

# A Work, Health and Skills Plan for Wales

Delivering a more inclusive labour market for ethnic minority groups

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# Contents

Introduction.....	2
The ethnicity employment gap in Wales.....	3
Economic inactivity through ethnicity, health conditions and other characteristics.....	9
Ethnicity and qualification level.....	10
Experience of economic inactivity.....	10
What next?.....	13

## Introduction

Employment support in Wales is changing, with the UK Government committing to the devolution of all non-Jobcentre Plus employment support programmes. Learning and Work Institute (L&W) analysis indicates an estimated £47 million per year could be provided through devolution to deliver employment support in Wales.

This shift comes at a time when 15.8 per cent of the working age population in Wales are economically inactive, a rate that is higher than that of England (14.2 per cent).<sup>1,2</sup> In Wales, economic inactivity is more likely to affect those from ethnic minority groups (18.0 per cent) compared to those from White backgrounds (15.7 per cent).<sup>3</sup>

Wales faces other labour market inequalities too. The ethnicity employment gap is bigger in Wales (a gap of 10.2 per cent) than all other UK nations.<sup>4</sup> Gender is also an important factor. Women are significantly more likely to be economically inactive than men (at a rate of 18.8 per cent compared with 12.7 per cent).<sup>5</sup> The move towards devolution provides an opportunity for the next Welsh Government employment strategy to address specific challenges at a regional and local level. To inform a new approach to employment support in Wales, L&W have been conducting research, funded by Serco, focused on boosting employment and closing gaps faced by women, people from ethnic minority groups, disabled people, and people with long-term health conditions.

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<sup>1</sup> Throughout this paper economic inactivity data (from the 2021 Census) refers to adults (16-64 years of age) who are listed as economically inactive through disability or long-term health condition, looking after home or family, or for 'Other' reasons. It does not include students or people who say they are retired

<sup>2</sup> 2021 Census

<sup>3</sup> 2021 Census

<sup>4</sup> Annual Population Survey data covering April 2024 to March 2025.

<sup>5</sup> 2021 Census

This briefing paper explores the employment gap in Wales for ethnic minority groups. It draws on employment gap analysis for the four economic regions in Wales using Annual Population Survey and 2021 Census data.

It also presents findings from a series of qualitative fieldwork conducted in June and July 2025. This included two focus groups with people from ethnic minority groups. The first group was held in-person in Newport with six people living in and around the area. All participants in this group were employed but had previous experience of economic inactivity. The second group was held in person with people living in and around Swansea. It was attended by six participants, all of which were economically inactive. Participants across both groups were later invited to attend an online feedback session to help shape recommendations. Just one participant joined this discussion.

While the qualitative findings offer valuable insights, the small number of participants means they may not be representative of the broader population. Just over half of participants were women, and the age of participants ranged from 23–65.

A stakeholder workshop was hosted in June 2025 with 10 attendees from private, public and third sector organisations involved with skills and employment support in Wales. This workshop focused on stakeholders' experiences of supporting people from ethnic minority groups into employment.

Stakeholders who attended this workshop, and stakeholders who attended two other workshops (focused on women and disabled people and those with long-term health conditions) were invited to join an online feedback session in July 2025. Eight stakeholders joined this feedback session to discuss potential policy recommendations.

