

A Work, Health and Skills Plan for Wales

Final report

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Executive summary

Wales should set a bold ambition to achieve at least three quarters of working-age adults in work, to close the employment gap with the UK within the next 10 years. To achieve this, employment would need to be increased by 2.0 percentage points on current measures from 73.4 per cent to 75.4 per cent.¹ This would mean increasing employment by at least 60,000 people through helping more people to find work and stay in work. Halving the disability employment gap in Wales, or narrowing gaps between other groups or areas, would achieve this.

The Welsh Government has substantial policy and budget responsibility to shape a Work, Health and Skills Plan that expands and joins up support and focuses on people and communities. In 2024 – 2025, approximately £288 million was allocated to direct employment support programmes. There is potential to align these programmes, and their future iterations, with a broader agenda aimed at reducing economic inactivity.

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 is a key moment for Welsh Government to design and deliver employment support tailored to the needs of communities across the country.

This report, supported by Serco and delivered by L&W, examines economic inactivity in Wales and the people it impacts most, namely, women, disabled people and those with long-term health conditions, and ethnic minority groups. Addressing the challenges faced by people currently experiencing, or at risk of, economic inactivity is essential for boosting employment and reducing employment gaps.

This research uses a combination of data analysis, desk-based research, focus groups with lived experience groups, and workshops with stakeholders involved in employment and skills policy. The analysis uses the term 'economically inactive' to refer to adults aged 16-64 years who are recorded in the 2021 Census as being 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 report they are retired.

A series of short briefings examining the labour market context for each demographic group are available to download from [L&W's website](#).

Economic inactivity in Wales

The devolution of employment support programmes comes at a critical time when people in Wales are facing significant, intersecting, labour market challenges. Analysis of 2021 Census and Annual Population Survey data shows:

¹ Annual Population Survey from April 2024 to March 2025, ONS

- **Wales experiences higher rates of economic inactivity (15.9 per cent) compared to England (14.2 per cent).** Disability and poor health are the main cause of this in Wales, with 6.9 per cent of the working-age population economically inactive for this reason.
- **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), in part driven by women taking on more responsibility for looking after home and family.
- **Economic inactivity is also more likely to affect those from ethnic minority groups** compared to those from White backgrounds, at rates of 18.0 per cent and 15.7 per cent respectively.
- **Regional differences impact peoples' outcomes**, with employment rates shaped by a combination of economic, demographic and structural factors. Mid Wales, for example, sees the biggest employment gaps for disabled people and those with long term health conditions, possibly linked to its rural economy and infrastructure challenges.² One in eight working age people in Blaenau Gwent are receiving Universal Credit health, double the proportion in Gwynedd.

Challenges with the current system

Each demographic group can face distinct challenges in accessing and sustaining employment. Childcare emerged as the most consistent and pressing barrier to employment in focus groups with women, with a notable lack of access to flexible or affordable childcare options. For ethnic minority groups, English and Welsh language skills were highlighted as limiting access to jobs, training, and support services. Disabled people and people with long-term health conditions reported barriers such as a lack of accessible public transport, particularly in rural areas, and insufficient practical implementation of reasonable adjustments from employers.

While some challenges are unique to each group, other barriers cut across gender, disability and ethnicity. The variety of barriers and the disparity in outcomes is an indication that more needs to be done to address economic inactivity and barriers to participation. Existing employment support sometimes lacks flexibility to meet different needs. The current employment support landscape is also complex, with individuals having to navigate multiple programmes run by UK, Welsh and local governments and a significant number of agencies. It has also proven challenging to join up support with other services such as health and skills.

Put simply, too few economically inactive people are offered help to find work and support is too often complex and disjointed.

² Welsh Government (2020) [Towards a Regional Framework](#)

Summary of recommendations

L&W analysis suggests the next Welsh Government will have significant resources to develop a labour market policy centred on work, health and skills. This approach could help reduce economic inactivity and drive positive economic change, particularly by addressing employment gaps among key demographic groups.

To deliver on a Work, Health and Skills Plan, Welsh Government will need to take decisive action in several areas, working with other partners across the public sphere. The recommendations below are set out with specific organisations in mind, to ensure clear and accountable arrangements are put in place to aid delivery.

