

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan: Ffederasiwn Hyffordiant Cenedlaethol Cymru, | Evidence from: NTFW  
National Training Federation Wales,

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## **1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?**

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government's 2025/2026 budget, which maintains a cash-flat allocation for apprenticeships following a significant 14% cut in the previous year, has placed considerable strain on both apprenticeship providers and learners across Wales.

For providers, the cumulative effect of reduced and now stagnant funding has created an unsustainable operating environment. Independent training providers, in particular, are disproportionately affected. Unlike colleges, they are not structured to absorb financial shocks through cross-subsidisation or reserves. A cash-flat budget in a climate of rising costs including inflation, wage pressures, and increased compliance demands effectively amounts to a further real-terms cut. This undermines the viability of delivering high-quality, employer-responsive apprenticeship programmes.

The impact on learners is equally concerning. Reduced funding has led to fewer apprenticeship starts, longer waiting lists, and limited access to specialist provision. Learners in rural areas or niche sectors are especially vulnerable, as providers are forced to consolidate delivery or withdraw from less commercially viable programmes. This restricts choice and opportunity, particularly for young people and those seeking to upskill in emerging industries. Most worryingly, recent data from Medr shows a 15% reduction in apprenticeship learners from the most disadvantaged areas a stark indicator that funding pressures are disproportionately affecting those who need support the most. If this trend continues, it risks deepening inequality and undermining the Welsh Government's commitment to social mobility and inclusive economic growth.

Whilst we welcomed the additional £4million for starts an uplift which covers 2 years on programme is needed in addition to any additional investment to ensure those learners remain and are supported in learning to the end of their apprenticeship.

Quality is also at risk. Providers are being asked to do more with less stretching staff, reducing support services, and limiting investment in innovation and digital infrastructure.

This compromises the learner experience and threatens the long-term reputation of the Welsh apprenticeship system.

Moreover, the budget fails to reflect the strategic importance of apprenticeships in driving economic recovery, addressing skills shortages, and supporting the Welsh Government's own priorities around Net Zero, foundational economy growth, and social mobility.

Apprenticeships are not just a cost they are an investment in Wales's future workforce.

In summary, the 2025/2026 budget has deepened the challenges facing apprenticeship provision in Wales. Without urgent investment including a review of funding adequacy, parity for independent providers, and a commitment to protect learner access and quality we risk undermining one of the most effective, successful tools for economic and social progress.

## **2. How financially prepared is your organisation for the 2026-27 financial year, how confident are you that you can deliver planned objectives, and how robust is your ability to plan for future years?**

(We would be grateful if you could keep your answer to around 500 words).

Independent training providers across Wales have consistently demonstrated financial resilience, quality delivery, and a deep commitment to learner outcomes. However, the current funding landscape shaped by a 14% cut in 2024/25 and a cash-flat budget for 2025/26 has significantly weakened the sector's ability to plan and deliver with confidence.

For the 2026/27 financial year, many providers are approaching planning with caution rather than certainty. While they remain committed to delivering high-quality apprenticeship programmes, the lack of clarity around future funding levels, coupled with rising operational costs, makes financial preparedness increasingly fragile. Inflationary pressures, wage increases, and compliance demands are eroding margins and forcing difficult decisions around staffing, programme breadth, and investment in innovation.

Confidence in delivering planned objectives is being tested. Providers are doing everything possible to protect learner experience and employer engagement, but the cumulative effect of funding constraints is beginning to show. Some have already had to reduce learner volumes, consolidate delivery, or withdraw from niche sectors — actions that run counter to the Welsh Government's ambitions for inclusive, responsive skills provision.

Moreover, the lack of forward visibility on funding allocations makes strategic investment in staff development, infrastructure, and digital capability extremely difficult. Providers are being asked to plan for transformation while operating in survival mode.

In summary, independent training providers remain committed, capable, and proven partners in delivering apprenticeships across Wales. But without urgent action to restore funding adequacy, provide multi-year certainty, and ensure parity in the emerging grant model, their ability to plan and deliver confidently into 2026–27 and beyond is at serious risk.

### **3. What action should the Welsh Government take to:**

- **help households cope with cost of living issues;**
- **address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?**

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships offer a direct pathway to employment, income stability, and career progression. By expanding access to high-quality, employer-led apprenticeship programmes, particularly in foundational sectors, the Government can help individuals upskill while earning reducing reliance on benefits and improving household resilience.

In post-industrial and rural communities, apprenticeships can be a lifeline. These areas often face limited job opportunities and youth outmigration.

Targeted apprenticeship programmes, delivered in partnership with local employers and independent training providers, can stimulate local economies, retain talent, and build skills pipelines aligned to regional needs. This is especially vital in sectors like housing, where apprenticeships in construction and retrofit can directly support the delivery of affordable homes while creating local employment.

To maximise impact, the Welsh Government should:

- Restore and grow apprenticeship funding to reverse recent cuts and ensure providers can meet demand, particularly in disadvantaged areas.
- Embed apprenticeships into housing and infrastructure programmes, ensuring that every major public investment includes apprenticeship targets and local training partnerships.
- Support independent training providers who are agile and deeply embedded in communities, enabling them to deliver responsive, inclusive provision.
- Expand pre-apprenticeship and access programmes to help those furthest from the labour market including young people, older workers, and those in low-income households transition into skilled roles.