## The ethnicity employment gap in Wales

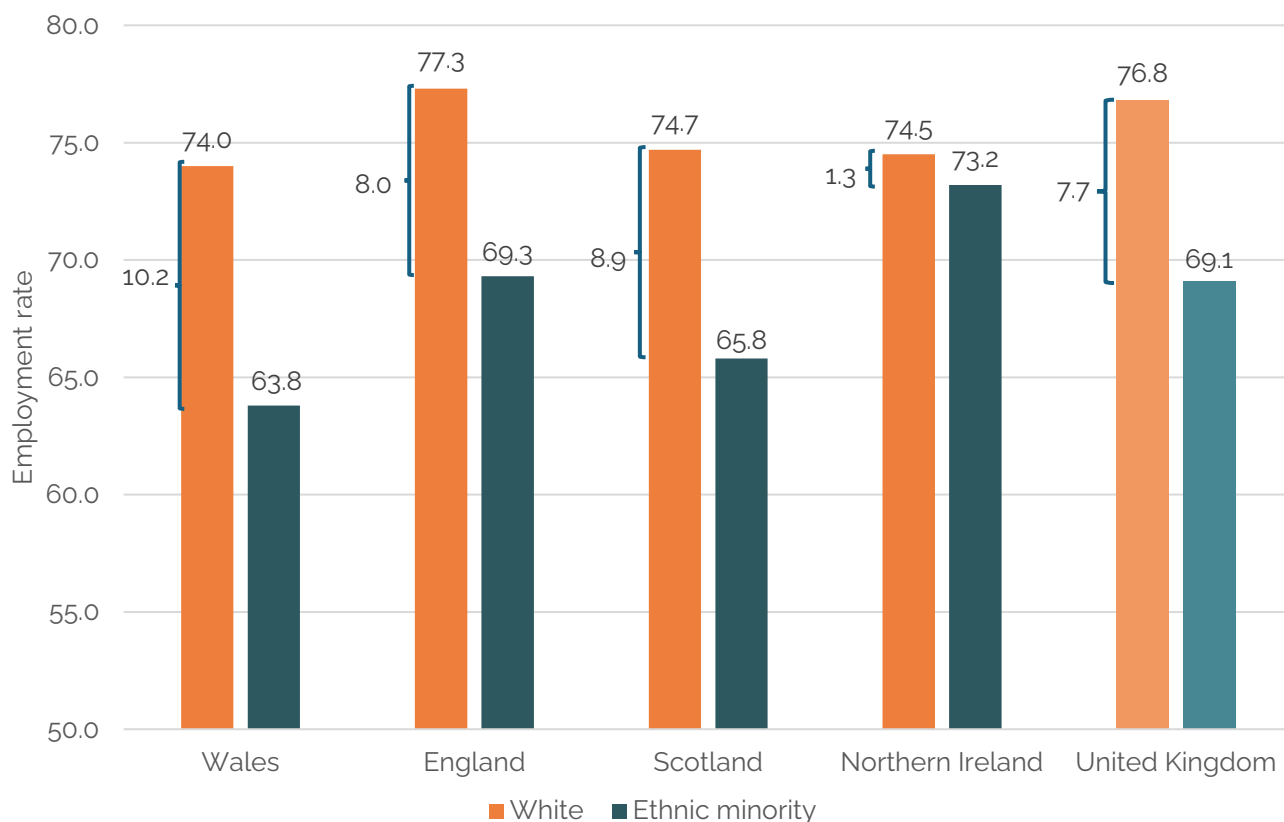
This first section compares the difference in employment rate for the working age population (16 – 64) from ethnic minority backgrounds, compared to those from White backgrounds in Wales and across the UK. It draws on Annual Population Survey data covering April 2024 to March 2025.

### How Wales compares to the rest of the UK

The employment rate for those from ethnic minority backgrounds was 63.8 per cent, compared to a rate of 74.0 per cent for those from White backgrounds. **This gives Wales an ethnicity employment gap of 10.2 percentage points.**

Figure 1 shows how the ethnicity employment gap in Wales compares to other UK nations. Wales has the highest employment gap (10.2 percentage points), followed by Scotland (8.9 percentage points), England (8.0 percentage points) and Northern Ireland (1.3 percentage points).

**Figure 1: Employment rate gap between adults from ethnic minority backgrounds and from White backgrounds in each UK nation (aged 16-64)**

