

To the Members of the Economy, Trade and Rural Affairs Committee,

I am writing on behalf of the National Training Federation for Wales (NTFW) in response to your scrutiny of the Welsh Government's Draft Budget. We appreciate the Committee's thorough examination and would like to echo your findings while highlighting some critical points from our perspective.

As identified within the report additional investment is essential to help with the cost-of-living increases, develop new apprenticeships, and support critical sectors such as Health and Social Care and Construction. This investment is crucial to meet government priorities and support the NHS and drive economic growth.

Challenges Faced by Apprenticeship Providers highlighted in the scrutiny report:

1. **Cost of Living Crisis:** The ongoing cost of living crisis continues to put pressure on the apprenticeship provider network, with delivery costs increasing in line with inflation. This financial strain makes it challenging to maintain the quality and accessibility of apprenticeship programs.
2. **Loss of European Structural Funds (ESF):** The actual outturn for the apprenticeship programme for 2023-24 included significant funding from ESF, which is no longer available. This loss has led to a reduction in the overall budget, further exacerbating financial pressures on providers.
3. **Inflationary Pressures:** The cost of delivering apprenticeship services is increasing due to inflation, adding further financial strain on providers. Without additional investment, it will be difficult to sustain current programs and develop new ones to meet the evolving needs of the workforce.

The Need for Additional Investment:

While we appreciate the efforts to protect the apprenticeship budget, a cash flat budget does not account for the rising costs and the need for expansion. Additional investment is necessary to:

- **Support the Cost-of-Living Increase:** Ensuring that apprenticeship providers can continue to deliver high-quality training despite rising costs.
- **Develop New Apprenticeships:** Creating new apprenticeship opportunities in emerging sectors to meet future workforce demands.

- **Support Critical Sectors:** Investing in apprenticeships for Health and Social Care, Construction, and other critical sectors to address skills shortages and support economic growth.

Impact on critical apprenticeship sectors

The health and social care sector is an integral part of Wales's society, addressing the needs of the most vulnerable populations. Despite its significance, the sector faces persistent challenges, including recruitment and retention issues, skills shortages, and the increasing complexity of care needs. Apprenticeships have been identified as a vital solution to these problems, providing accessible pathways to skilled roles and long-term careers in the sector.

Yet, immediately after last year's cut to the apprenticeship budget, there was a 34% reduction in starts on Level 2 Health and Social Care apprenticeships – the critical qualification needed to work in the sector. This dramatic decrease was highlighted in the latest apprenticeship data published by the Welsh Government, covering Quarter 3 of 2023/24 (Feb-April 2024).

The Cebr report, commissioned by NTFW and ColegauCymru, further underscores the severe impact of these funding cuts. The report highlights that nearly 6,000 fewer apprenticeship starts were recorded in Wales this year, with a £50.3 million short-run impact on the economy. The health and social care sector, along with construction, has been disproportionately affected, exacerbating existing challenges in these critical areas. Additionally, the funding cuts have disproportionately impacted the most deprived communities in Wales, further widening the socio-economic gap.

It is likely that this trend will continue, potentially undermining the additional £649m investment the Welsh Government is making in the health and social care sector.

In conclusion, we urge the Welsh Government to consider the unintended consequences of a cash flat apprenticeship budget and the need for additional investment. By addressing these challenges, we can ensure that apprenticeship programs continue to thrive, supporting the NHS and driving economic growth in Wales.

Thank you for your attention to these important matters.

Yours sincerely,



Lisa Mytton

Strategic Director

NTFW