Setting strategic direction and increasing funding

1. Set a target to achieve at least three quarters of working-age adults in employment, to close the employment gap between Welsh and UK employment rates over the next 10 years. This would mean increasing employment by at least 60,000 people through helping more people to find work and stay in work.
2. Establish a Work, Health and Skills Plan for Wales – developed by the Health, Economy and Education/Skills departments. The Work, Health, and Skills Plan would set out overall national strategy to achieve the employment target.
3. Invest an additional £180m per year in employment support in Wales, over the life of a 10-year Work, Health and Skills Plan.
4. Welsh Government should convene a national board to support the plan, bringing together social partners (including employers), the NHS, Medr and providers to support the strategy.
5. Where appropriate, Welsh Government should consider statutory underpinning for the plan and its governance. This would provide a long-term policy framework against which the plan could be delivered. It would also ensure relevant public bodies comply with expectations placed on them within the plan.

Strengthening regional leadership and shared governance

6. Corporate Joint Committee areas (CJCs) should be given a statutory remit for achieving the plan's targets with clear outcome agreements in place between Welsh Government, CJCs and their commissioned partners.
7. To deliver the Work, Health and Skills plan locally, each CJC should have a budget for commissioning services, which could be based on existing local authority funding for services like Connect to Work.
8. In exercising their functions, CJCs would have to take account Welsh Government's strategy, provision funded at a national level (such as by Medr) and the Work, Health and Skills Plan. This is to ensure consistency of procurement processes, and to avoid duplication.

9. National commissioners should consider the local insights of CJsCs in their decisions regarding funding of relevant provision, and explore options for greater collaboration, from consultation to ensure that funding streams and commissioning approaches are complementary, to co-commissioning.

Improving delivery and coordination of employment support

10. To deliver the Plan, a new Employment Support Service for Wales should be created. The service would provide a single, virtual front door for users, bringing existing employment support functions under an umbrella organisation, and providing referral pathways to existing relevant support. The aim is that help to find work would be open to more people than today, engage people through services and organisations they already know and trust, and provide joined up support across work, health and skills. An open door approach to help with jobs and skills.
11. The CJC would have oversight of the service, and commission additional provision that responds to local needs, while reducing duplication.
12. Where possible, existing services are brought under one roof through co-location or online integration hubs. This should focus on bringing together Working Wales, adult learning, further education colleges and apprenticeship providers, employment support (Jobs Growth Wales+, ReAct+, etc) and health into single locations within a town or city.
13. The Employment Support Service would have a long-term Memorandum of Understanding (MoU) with Jobcentre Plus in Wales (and this would be supported by regional agreements reflecting contracted provision by CJsCs).
14. To support the new service, better data sharing arrangements between services should be developed, so individuals don't have to repeat information. Welsh Government should also examine a Welsh equivalent of the DWP Employment Datalab, to provide clear, publicly accountable information on outcomes.

Improve awareness of services, referrals and outreach

15. While there would be a single service in terms of brand identity across Wales, the new service should embrace multiple referral routes into it, and contractual terms should reflect this where possible.
16. CJsCs should agree regional plans for how they will engage those who could benefit from support, particularly people on Universal Credit with health conditions or those out of work for more than a year.
17. The new service should align very closely with Business Wales and proactively engage employers in Wales in shaping provision. This could for instance include job brokerage services, which would be a direct benefit for employers in return for their involvement in creating healthy workplaces and programme design.

Introduction

Learning and Work Institute (L&W) was commissioned by Serco to deliver a research project focused on increasing employment among various demographic groups in Wales with a particular focus on three target groups: women; disabled people and people with long-term health conditions; and people from ethnic minority backgrounds. These groups were chosen following L&W's 2024 report 'Which way now for employment support in Wales?' which identified them as facing substantial labour market inequalities.

More specifically the research aimed to:

- Create a richer understanding of the groups identified, and the reasons for their lower employment rates.
- Bring together a stronger network of organisations who can advocate for change and raise the profiles of the issues identified.
- Develop an understanding of the different geographies of Wales and how that interacts with policy.
- Set out clear and implementable policy suggestions for a more inclusive Welsh labour market that closes the employment gaps for the groups identified.

This report presents overarching findings from all strands of the research project. Separate briefings, focusing on the labour market context of each demographic group, can be found on L&W's website.

Methodology

This research took a mixed-method approach, comprising a literature review; analysis of spending on existing employment support; employment gap analysis; and qualitative fieldwork with lived experience groups and stakeholder representatives.

Reference group

Shortly after project commencement, L&W set up an external reference group of key stakeholders representing each of the identified groups to inform the research and development of recommendations. The group met twice during the project.

