

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

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ColegauCymru Response to the Senedd Finance Committee
Consultation:
Welsh Government Draft Budget 2025-26

November 2024

Introduction

ColegauCymru 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. ColegauCymru 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.

ColegauCymru welcomes the opportunity to submit its response to the Senedd's call for information – Welsh Government Draft Budget Proposals for 2025-26. 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.

FE and apprenticeships are fundamental to our economic recovery and to the fairer, greener, stronger society we all want to build. Any reduction in funding for FE or apprenticeships 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. For example:

1. 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 behavioral 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. Recent analysis by ColegauCymru shows that enrolment in the 16-18 age group for 2024/25 has increased by 8.27% since 2023/24. Enrollment figures have particularly increased for those learners coming in at lower levels, and learners who require support to remain in education.
2. The Welsh Government has provided some support for colleges to employ additional staff to cover Additional Learning Needs (ALN), however this has been through limited, temporary grants. These come to an end in March 2025, and while they have supported some increase in staffing, colleges are finding that they have not provided the capacity required to meet the needs of a growing cohort of ALN learners as we move to full implementation in 2025/26.
3. The Welsh Government's research from March 2023 shows that 41% of 16 to 24 years olds identified transport as being the number one barrier to getting a new course, training or a job. Learners currently face a postcode lottery of transport provision across Wales.

4. Any reduction in funding for FE and WBL will severely undermine drive towards Green Jobs and Growth, and specifically enabling businesses to achieve their net zero targets and affect our ability as a nation to be able to attract the kind of investment that we need for the future. As the Welsh Government looks to speed up the pace of renewable energy developments it is vital that there is a pipeline of skills and talent to maximise the benefit to local communities.
5. Full-time learner numbers in FE have recovered strongly since the pandemic, increasing by 2,500 between 2023/4 and 2024/5. We estimate this has added around £23m of unfunded delivery for 2024/5. However, the greatest growth has been in learners studying at either Level 2 or at Entry Level. While there has been growth in Level 3 (A Levels and L3 vocational provision), the growth has been in those learners who didn't achieve the threshold of 5 A*-C grades at GCSE and will therefore be starting on lower level programmes. These are learners who will require more support and will probably need to stay in college for an additional year.

1. Background

There are multiple financial pressures on the FE sector, both in-year and looking ahead to 2025/6. These pressures come after successive years of challenging settlements and significant cost cutting measures already undertaken. Over the last two years the majority of institutions have undertaken redundancy processes in some form and all colleges have been engaged in wider efficiency exercises. This reflects the long-standing willingness of the sector to make difficult short-term decisions in order to secure the long-term viability and quality of provision. However, and as we set out last year, the impact of budget reductions to work-based learning alongside significant pressures in the mainstream FE budgets, mean that colleges will be faced with a challenging position at the start of the 2025/6 academic year.

A combination of previous efficiency exercises, the impact of inflationary pressures and the pressure on the curriculum and learner services means that there is now limited scope for the sector to absorb further pressures without a significant impact on staffing levels, learner support and the breadth of the curriculum offer. Funding for vocational and academic provision has not increased in line with the actual cost of delivery over a number of years. This has had the impact of asking colleges to deliver more with less. Funding needs to better reflect the cost of delivery, for example the significant rise in the cost of consumables on vocational programmes.

We know that demand across the tertiary sector is not uniform but demand for FE, and in particular vocational provision, is rising. Learner numbers in further Despite pressure on the Welsh Government budget, there is an opportunity to invest in the sector for long term gains. With Wales looking for a pathway out of flat economic growth, a strong FE and WBL 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.

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 2024-2025 Budget?

Last year the sector absorbed a 14% cut to apprenticeship provision in the Welsh Government Budget. The Centre for Economics and Business Research recent analysis¹ shows the Impact of Apprenticeship Funding Cuts in Wales:

- Nearly 6,000 fewer apprenticeship starts in Wales this year
- A £50.3 million 'short run' impact on the economy (measured in terms of Gross Value Added)
- The health and social care sectors being impacted the most, making up around 2,500 of the total drop in starts.
- Funding cuts disproportionately affecting the most deprived within the Welsh population.

