

## **WGDB25-26(6)8 Make UK,**

---

Senedd Cymru | Welsh Parliament

**Y Pwyllgor Cyllid | Finance Committee**

**Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26**

Ymateb gan Make UK, | Evidence from Make UK,

---

### **1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?**

---

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

### **2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

---

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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

---

- help households cope with inflation and 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).

### **4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?**

---

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

Manufacturers in Wales say that the Welsh Government business support policies have not been effective. Manufacturers have stated that the business support policies have been invisible due to a severe lack of communication on what is available for businesses to use in terms of business support.

---

The latest results for Make UK's quarterly economic outlook survey is highly mixed, with positive indications of growth contrasting with key indicators that suggest a decline is on the horizon. The research finds that output volumes have contracted due to a slowing domestic market, as persistently high costs and interest rates have dampened demand in the economy. However, export orders appear to be flying with order books growing for many businesses, though not by enough to compensate for the decline in the domestic market. Most of the exports demand originates from the European Union.

Nevertheless, it should be noted that the last indication of decline also took place in the third quarter of the previous year (Q3 2023), when several of our Manufacturing Outlook metrics were negative. This could suggest as market conditions return to normal business cycles, seasonality may be at play here and the industry will return to growth by the final quarter, just as it did last year.

Forecasts for the manufacturing sector have also been revised down from 1.2% to 0.5% for 2024 due to worse than expected performance this year, particularly in Q2 when manufacturing output declined overall (by 0.6% according to the ONS). Conversely, UK GDP growth has been revised up to 1.1% (from 0.9%) due to better than expected growth in the services sector.

The latest results of our quarterly survey (Q3 2024) reveal the following:

- Output volumes turn negative for the first time since 2020Q4
- Domestic market contracts, whilst exports flourish
- Price setting behaviour cools further, but margins show no sign of recovery
- Employment turns negative for the first time since 2023 Q3 but investment activity is stable
- Confidence continues to climb despite slowdown
- UK GDP forecast – 2024: 1.1%, 2025: 1.8%
- Manufacturing GVA forecast – 2024: 0.5%, 2025: 0.8%

However, manufacturers firmly believe that Make UK's 2025 forecast can improve if the Welsh Government's business support policies are more visible for businesses to utilise.

---

---

**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).

Almost two-thirds of manufacturers have begun to identify the skills they require in their business to manufacture goods and products in a more sustainable way. While 6 in 10 say they believe they have a workforce they could equip with the right skills to manufacture goods and services in a more sustainable way it remains concerning that 4 in 10 do not.

Over a third (37%) of manufacturers identify net zero and 'greenification' as a primary driver behind changing skills needs between now and 2030. As a result of this 60% of manufacturers are revising their skills strategy to ensure they have access to green skills now and in the future.

More than two fifths (42%) of manufacturers identify green skills as the main area of focus for investment in training over the next 1-3 years, and a further 29% identified it as the priority for the next 3-5 years.

Resource efficiency, development of new green products, climate resilience and natural asset management are the areas related to sustainability where manufacturers believe they are most likely to see growing demand for skills.

A significant majority (67%) of manufacturers believe that apprenticeships offer the most effective way to secure the green skills that are needed to produce goods more sustainably.

Policy Recommendations:

Prioritise rapidly increasing provision of training at Level 4 and 5 to meet the green skills demand. We are beginning to see the skill level required in manufacturing shifting towards higher-level skills, 45% of manufacturers believe green skills needed are generally Level 4 and 5 qualifications and almost a third 30% believe those skills needed will be at Level 6 and above- degree level. To meet this demand, provision across the education and skills training market will need to rapidly increase so that business can meet their skills need. Government should prioritise engagement with the manufacturing sector through its Higher

---

Technical Qualifications consultation process to better understand the critical skills businesses will need to make the green transition a success.

**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).

**7. 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?**

**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).

**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).

**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).

**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).

Manufacturers in Wales say that the Welsh Government must be more visible to businesses in terms of explaining its funding decisions.

Manufacturers also believe that by being more visible, the Welsh Government will be able to be held to account by businesses when outlining funding decisions to address policy issues.

An example of this is ensuring greater transparency in apprenticeships and skills. Manufacturers want – better information on the levy contributions paid by Welsh

---

employers and how this compares to the funding allocated to apprenticeship training by Welsh Government; and how the UK Government accounts for the allocation of funding between UK nations, and the differential between employer contributions and funding rates.

Using funding more effectively – Make UK has pushed the UK Government to ensure that all levy contributions are used solely to fund apprenticeship training, and recommended that additional funding could be targeted at apprenticeship training in occupations where there are persistent labour shortages and increasing future demand (e.g. green skills)

For Wales, a portion of unspent UK funding could be used to at least partially reverse the cutbacks announced at the end of 2023.

Welsh Government should also commit to ringfencing all levy funding for apprenticeship training.

Flexibility in the rules – enabling Welsh employers to see a direct return on their levy contributions by allowing for greater flexibility in recruiting apprentices using levy funds for English sites.

---

**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).

**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).

**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).

**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).

---

Manufacturers in Wales say that there has not been adequate investment in basic infrastructure, which has been highlighted by the frustration in the lack of government support for the development of the M4 relief road.

Manufacturers have also expressed frustration at the freeports policy due to no commitment to improve road infrastructure to make access to the freeports more accessible.

Aversion to risk, coupled with long payback times, has resulted in a culture of underinvestment in infrastructure projects in Wales. Overly cautious decisions to ensure Government funds are not wasted has resulted in slow progress, and over half of manufacturers tell us that national road infrastructure has got worse in the last ten years.

From the get-go, comparing these two types of transport infrastructures, we see evidence that road networks play a relatively more important role for manufacturers.

Though, this does not mean that rail freight is not important too, as manufacturers rely on both types of infrastructure to move goods around the country. In many cases, these two infrastructures are quite complementary, with freight moving goods between two different points faster, and HGVs picking up the delivered goods to sites.

There is a case for future infrastructure investments to tie into increasing the attractiveness of rail freight for manufacturers which would help Wales reach its net zero targets, as well as reduce congestion and pollution on our roads.

Policy Recommendations:

- Commit to long term infrastructure projects to ensure that Wales is an attractive place for Foreign Direct Investment (FDI).
  - Repair existing road networks to ensure manufacturers can access logistics and skills, with a focus on A roads and motorways.
  - Long-term rail projects should create more connections to generate a more equitable share of opportunities.
  - Rail freight stations and depots should be better integrated with road networks to ensure this mode of transport is an attractive choice for manufacturers.
-

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

---

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

Review funding bands of level 2 and level 3 apprenticeship standards. Many engineering and manufacturing standards have been underfunded for a number of years – not even accounting for the recent period of high inflation – leading to training provision being withdrawn from the market and employers unable to access the right training locally. The most urgent task of the new government and Skills England is to ensure that the skills training market has the support and capacity to deliver the training that employers need.

Employer incentive payments for apprenticeship training linked to current and future labour market demand. There should be financial support for apprenticeship standards that relate to existing shortage occupations – using the Immigration Salary List as a starting point – and areas of future skills demand.

Support employer engagement with T Levels. Employers need more effective support from government to offer industry placements to students. Flexibility in delivering these – for example allowing simulated placements – and better join-up with apprenticeships are key as the new government considers the scope of its curriculum review

## **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).

## **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 the pandemic, sufficient?**

---

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

## **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).

---