higher and Further Education \(audit.wales\)](#)

¹² [A Picture of Higher and Further Education \(audit.wales\)](#)

¹³ [Further Education, Work-based Learning and Adult Learning in Wales, 2021/22 \(gov.wales\)](#)

¹⁴ [Adult learning briefing ENG.pdf \(colleges.wales\)](#)

7. Is there enough infrastructure investment targeted at young people? What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Wellbeing of Future Generations Act?

Investing in young people (aged 16 – 24) through the Young Persons’ Guarantee (and all its component elements) is the key opportunity, as well as assisting older individuals looking to enter or re-enter the workforce.

In addition, the Welsh Government should outline in its ‘Statement of Priorities’ for the soon to be established Commission for Tertiary Education and Research (CTER) the need to provide funding support for the existing Welsh workforce who are looking to skill, up-skill, or re-skill to maintain their place in an ever-changing workforce and economy. Colegau Cymru has set out the elements that should be included in the forthcoming Statement of Priorities¹⁵. These are:

- Put learners at the heart of decision making – at a time of significant pressure on public finances, the long-term interests of learners should be put first.
- Deliver the sustained funding to protect the curriculum and learner support – recognition is needed of the rising cost pressures on colleges, with a commitment to protect investment in the core curriculum offer and wider learner support.
- Renew the commitment to vocational education and training – including taking forward the recommendations of the Review of Vocational Qualifications¹⁶.
- Develop a new, enhanced 14-19 learning and transition pathway for all learners – which should include a review of the viability of small school sixth forms.
- Lifelong learning and progression opportunities for adults – to deliver a Wales where it is never too late to learn, a nation of ‘second chances’, a coherent and long term policy commitment, backed by sustained and secure investment is vital.

8. Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

The FE and WBL sectors in Wales generally support a higher percentage of learners from disadvantaged backgrounds compared to Higher Education (HE) and school Sixth forms, through various learning pathways such as vocational lower level provision, Adult Community Learning, and apprenticeships. Therefore, any reduction to college and work based learning budgets is likely to have a disproportionate impact on individuals from the most deprived areas of Wales. This is supported by recent figures which show that of the 98,175 learners (both full-time and part-time) enrolled at FE institutions from August 2021 to July 2022, 13% were from the most

¹⁵ [2023 11 Statement of Priorities Publication.pdf \(colleges.wales\)](#)

¹⁶ [Review of vocational qualifications in Wales: report | GOV.WALES](#)

deprived 10% of neighbourhoods in Wales. This is compared to 8% of the 23,375 Sixth form students registered at schools in Wales¹⁷.

Further crucial support is available to college learners via the Financial Contingency Fund (FCF) which is critical for colleges to flexibly use to meet the support needs of their learners. Over 8% (3,666) of full-time FE learners aged 16-18 utilized financial contingency funding for free meal vouchers, with a further 748 learners in the 19+ age bracket, bringing the total number of learners who relied on the FCF in order to eat during the college day to almost 10% (4,414). Colleges noted that it is not only those learners from lower socio-economic backgrounds struggling with the cost of living, but now those middle earners are also facing financial hardship. As with the EMA, ColegauCymru suggests that eligibility for receiving support from the FCF is also reviewed in order to support all learners who are facing financial difficulty.

The FCF does not only provide learners with free meals during term time, but also during holidays. Data gathered by the Welsh Government from the five holidays (not including the summer holiday) during 2022/23 showed that an average of 3,322 learners benefitted from free meals. These figures emphasise the vital role colleges are playing in supporting young people, not just during the college day, but also outside of term time.

Investing in education – for today’s and for future generations

We must avoid a situation where any funding reductions significantly undermine capacity to deliver for learners and for employers as they face the challenges of the future. There is no route map to a better Wales that doesn’t rely on a thriving, resilient and successful FE and WBL sector. The 13 FE institutions in Wales offer high quality vocational, technical and academic education to people of all ages. College lecturers have often come into teaching after a successful career in their industries, which means learners are taught to demonstrate industry-level skill levels and behaviours. Colleges’ industry standard facilities provide the high quality environment our learners deserve.

We must protect the core curriculum, and the support for our learners. This is how we future-proof Wales’ economy. If we do not invest now, we will feel the effects in a decade’s time, which will be too late for our learners.

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¹⁷ [Number of unique learners in post-16 sectors by deprivation decile of home neighbourhood, August 2021 to July 2022](#)