Recruitment has slowed and staffing efficiencies have been made. Demand for apprenticeships continues to be high, from both learners and employers. Any further funding reductions will immediately undermine support for our anchor companies and SMEs, as well as putting future inward investment opportunities at risk. SMEs accounted for 62.4% of employment and 37.9% of turnover in 2019 in Wales.² Protecting the apprenticeship and part-time learning budgets are essential to ensuring employers can upskill their workforce and grow their businesses, as well as the positive impacts that apprenticeships have on learners.

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.

3. 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?

¹ [ColegauCymru warns of devastating impact of apprenticeship funding cuts](#)

² <https://www.fsb.org.uk/resource-report/building-business.html>

FE colleges directly support businesses more than any other form of education through programmes such as apprenticeships and Personal Learning Accounts (PLA). We welcome the UK Government's extension of the UK Shared Prosperity Fund for one year as a transitional arrangement, but are concerned that this is at a reduced level for another year with £900 million of funding, meaning far less support available to businesses through FE in 2025/26.

It is incredibly difficult for the sector to plan for the long term when so much is uncertain. Colleges generally have robust finances, and have already made significant savings to meet the challenging fiscal environment. 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, which would result in a poorer experience for learners from the most disadvantaged communities.

A strong apprenticeships programme is key to ensuring that the Welsh Government can achieve its ambition for a stronger, greener, fairer Wales. However, providers are reporting considerable pressure as a result of the budget cuts to apprenticeships which is having a direct impact on their capacity to meet the needs of learners on key programmes. In particular, providers are reporting high demand that they cannot meet in sectors such as construction and health and social care. These sectors are critical to the foundational economy.

Apprenticeships can and should be at the heart of both the Welsh and UK Government plans for growth and opportunity. To deliver them will require moving towards a restoration of lost funding so that the capacity can respond effectively to demand from employers and learners. Recent research³ jointly commissioned by ColegauCymru and the National Training Federation for Wales measured the impact of the Welsh Government's budget decisions last year, which have led to 5,750 fewer apprenticeships in Wales. The key findings are:

- **Total Economic Loss:** Combining short-term and long-term impacts, the total loss ranges from £158.8 million to £215.7 million.
- **Industry-Specific Impact:** The Health sector is the most affected, with losses up to £66 million. Professional Services and Construction seeing significant losses, with construction facing up to £42.5 million in losses. Manufacturing is the least affected, with losses of around £6.7 million.
- **Impact by Deprivation Decile:** Most Deprived Deciles: The bottom 40% of the population will experience the highest GVA loss, highlighting the disproportionate impact on the most vulnerable groups.
- **Healthcare Apprenticeships:** Potential reduction of 2,613 apprenticeships, exacerbating existing workforce shortages and impacting NHS service delivery.

³ [ColegauCymru warns of devastating impact of apprenticeship funding cuts](#)

- **Construction Apprenticeships:** Estimated reduction of 565 apprenticeships, leading to a significant GVA loss and worsening workforce shortages in the construction industry.

Also, 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 tradespeople⁴. 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.

One other key factor to consider is the potential impact in the increase in employer national insurance contributions as a result of the UK Government budget. This will add significant in-year staffing costs and it is essential that further education is given sufficient additional funding to help mitigate any impact.

4. Cost of living a) 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 parts of Wales has 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 has spoken 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.

Pressure on the cost and reliability of learner travel is therefore increasing, in part driven by cost pressures on local authorities This is a complex area and provision will vary between local authorities, but all colleges are seeing increasing pressure both in terms of transporting learners to college and also, where required, to work placements that are part of a programme of study.