L&W would like to thank the following for their contributions: Beth Baldwin (The Fabulous Facilitator); Libby Duo (Conwy CBC); Dave Hagendyk (Colegau Cymru); Paul Harris (DWP); David Heath (Welsh Government); Mandy Ifans (Working Wales); Sian Lloyd Roberts (Ambition North Wales); Emma Mock (Medr); and Salah Rasool (Welsh Refugee Council).

Literature review

L&W carried out a literature review to build a clearer picture of the current employment support landscape. The review explored Welsh and UK evidence on the following:

1. How the changing economy (due to advances in technology, automation, an ageing population, and the transition to net zero) is likely to affect the employment support needs of the three target groups.
2. Whether devolved governments and local administrations are targeting employment gaps, and if so, how they are doing this.
3. Best practice and 'what works' to improve employment outcomes for the three target groups, including the design and delivery of employment support programmes.

Analysis of spending on existing employment support

L&W conducted a mapping exercise to identify existing employment support programmes and their estimated funding allocations for Wales. Due to limited publicly available information on provision specific to Wales, estimates were made using the Barnett formula for UK-wide initiatives or population share for England and Wales (based on ONS statistics).

Employment gap analysis

L&W used Annual Population Survey data to explore employment rates and gaps within the four economic regions in Wales and across the UK more broadly.³ Data from the 2021 Census was used to analyse rates of economic inactivity and differences by region, sex, ethnicity, disability, and 'Other' factors.⁴

Lived experience focus groups

L&W facilitated six lived experience focus groups, two with each demographic group. Half of the groups focused on employed people who had prior experience of economic inactivity, while the other half engaged economically inactive people.

³ Wales has four regions. South East Wales, includes the local authorities of Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, 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.

⁴ The Annual Population Survey (APS) combines the main Labour Force Survey (LFS) with local "boost" samples, creating a significantly larger dataset for more detailed, localised analysis of the UK labour market, whereas the LFS is the primary, more timely source for headline monthly UK labour market statistics like employment and unemployment. The APS provides robust annual estimates for local authorities and specific population subgroups that the LFS alone cannot. The Census was used to provide additional detail on economic activity by characteristic at the local authority level, which is not possible in the APS.

Four groups were conducted in person, and two online. Groups engaged people living in or around specific areas in Wales.

Group	Participant location	Number of participants
Women (employed)	Denbighshire	5
Women (economically inactive)	Blaenau Gwent	3
Disabled people/ people with long-term health conditions (employed)	Wrexham	7
Disabled people/ people with long-term health conditions (economically inactive)	Neath	3
People from ethnic minority backgrounds (employed)	Newport	6
People from ethnic minority backgrounds (economically inactive)	Swansea	6

The focus groups engaged 30 participants overall. While the qualitative findings offer valuable insights, the small number of participants means they may not be representative of the broader population.

Workshops with stakeholder representatives

L&W held three stakeholder workshops, each one focused on a specific demographic group. Within the workshops, stakeholders were invited to discuss the challenges faced by each group and the support needed to help people into employment. Workshops were attended by 37 stakeholders from private, public, and third sector organisations involved with skills and employment support in Wales.

Feedback sessions

All lived experience group participants were later invited to attend feedback sessions to help shape recommendations. Sessions were designed to determine what participants would like to see from a new employment support offer. Six participants attended these sessions. Similarly, all stakeholders who attended workshops were later invited to join feedback sessions focused on developing policy recommendations. These sessions were attended by eight stakeholders.

Report structure

The report begins by exploring employment rates in Wales at the national, regional and local level using Annual Population Survey data.

Chapters two and three draw on 2021 Census data to compare rates of economic inactivity for each demographic group and consider the relationship between economic inactivity and qualification level.

Chapters four and five present findings from the research with lived experience groups and stakeholder representatives on barriers to employment and the extent to which employment support is meeting need.

Chapter six sets out the policy context in Wales and estimates what devolution could mean for Welsh Government. Chapters seven and eight set out a framework for a new Work, Health and Skills Plan and recommendations to support delivery.

1. Employment gaps in Wales

The chapter explores employment rates in Wales at the national, regional and local level. It considers employment gaps experienced by women, people from ethnic minority backgrounds, disabled people, and people with long-term health conditions. It draws on data from the Annual Population Survey collected between April 2024 and March 2025 and 2021 Census data. Findings from the Annual Population Survey should be treated with caution given the small sample sizes for some populations.