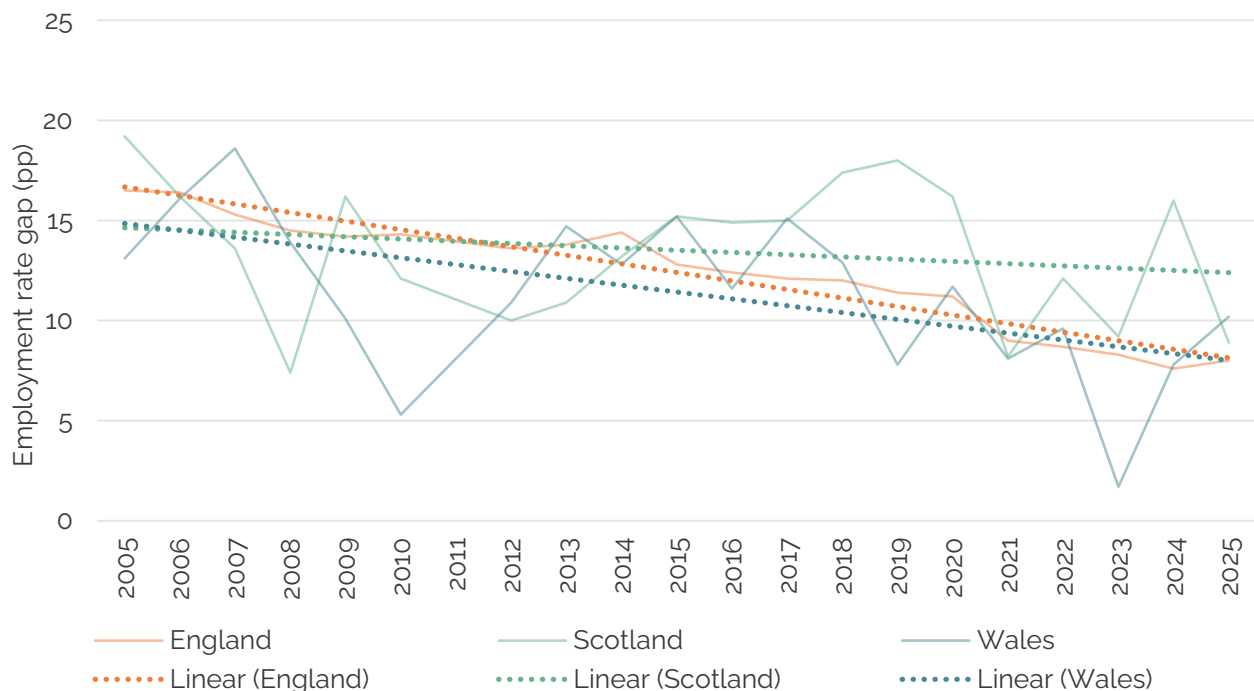


Source: UK Annual Population Survey April 2024 to March 2025

Time series data highlights that in Wales, as well as England and Scotland, the employment rate gap between adults from White backgrounds and ethnic minority backgrounds has generally narrowed.<sup>6</sup> Figure 2 shows that in the last 20 years, between April 2004 -March 2005 to April 2024 – March 2025, this gap reduced from 13.1 percentage points to 10.2 percentage points. It should be noted that the gap was significantly wider in other years, peaking at 18.6 percentage points in April 2006 – March 2007, for example. The gap in employment rates between White adults and adults from ethnic minority backgrounds in Wales has closed at a similar rate to England.

<sup>6</sup> Northern Ireland has not been included in the analysis, given the small number of adults from ethnic minority backgrounds.

**Figure 2: Employment rate gap between adults aged 16-64 from White and ethnic minority backgrounds in each UK nation (percentage point difference) from April 2004-March 2005 to April 2024-March 2025**



Source: UK Annual Population Survey April 2004-March 2005 to April 2024-March 2025

### Variation across regions

Comparing employment rates by ethnicity at regional levels reveals some variation. Figure 3 shows the ethnicity employment gap for each of the four regions in Wales.<sup>7</sup> It uses data from the 2021 Census to highlight the gap between the employment rate for adults aged 16-64 with a White background and the employment rate for adults from ethnic minority backgrounds.

In South West Wales, 67.8 per cent of adults with a White background were in employment. This is a significantly higher than that of adults from an ethnic minority background (53.0 per cent). South West Wales has the largest gap in employment rate between those from a White and an ethnic minority background of all Welsh regions of 14.8 percentage points.

<sup>7</sup> Wales has four regions. South East Wales includes the local authorities of Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and the Vale of Glamorgan. South West Wales includes Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. North Wales includes Conwy, Denbighshire, Flintshire, Gwynedd, the Isle of Anglesey and Wrexham. Finally, mid-Wales includes Ceredigion and Powys.

There was least disparity by ethnicity in North Wales. In this region the employment rate was 71.3 per cent for those from a White background and 62.2 per cent for those from ethnic minority backgrounds leaving a gap of 9.1 percentage points.