The Financial Contingency Fund is provided to colleges by the Welsh Government who then means-tested support for learners. 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

⁴ [UK to lose out on £98bn of growth by 2030 due to shortage of tradespeople \(kingfisher.com\)](https://www.kingfisher.com/uk-to-lose-out-on-98bn-of-growth-by-2030-due-to-shortage-of-tradespeople)

as being the number one barrier to getting a new course, training or a job⁵. ColegauCymru understands that the Welsh Government's Cabinet Secretary for Transport and North Wales is due to convene a Learner Travel Summit in the coming months, and this is to be welcomed. Additional funding into the Financial Contingency Fund will give colleges the resources and the flexibility they need to respond to the needs of learners in their communities. It is essential that additional resource is provided both for 2024/5 and 2025/6 to help reflect the increase in learners and the increase in additional support they require.

Cost of living b) 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 WBL budgets is likely to have a disproportionate impact on individuals from the most deprived areas of Wales. The most recent figures 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 deprived 10% of neighbourhoods in Wales. This is compared to 8% of the 23,375 Sixth form students registered at schools in Wales.

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 Education Maintenance Allowance (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.

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?

⁵ [Young Person's Guarantee National Conversation: update for participants](#) – Welsh Government

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 economy⁶, 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, energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing.

A great example of this is RWE, one of the world’s leading offshore wind companies, and the UK’s leading power generator, recently recruited its biggest-ever cohort of wind turbine technician apprentices to serve on its growing fleet of offshore wind farms. The group of 16 apprentices will study at Grŵp Llandrillo Menai’s recently opened, state-of-the-art, engineering training site in Rhyl, North Wales. This latest intake brings the total number who have started the course to more than 100.

Any reduction in funding for FE and WBL 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.

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)⁷ 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 behaviors, and educational attainment plays an important role in health by shaping opportunities, employment and income⁸. 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

⁶ [Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan](#) – Welsh Government

⁷ [The influence of education on health: an empirical assessment of OECD countries for the period 1995–2015 | Archives of Public Health | Full Text \(biomedcentral.com\)](#)

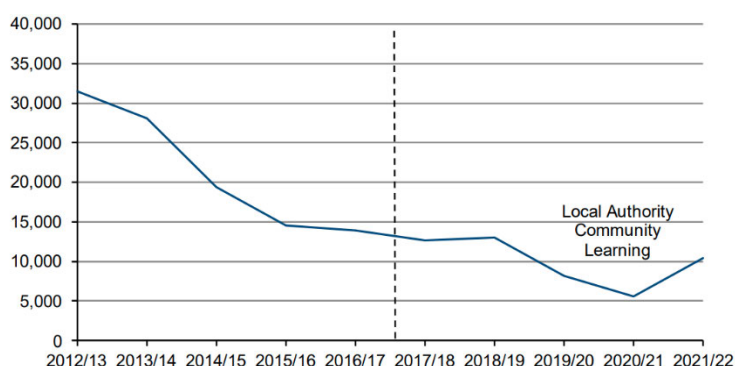
⁸ [Education: a neglected social determinant of health - The Lancet Public Health](#)

critically, recommends that the Welsh Government should continue investment in ‘interventions that address upstream determinants’, including education.

A decade ago, the budgets for part-time and adult community learning were slashed⁹. Since then, as recognised by Audit Wales, part time students have been particularly affected by the pandemic – especially those in adult community learning¹⁰. 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”¹¹.

The long term decreased trend in adult learning can be linked to reductions in public funding¹². 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 lives¹³.

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



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 huge budget pressures. 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.

7. How should the Budget support young people?

⁹ [Criticism over cuts to adult learning budgets in Wales - BBC News](#)

¹⁰ [A Picture of Higher and Further Education \(audit.wales\)](#)

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

¹² [Further Education, Work-based Learning and Adult Learning in Wales, 2021/22 \(gov.wales\)](#)

¹³ [Adult learning briefing ENG.pdf \(colleges.wales\)](#)

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?