Based on the Annual Population Survey from April 2024 to March 2025, the employment rate in Wales was 73.4 per cent. This compares to an employment rate in the UK as a whole of 75.4 per cent. Wales' employment rate is lower than any other UK nation including England (75.7 per cent), Northern Ireland (74.1 per cent) and Scotland (74.0 per cent).

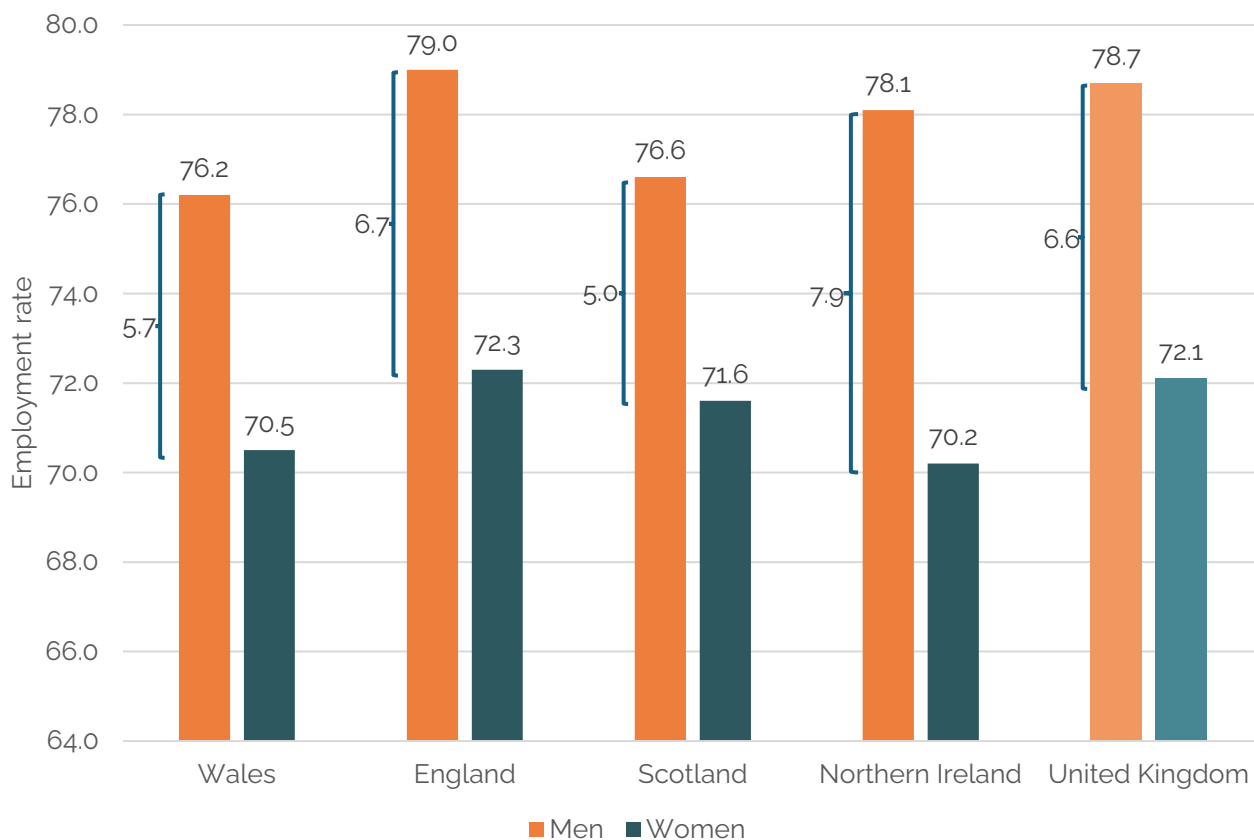
The gender employment gap

Analysis of Annual Population Survey data highlights that there is a disparity between men and women in rates of employment at national and regional level.

Looking at Wales as a whole, the employment rate for men was 76.2 per cent (732,800), while it was 70.5 per cent for women (680,900). This gives Wales a gender-based employment gap of 5.7 percentage points, equating to 55,051 people.

Figure 1 shows how the gender-based employment gap in Wales compares to other UK nations. While Wales had a larger employment rate gap than Scotland (5.0 percentage points), it had a smaller gap than both England (6.7 percentage points), Northern Ireland (7.9 percentage points), and the UK as a whole (6.6 percentage points).