By placing apprenticeships at the heart of its cost of living and community development agenda, the Welsh Government can deliver long-term economic resilience, social mobility, and inclusive growth across Wales.

#### **4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?**

(We would be grateful if you could keep your answer to around 500 words).

##### **Employer Engagement and Demand**

Apprenticeships rely on employers being willing and able to recruit and train apprentices. If business support policies such as grants, tax relief, or wage subsidies are ineffective or insufficient, SMEs and larger employers may reduce or pause apprenticeship recruitment due to financial uncertainty. This directly impacts provider volumes and sustainability.

##### **Sector-Specific Pressures**

In post-industrial and rural areas, many apprenticeship opportunities are tied to foundational sectors like construction, care, hospitality, and manufacturing. If Welsh Government support doesn't adequately target these sectors, providers may struggle to maintain viable programmes in those communities.

##### **Cost of Living and Wage Pressures**

Business support policies that fail to address rising costs including energy, materials, and wages can lead employers to cut back on training budgets. Apprenticeships are often seen as discretionary spend, so providers may see reduced demand even if learner interest remains high.

##### **Missed Opportunities for Strategic Alignment**

Effective business support could be used to incentivise apprenticeship uptake in priority sectors such as green skills, digital, and health aligning economic recovery with skills development. Without this, providers may be left trying to deliver programmes without sufficient employer demand or strategic direction.

#### **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?**

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships are essential to building a greener Welsh economy. Independent training providers are already collaborating to develop new green qualifications in areas like retrofit, renewables, and sustainable construction. However, current investment levels are not sufficient to meet the scale of the climate and nature emergency.

To succeed, the Welsh Government must embed green skills across all sectors, fund the development and delivery of green apprenticeships, and support providers with the

resources needed to innovate. Without targeted action, we risk major skill gaps that could slow progress toward Net Zero and inclusive growth.

## **6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?**

(We would be grateful if you could keep your answer to around 500 words).

We are concerned that the apprenticeship levy contributions made by Welsh employers are not being fully reinvested into apprenticeship provision in Wales. While the levy is collected UK-wide, the funding returned to Wales does not appear to match the scale of employer contributions creating a disconnect between what businesses pay and the opportunities available to learners.

Given this, we urge the Welsh Government to explore all available financial mechanisms including borrowing and targeted taxation to ensure that apprenticeship funding reflects actual demand and economic need.

To build a resilient and future-ready workforce, we believe the Welsh Government must make full use of its fiscal levers to prioritise skills investment and ensure that funds raised through the levy are transparently and equitably reinvested into the apprenticeship system.

The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

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

(We would be grateful if you could keep your answer to around 500 words).

While some measures have been introduced to address the rising cost of living, more targeted action is needed particularly for those in relative income poverty. Apprenticeships offer a practical and impactful solution by enabling individuals to earn while they learn, reducing financial barriers to education and improving long-term earning potential.

Independent training providers across Wales are working hard to support learners from disadvantaged backgrounds, but recent funding cuts and a cash-flat budget have made it harder to maintain access and quality. Medr's own data shows a 15% drop in apprenticeship participation from the most disadvantaged areas a clear warning that current support is not reaching those who need it most.

It should be noted that when the Cabinet Secretary for Finance and Welsh Language was introducing the Welsh Government's 2024/25 budget. During the Senedd debate,

stated that it was “a budget that protects our most vulnerable,” and emphasised that increased spending was targeted at sectors like health, education, higher education, bus travel, and social care specifically benefiting “the 20 per cent of our population that has the least”. Yet this is when providers faced a 14% cut impacting the most disadvantaged, we ask that this doesn’t happen again

To truly tackle income poverty, the Welsh Government must reinvest in apprenticeship provision, expand access in underserved communities, and ensure that learners can progress into sustainable, well-paid careers. Apprenticeships are not just a skills tool they are a pathway out of poverty.

## **8. How could the budget further address gender inequality in areas such as healthcare, skills and employment?**

(We would be grateful if you could keep your answer to around 500 words).

Government must ensure its budget prioritises inclusive access to training and progression opportunities. Apprenticeships are a key lever but more must be done to challenge gendered patterns in sector uptake.

Women remain underrepresented in high-growth, higher-paid sectors such as construction, engineering, and digital while overrepresented in lower-paid care and service roles. Targeted investment in outreach, mentoring, and flexible apprenticeship models can help shift this balance. Independent training providers are well-placed to lead this work, but need funding to develop inclusive pathways and challenge stereotypes.

The budget should also support wraparound services such as transport, and mental health support that disproportionately affect women’s ability to access and complete training. Without these, gender gaps in employment and earnings will persist.

In short, tackling gender inequality requires embedding equity into every aspect of skills planning from funding and programme design to employer engagement and learner support. Apprenticeships must be part of that solution.

## **9. 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).**

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships are a prime example of preventative investment equipping individuals with skills that lead to stable employment, reduce reliance on public services, and support long-term economic resilience. However, recent funding decisions suggest that the Welsh

Government's approach to preventative spending is not consistently reflected in resource allocations.