Colleges across Wales are making a significant contribution towards Wales wellbeing goals, as evidenced in the Demonstrating the Social Value of Further Education Colleges report¹⁴.

ALN - The roll out of the Additional Learning Needs (ALN) legislation, ColegauCymru has worked with the sector to establish the true cost of ALNET changes to FE institutions. This has involved each of the colleges providing time and cost details per learner for staff activity that would not have been required before ALN Implementation. This activity includes:

- Increased workload associated with transition events and activities
- Attending school reviews to ensure additional learning provision (ALP) needs are interpreted effectively for an FEI environment
- Requesting, obtaining and scrutinising learner information
- Increased numbers of meetings with prospective learners to adjust ALP and the individual development plan (IDP) before and after they start college
- Additional correspondence required to meet ALNET duties
- Organising and delivering person-centred meetings to include stakeholders as learner consent allows
- Administration of the electronic IDP systems and managing data required for evaluation and reviews.

ColegauCymru has collated and summarised this data in the table below. This provides actual additional spending based on three epidemiology scenarios: ALN cohorts of 5%, 10% and 15% of full-time learners. These costs relate only to additional ALN activity.

Year Cost @5% ALN Cost	@ 10% ALN Cost	@ 15% ALN Cost
2025/26 £2,089,663	£4,094,327	£6,098,99

Mental Health and Wellbeing - It is vital that the ongoing costs of providing support for mental health and wellbeing are recognised and supported as part of the budget. The level of demand remains far higher than before the pandemic and funding for mental health and wellbeing services will need to be part of core budgets into the future.

For example, since the 1970s Slovenia has promoted regular activity among its population, resulting in healthier and more economically active adults. This ethos has supported its growth over recent decades. Young people aged 6 to 19 undergo mandatory national annual fitness testing, the data from which is used to inform public policy and national health and education

¹⁴ [Demonstrating the Social Value of FE colleges in Wales - Full Report Eng.pdf](#)

strategies. The tests, supported by dedicated PE lessons from primary age, have resulted in a culture of physical activity that is taken into adulthood.¹⁵

This example shows how it is essential that the role of colleges as part of the broader support system for young people is recognised and adequately funded. We need to see more emphasis on active wellbeing and its positive effects for good mental health in the education sector before it can truly become a way of life.

All FE Colleges involved in the Welsh Government funded Mental Health project gathered the following data on wellbeing and safeguarding referrals. This illustrates a significant percentage increase, year on year since the beginning of the Pandemic:

	19/20	20/21	21/22	22/23
Total Wellbeing Referrals	6,454	7,565	12,152	15,824
Total Safeguarding Referrals	2002	2844	3838	6614
Total	8,456	10,409	15,990	22,438
Percentage increase on prev. year		23%	54%	40%

Attendance and attainment - The challenges of school attendance and attainment are well known and understood but the solutions are often seen too simplistically as sitting only within the pre-16 system. There is strong evidence from existing college programmes for pre-16 learners that access to college based provision, in particular vocational education and training, can be more effective in supporting young people who are disengaged from school. Estyn’s review of the Junior Apprenticeship programme demonstrates this model delivers a range of positive impacts including: improved levels of engagement and attendance; very high success rates in vocational qualifications offered; strong positive learner feedback; and strong progression rates into FE and training.¹⁶

Colleges can be a part of the solution by offering an engaging curriculum for disengaged young people, potentially providing them with the chance to undertake practical, vocational courses and offering them a pathway into post-16 education and training. This already happens in many parts of Wales but the offer is normally limited in scope and is certainly not universal across every part of the country.

While we recognise that public finances are tight we believe there is a case for positive, additional investment in FE to help schools improve learner attendance, attainment and progression, as well as learner health and wellbeing.

¹⁵ <https://pmc.ncbi.nlm.nih.gov/articles/PMC9486162/>

¹⁶ <https://www.estyn.gov.wales/system/files/2024-05/A%20review%20of%20the%20junior%20apprenticeship%20programme%20in%20Wales.pdf>

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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