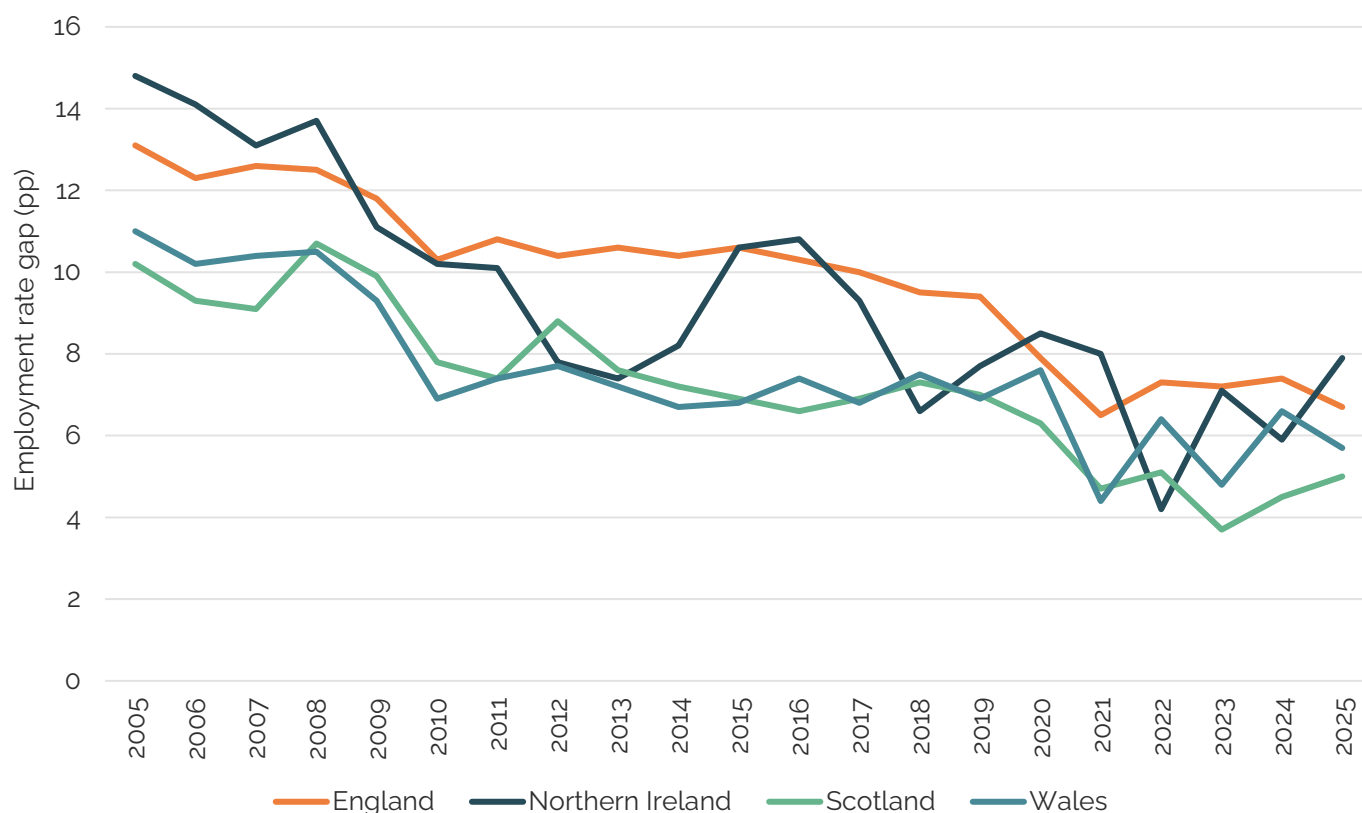
Figure 1: Employment rate gap between men and women aged 16-64 in each UK nation (percentage point difference)



Source: UK Annual Population Survey April 2024 to March 2025

Time series data highlights that in Wales, as in most other UK nations, the employment gap between men and women has generally narrowed. Figure 2 shows that in the 20 years between April 2004 – March 2005 and April 2024 – March 2025 the gender employment gap in Wales narrowed from 11.0 percentage points to 5.7 percentage points.