Wider evidence highlights persistent underrepresentation of ethnic minorities in senior roles, overrepresentation in low-paid and precarious jobs, and barriers such as workplace discrimination, lack of inclusive recruitment practices, and limited access to culturally competent support services.<sup>8 9</sup> In addition, poverty and inequality disproportionately affect ethnic minority communities in Wales, compounding employment challenges.<sup>10</sup>

**Figure 3: The average employment rate gap between the White working age population and those from ethnic minority backgrounds in each Welsh region**



Source: ONS 2021 census

### Employment rate at local authority level

Table 1 draws on data from the 2021 Census to show the difference in employment rate between people from White and ethnic minority backgrounds for each of the 22 local authority areas in Wales.

Gwynedd has the greatest difference in employment rate between those from White and ethnic minority backgrounds, with a gap of 22.7 percentage points. This is followed by Swansea (18.7 percentage points), Cardiff (17.8 percentage points) and Ceredigion (16.2 percentage points).

<sup>8</sup> Wales Centre for Public Policy (2021) [Improving Race Equality in Employment and Income](#)

<sup>9</sup> Future Generations Commissioner for Wales (2021) [Inequality in a Future Wales: Areas for action in work, climate and demographic change](#)

<sup>10</sup> Joseph Rowntree Foundation (2025) [Poverty in Wales 2025](#)

Employment gaps in these areas are shaped by a combination of economic, demographic, and structural factors. Rural areas like Powys and Ceredigion face challenges due to limited infrastructure, ageing populations, and fewer high-skill job opportunities, while urban centres like Cardiff and Swansea experience inequality due to high living costs, skills mismatches, and pockets of deprivation.<sup>11</sup> There are persistent barriers for underserved groups such as disabled people and ethnic minorities, while public sector job cuts have disproportionately affected local employment in cities like Swansea and Newport.<sup>12 13</sup>

At the other end of the scale, Blaenau Gwent had no gap in employment rate between those from White and ethnic minority backgrounds. Other local authorities with small employment gaps include Merthyr Tydfil (0.4 percentage points), Torfaen (2.0 percentage points), Caerphilly (2.6 percentage points) and Conwy (2.7 percentage points).

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<sup>11</sup> Future Generations Commissioner for Wales (2021) [Inequality in a Future Wales: Areas for action in work, climate and demographic change](#)

<sup>12</sup> Joseph Rowntree Foundation (2025) [Poverty in Wales 2025](#)

<sup>13</sup> Swansea University (2019) [The Welsh Economy, the Labour Market and Challenges](#)

**Table 1: Employment gap between those from White and ethnic minority backgrounds in Welsh Local Authority areas**

Region	Local Authority	White	Ethnic minority backgrounds	Employment gap (Percentage point)
North Wales	Gwynedd	66.6%	43.9%	22.7
South West Wales	Swansea	63.4%	44.6%	18.7
South East Wales	Cardiff	63.7%	45.9%	17.8
Mid Wales	Ceredigion	61.5%	45.4%	16.2
South West Wales	Neath Port Talbot	64.1%	48.9%	15.2
South East Wales	Newport	70.0%	56.4%	13.6
South East Wales	Rhondda Cynon Taf	66.3%	52.9%	13.4
North Wales	Wrexham	69.7%	59.1%	10.5
Mid Wales	Powys	73.2%	63.0%	10.2
North Wales	Denbighshire	68.0%	59.3%	8.7
North Wales	Isle of Anglesey	68.4%	61.3%	7.1
South West Wales	Pembrokeshire	68.4%	61.4%	7.0
South West Wales	Carmarthenshire	68.2%	61.3%	6.9
South East Wales	Monmouthshire	72.5%	66.2%	6.3
North Wales	Flintshire	73.2%	68.0%	5.1
South East Wales	Bridgend	67.4%	62.6%	4.9
South East Wales	Vale of Glamorgan	71.1%	67.1%	4.0
North Wales	Conwy	68.2%	65.5%	2.7
South East Wales	Caerphilly	67.5%	64.9%	2.6
South East Wales	Torfaen	68.2%	66.2%	2.0
South East Wales	Merthyr Tydfil	66.1%	65.7%	0.4
South East Wales	Blaenau Gwent	65.1%	65.1%	0.0