The 14% cut to apprenticeship funding in 2024/25, followed by a cash-flat budget in 2025/26, undermines the preventative value of skills investment. Independent training providers, who deliver high-quality, employer-led programmes, are being asked to do more with less limiting access for learners, especially in disadvantaged communities.

If preventative spending is to be a genuine priority, apprenticeships must be properly resourced. Early investment in skills reduces future demand on welfare, health, and social services. We urge the Welsh Government to recognise this and reflect it clearly in future budgets.

## **10. How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?**

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should clearly link funding decisions to policy outcomes, showing how each investment supports priorities like skills, employment, and tackling inequality. Where significant funding is allocated to programmes such as the Flexible Skills Scheme, there must be transparent data and evidence of impact to ensure those programmes are fit for purpose. If they are not delivering measurable outcomes, that funding should be reconsidered and potentially redirected to proven interventions like apprenticeships which offer clear economic and social returns, especially for disadvantaged learners.

## **11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should improve budget documentation by making it clearer how spending decisions link to policy outcomes, especially in areas like skills and apprenticeships. It should include transparent data, measurable impact, and value-for-money assessments.

## **12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**

(We would be grateful if you could keep your answer to around 500 words).

To tackle NHS waiting lists for planned and non-urgent treatments, the Welsh Government must prioritise investment in workforce development and apprenticeships are a vital part of that solution. The Health and Social Care apprenticeship programme should be fully

aligned to NHS needs, helping to grow a skilled, sustainable workforce across clinical and support roles.

Independent training providers are ready to deliver high-quality, responsive training, but they need adequate funding and strategic support. Without this, workforce shortages will persist, and waiting lists will continue to grow. A robust plan must include apprenticeships as a core tool for long-term NHS resilience and investment.

### **13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?**

(We would be grateful if you could keep your answer to around 500 words).

To be truly innovative and forward-looking, the public sector needs a strong pipeline of skilled workers and apprenticeships are central to that. The Welsh Government should ensure public sector bodies are supported to embed apprenticeships into their workforce strategies, especially in areas like health, social care, digital, and green skills. Independent training providers are ready to deliver high-quality programmes, but this requires sustained investment and coordination. Without it, the public sector risks missing a vital opportunity to grow its future workforce from within.

### **14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?**

(We would be grateful if you could keep your answer to around 500 words).

While our focus is on apprenticeships and skills, we recognise that investment in public sector infrastructure such as healthcare facilities, digital systems, and transport is essential to support effective service delivery and workforce development.

Apprenticeship programmes, particularly in construction, health, and digital, can play a key role in delivering and maintaining this infrastructure, provided they are adequately funded and aligned to strategic needs.

### **15. How should the Budget support young people?**

(We would be grateful if you could keep your answer to around 500 words).

The budget should prioritise young people by investing in pathways that lead to secure employment, skills development, and long-term wellbeing. Apprenticeships are a key part



of this they offer young people the chance to earn while they learn, gain industry relevant experience, and build careers in sectors vital to Wales's future.

To be effective, the Budget must:

- Expand access to apprenticeships, especially in disadvantaged areas where opportunities are limited.
- Fund high-quality provision, ensuring training providers can deliver programmes that meet employer needs and support learner success.
- Support wraparound services like transport, digital access, and mental health support, which are essential for young people to engage and thrive.

Investing in apprenticeships is not just a skills strategy it's a commitment to young people's futures and Wales's economic resilience.

## **16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

(We would be grateful if you could keep your answer to around 500 words).

While our focus is on apprenticeships and skills, we believe the Welsh Government should more clearly show how evidence and data inform its budget priorities.

## **17. Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and additional costs following increases to National Insurance Contributions, sufficient?**

(We would be grateful if you could keep your answer to around 500 words).

While we are not third sector organisations, it's important to highlight that additional funding has been allocated to sixth form colleges and FE institutions to support National Insurance and salary increases.

However, no equivalent support has been offered to independent apprenticeship providers despite delivering high-quality programmes with equally qualified staff and meeting the same expectations. This creates an imbalance that risks undermining the sustainability of apprenticeship delivery at a time when demand and costs are rising across the board. Equal recognition and support are essential.

**18. 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 Well-being of Future Generations (Wales) Act 2015?**

(We would be grateful if you could keep your answer to around 500 words).

One of the key opportunities for the Welsh Government is to invest in apprenticeships and skills development as a way to deliver long-term economic, social, and environmental well-being. Apprenticeships directly support several goals in the Well-being of Future Generations (Wales) Act including a prosperous Wales, a more equal Wales, and a Wales of cohesive communities.

By funding inclusive, high-quality apprenticeship programmes particularly in sectors like health, social care, green industries, and digital, the Welsh Government can build a resilient workforce, reduce inequality, and support public services under pressure. Independent training providers are ready to deliver these programmes, but need sustained investment and strategic alignment to do so effectively.

Supporting apprenticeships is not just a skills strategy it's a preventative, future-focused investment that strengthens communities and helps Wales meet its well-being ambitions.

