



Open letter from employer representatives

Deep cuts to apprenticeship programme will undermine new economic mission and cut talent pipeline for employers.

As business leaders and employers from across Wales representing businesses and organisations of all sizes, we are concerned by the prospect of significant cuts to Wales's flagship apprenticeship programme by the Welsh Government next year, reducing opportunities for thousands of young people across Wales and risk prospects for new business growth and investment.

The cliff edge funding cut due to the decision to reverse a commitment to provide £18m transition funding from the loss of European funding coupled with the in-year budget cut of £17.5m announced in October 2023 means that we are facing a reduction of up to circa. 10,000 new apprentices across Wales in the contract value next year, a possible reduction of up to 50% new starts.

Whilst we recognise the highly challenging funding outlook that the Welsh Government faces, this level of cut will have a major impact on skills development, business activity and growth.

Continuing to deliver a fully funded skills programme is essential to ensuring that Wales keeps pace with the needs of a modern economy and demonstrates that Wales is open for business. Apprenticeships provide a workforce with the skills required to secure Wales's place as a globally competitive business location.

We have a strong and proud track record in delivering high quality apprenticeship opportunities in Wales over recent years, the proposed circa. 24.5% cut to the contract value next year will not only undermine this success, but it will also set back investment in skills and our professional skilled workforce by several years and severely impact business activity and opportunities for growth.

A well-developed and highly skilled workforce must be central to any plans for growing our economy. It is imperative, therefore that there is sufficient resource available, which not only meets that need, but supports the ambition of businesses and the aspirations and opportunities of the employees within them.

The Welsh Government's own evaluation of apprenticeships in 2021 underscored the critical role of the programme in fostering economic growth and its positive impact in terms of "raising the skills levels of people who have low or no skills and increasing the number of people in the workforce who possess job-specific skills. The evidence highlights the significant impact on apprentices' income, with an impact

equivalent to an increase of £7,866 in earnings in the first year after completing their apprenticeship alone.

The demand for apprenticeships remains strong, from learners and employers, and we urge Welsh Government to reconsider and provide the necessary transition funding from European funds to benefit learners, skills development, productivity, and business growth.

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