Source: ONS 2021 National Census



## Economic inactivity through ethnicity, health conditions and other characteristics

This section explores economic inactivity, the extent to which it is experienced by different ethnic groups, and how it intersects with other characteristics and circumstances. It presents data taken from the 2021 Census focused on adults aged 16-64 who are recorded as economically inactive through looking after home or family, disability or long-term sickness, or for 'Other' reasons. It does not include students or retired people.<sup>14</sup>

As of March 2021, the rate of economic inactivity for the working age population of Wales was 15.8 per cent. Economic inactivity was highest among those from 'Other' ethnic backgrounds, at 23.0 per cent, followed by those from Mixed (17.6 per cent), Asian (17.1 per cent) and Black (16.4 per cent) backgrounds. The rate of economic inactivity for those from a White background was 15.7 per cent, which is lower than that of all individual ethnic minority background groups.

Looking at England as a comparison, there is a similar trend in rates of economic inactivity and ethnicity, however the rates for each group are lower than when Wales is considered independently. Those from 'Other' ethnic backgrounds were most likely to be economically inactive (22.9 per cent), followed by those from Asian (19.6 per cent), Black (15.4 per cent), and Mixed (14.3 per cent) backgrounds. Those from White backgrounds are least likely to be economically inactive (13.2 per cent).

The data suggests that the proportion of adults who are looking after their home or family is a large driver of economic inactivity. In Wales, this was reported by 5.4 per cent of the working age population overall. A higher proportion of those from 'Other' (11.3 per cent), Asian (10.3 per cent), Black (7.1 per cent) and Mixed (5.7 per cent) backgrounds were economically inactive for this reason, compared to those from White backgrounds (5.1 per cent).

Across Wales, the difference in employment rate between men and women was highest among those from 'Other' ethnic backgrounds (15.1 percentage points), followed by those from Asian backgrounds (12.8 percentage points). The employment rate gap between men and women from Black backgrounds was 8.7 percentage points, and there was a 5.0 percentage point difference for those from White backgrounds. The smallest employment rate gap was observed in Mixed ethnic groups (1.2 percentage points).

As was the case for Wales overall, the data suggests that gender-based employment gaps within ethnic minority groups are primarily driven by the higher proportion of

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<sup>14</sup> Adults under 64 years old who reported that they were retired at the time of the 2021 Census have been excluded from analysis.

women looking after home or family, compared to men. For example, the gap between women and men looking after home or family is highest among those from 'Other' ethnic backgrounds (16.4 percentage points), followed by those from Asian backgrounds (15.0 percentage points).

Across Wales, 6.9 per cent of adults reported that they were economically inactive through long-term sickness or disability. There was some variation in the rate at which people from different ethnic backgrounds reported this. Economic inactivity through long term sickness or disability was lowest among those from Asian backgrounds (2.3 per cent), followed by those from Black (3.7 per cent) and 'Other' backgrounds (4.5 per cent). Conversely, it was highest among those from Mixed (6.9 per cent) and White (7.1 per cent) backgrounds.

## Ethnicity and qualification level

While people from ethnic minority groups face higher rates of economic inactivity compared to those from White backgrounds, they are generally more qualified. At the time of the 2021 Census, almost half of those from Asian (44.8 per cent) and Black (44.1 per cent) backgrounds were qualified at Level 4 or above. More than a third of those from Mixed (35.4 per cent) and 'Other' (41.1 per cent) ethnic groups were qualified at this level. Those from White backgrounds were least likely to be qualified at Level 4 and above at 33.7 per cent.

Across Wales, 13.7 per cent of adults aged 16-64 had no qualifications. Those from 'Other' ethnic groups were most likely to have no qualifications (24.0 per cent), followed by those from Asian (17.9 per cent) and Black (14.2 per cent) backgrounds. Similar proportions of those from White (13.4 per cent) and Mixed (13.2 per cent) backgrounds had no qualifications.

## Experience of economic inactivity

This section presents findings from qualitative research on the challenges faced by people from ethnic minority groups when it comes to entering or re-entering the labour market.

