

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

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Response from: Construction Industry Training Board, CITB Cymru



Welsh Government's Draft Budget 2025-26

CITB Wales response

Consultation questions

1. We have responded to those consultation questions most closely linked to our work, knowledge and insight as follows:
2. **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?**
 - 2.1 The provision and evolution of construction skills is a critical aspect of delivering a greener economy and achieving the government's wider net zero requirement. We welcome the Welsh Government's focus on this aspect of the drive to achieve net zero through its Net Zero Skills Action Plan. The challenge however continues to be one which is stark, and the construction industry requires certainty about the future direction of travel in building homes, infrastructure etc. to be sufficiently clear so that construction employers can train and expand their workforce in-line with the ambition to achieve Net Zero by 2050.
 - 2.2 Our modelling suggests that an additional 12,000 FTE workers will be needed in Wales by 2028, primarily to deliver improvements to existing buildings to reduce energy demand. That represents an increase of around 11% on the current size of the workforce in Wales. Based on current technologies and ways of working, this has the potential to give thousands of people a valuable new career opportunity as we emerge from a time of national crisis.
 - 2.3 After an initial drop in employment in 2029 – mainly due to the completion of the majority of retrofit works employment is then sustained at an average of around 11,000 FTE. The drop in employment numbers seen in 2029 mostly affects those with lower-level qualifications.
 - 2.4 Within this we estimate that an additional 2,800 plumbers and HVAC workers will be required, primarily in the installation of heat pumps by 2028. The research also highlights that we require just over 2,500 project managers by the same date, this includes specific roles like Retrofit Coordinator. The demand for Building Envelope Specialists (which includes insulation installers) in Wales will be 900 in 2028.
 - 2.5 Whilst technical expertise and understanding will remain important the value and role of softer skills linked to leadership and teamwork should not be undervalued. Tradespeople will need to further develop their skills in these areas in order to work more collaboratively alongside each other.

- 2.6 With that transition will come the opportunity to attract new talent to the construction industry and further diversify career routes as techniques and methods associated with net zero become mainstream, and existing trades adapt their own methods prompting upskills of the existing workforce.
- 2.7 Careful consideration and planning is required so that industry and those who wish to work in construction reap the benefits of this transition. In the following response we have provided evidence and insight for those questions linked to construction skills and education.
- 2.8 Our industry survey as part our Building Skills for Net Zero report found that three quarters of respondents to the survey highlighted above, across the UK say that decarbonisation was either important or very important to themselves or their company. Furthermore, 70% say they have a good or very good understanding of how they will need to change their business because of the need to decarbonise, with a high proportion, 88%, saying they would be willing to diversify and 90% would retrain if necessary.
- 2.9 Whilst this shows a willingness in industry to adapt to the net zero future, the need to start that process of adaptation now is clear. More than three quarters (78%) of those we spoke to believe there will be a shortage of skills in their specific occupation when it comes to decarbonisation work. The most regularly cited reasons for the absence of appropriate skills in specific roles were lack of training, lack of funding for training, regulatory changes, and an absence of agreed standards in that particular occupation.
- 2.10 In a recent CITB activity tracker which draws insight from the industry on business operations and perceptions about capacity, 1 in 4 of those that responded reflected that an unclear pipeline of work was undermining investment in skills and training. Without a steady and clear pipeline of Net Zero related work it isn't possible for many companies operating in the industry to invest in new skills and methods linked to Net Zero. It is that long-term approach that will help support and develop our understanding of the skills we need now and in the future.

3. 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?

How should the Budget support young people?

- 3.1 Apprenticeships are a key offer to young people, often acting as a gateway into the construction industry where classroom and work-based learning allows for a well-rounded introduction on to a well-paid, rewarding career path. There are however significant challenges within the apprenticeship system, where the Welsh Government's budget could play a role in supporting innovative solutions to act as a blueprint for larger-scale change.

- 3.2 Re-addressing the value of the apprenticeship contract for Further and Higher Education providers would be a valuable step to ensuring a stable delivery foundation to both support those in the current system and expand the number of apprentices able to access a course each year. Given the cut to apprenticeship funding there is potentially a significant challenge in terms of course provision whereby the comparatively higher cost associated with convening construction courses results in those being the first to be drawn back considering funding shortfalls felt by providers.
- 3.3 The apprenticeship system and the outcomes it achieves can only be successful where there is employer capacity to recruit, train and retain apprentices. The budget should be a key mechanism for providing construction employers with the certain needed over pipelines of work to consider taking on apprentices, or upskilling/expanding their existing workforce. This certainty is a key part of ensuring that there are sufficient apprenticeship and job opportunities available in the construction industry to accommodate both full time learners and those undertaking an apprenticeship in full-time positions being retained within the construction workforce.

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

- 3.4 There are additional areas where the use of specific construction skills evidence, foresight and data could support the efficient use of the Welsh Government budget allocation. These include:

Utilising a long-term view of the construction skills shortfall.

- 3.5 Our [Construction Skills Network \(CSN\)](#) Labour Market Intelligence Report places the state of construction skills sector in Wales into sharp context and aids an understanding of the continued progress and effort needed to meet the Welsh Government's ambitions for the construction and built environment through its budget allocation. Importantly, it provides a long-term view of the construction skills shortage, and should therefore be an important factor in deciding how policy priorities can be achieved in practice. The most recent CNS details that:
- 3.6 The equivalent of an extra 11,000 workers will be needed in the nation from 2024 to 2028. We forecast that the 2023 workforce of 118,250 in the nation will decrease slightly to 116,520 in 2024 before increasing to reach 120,960 by 2028. For the UK, we're also forecasting a reduction in the workforce in 2024, picking back up to 2028. The current level of recruitment in the Welsh construction industry has been around 8,900 workers per year, while slightly more have left each year, around 9,200. This gives a slight outflow of workers and helps to explain why the workforce levels are set to dip in 2024.

3.7 Construction workers are still in demand and relatively low levels of unemployment leads to competition for workers. To fill vacancies and recruit new staff, companies can:

- Attract skilled workers who have left the industry back into construction. This would be either those who have left to work in other industries or those that have become unemployed or inactive.
- Recruit and train new entrants into construction from those leaving school, further education, higher education or migration.
- Improve the retention of workers within the industry.
- Look at how productivity can be improved.

3.8 Companies that meet what workers value the most are the ones that are more likely to be successful at attracting and retaining new staff. That could range from being able to offer long-term career opportunities with support to help development, through to good levels of pay, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

Understanding impact of FE funding through learner destination data

3.9 The basis of that understanding should stem from our Further Education system, where approximately 14,000 learners¹ undertake construction courses each year. There are considerable advantages to understanding the experiences of each and every learner within this figure, by:

- Providing evidence about the learning experience of learners in further education
- Providing detailed information of the destination of learners six months after completion of their courses which will enhance forecasting of the demand for employment and training in the industry by providing data on the flow into the construction labour force from those on training; and
- Investigating how the learning experience influences the outcome and planned future activities.

¹ [Learning activities at further education institutions by subject and credit level \(gov.wales\)](https://gov.wales/learning-activities-at-further-education-institutions-by-subject-and-credit-level)