### Caring responsibilities

Most focus group participants who were out-of-work reported that they are unable to work because they have caring responsibilities for young children, elderly parents, grandchildren, or disabled children. They highlighted that few jobs allow for the flexible working arrangements required to fit work around these responsibilities. Many participants needed jobs that fit around school hours or term times; without this flexibility, they are unable to consider employment. Some participants described how working became financially unviable due to high childcare costs. One parent explained

that after paying for childcare upfront and waiting for reimbursement, she was left in debt.

"The amount spent on childcare outweighed what I would earn... I was getting into debt." *(Participant, Swansea)*

### **Confidence, skills, and career change**

Participants who had been unemployed for extended periods highlighted that they felt unsure about their abilities and feared they had lost their skills. Many had worked long careers in care or education and felt trapped in those sectors as they found it difficult to identify how their skills could transfer to other industries:

"Once you've got experience in one sector... it's difficult to move into another."  
*Participant (Newport)*

Some participants highlighted that they tend not to know what qualifications are required for different roles or how to access training. While most participants expressed an interest in upskilling, especially in digital skills, they reported challenges in finding a course at the right skill level for them.

Difficulties with English and Welsh language were cited by stakeholders as a barrier to work. Current ESOL (English for Speakers of Other Languages) provision has been criticised for being too slow, overly grammar-focused, and not practical for workforce integration.

Stakeholders also reflected that highly skilled professionals from other countries face an arduous process to get foreign qualifications recognised in the UK, often requiring additional training, exams, or re-qualification. This can be even more difficult for those from conflict-affected countries, for whom retrieving documentation can be impossible.

### **Employment support and systemic barriers**

Most participants reported having negative experiences of employment support. While attending Jobcentre Plus (JCP) they felt pressured to apply for unsuitable jobs and did not believe they were offered meaningful support. For instance, participants highlighted how the lack of personalised support made them feel like "just a number in the system". They want advisors who are more empathetic, trustworthy, and interested in helping them overcome their barriers and enter sustainable work. Outside of JCP, most participants demonstrated limited awareness of alternative support services and explained that they do not know where to go for help.

### **Financial barriers**

Even where participants were ready to work, financial barriers such as travel costs (to attend interviews or to get to work), clothing for interviews, and upfront childcare

payments make it difficult to start. There was a lack of awareness among participants about available support for buying clothes for interviews, commuting, or accessing training. They felt that help to cover these costs is essential to even begin the process of re-entering employment.

### **Racial discrimination**

Participants described being repeatedly overlooked for roles they were qualified for, which they believe was due to their ethnicity. One participant shared that, although both she and her White colleague worked part-time, her colleague was promoted while she was told she was not eligible for the role as she worked part-time. Another participant described being passed over four times despite having the required training and experience:

“There wasn't equal opportunity for people with a foreign background... I was overlooked four times. I was trained for it but never got the role.” (*Participant, Swansea*)

Most participants highlighted having experienced racism from managers or colleagues, which damaged their mental health and ultimately pushed them leave work. Some felt that this kind of racial discrimination had increased in recent years, fuelled by political rhetoric around immigration.

Stakeholders also echoed the issue of discrimination in the workplace, including employers sifting out candidates with non-English or Welsh names or blocking employees from the opportunity to train and upskill.

### **Health and wellbeing**

Some participants reported that poor working conditions, especially for those working in care, led to burnout, anxiety, and physical health issues. Poor mental health was common, especially among those working in unsupportive environments. They described being overworked, unsupported, and emotionally drained, which forced them to leave jobs and take time to recover and protect their mental health. Participants felt isolated during periods out of work and said they would have benefited from counselling or just someone to talk to.

“I suffered with anxiety and panic attacks... I had to quit my job.” (*Participant, Newport*)

Stakeholders reported that individuals from refugee and asylum-seeking backgrounds often experience complex trauma, such as PTSD, which is not well supported by current health services. Long waiting times and a lack of culturally sensitive mental health provision exacerbate these issues and contribute to economic inactivity.

## What next?

Separate briefings considering the labour market context for women, disabled people and people with long-term health conditions, and a final report setting out options for how Wales can make the most of the opportunity of devolution, are available from [L&W's website](#).