Figure 2: Employment rate gap between men and women aged 16-64 in each UK nation (percentage point difference) from April 2004-March 2005 to April 2024-March 2025

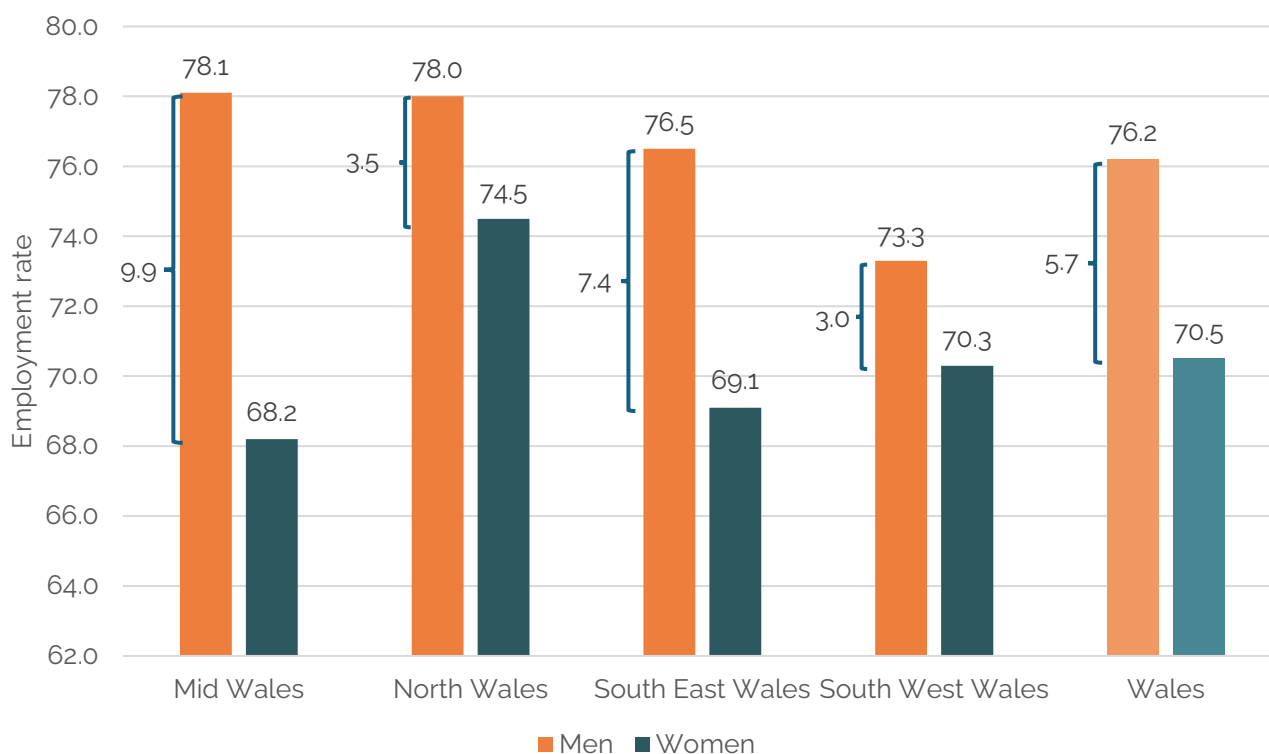


Source: UK Annual Population Survey April 2004-March 2005 to April 2024-March 2025

Comparing employment rates of men and women at the regional level reveals some significant variation. Figure 3 shows that Mid-Wales had the largest employment gap between men and women at 10 percentage points. Notably, of all regions, it had the highest proportion of men in employment at 78.0 per cent contributing to the large employment gap, while 68 per cent of women were employed.

The employment gap between men and women was smallest in South West Wales, at 3.0 percentage points. However, while the disparity between men and women was smallest, this region has the lowest proportion of men (73.0 per cent) and women (70.0 per cent) in work of all the Welsh regions. The small employment gap is therefore linked to the low employment rate among men, rather than the strength of the labour market for women.

Figure 3: The gender-based employment gap in the four Welsh regions



Source: UK Annual Population Survey April 2024 to March 2025

Considering employment rates at local authority level reveals significant variation.

Table 1 draws on 2021 Census data to show employment rate by gender for each of the 22 local authority areas in Wales.⁵

Pembrokeshire emerges as having the largest gap in employment rate between men and women at 7.8 percentage points. Notably, Pembrokeshire has one of the highest rates of employment for men, the third highest of all local authorities, but ranks fourteenth for women.

Swansea has the smallest gap in employment, at 2.6 percentage points. While the gender employment gap in Swansea is the smallest in Wales, as a local authority it has the lowest rate of employment for men (66.0 per cent) and the fourth lowest for women (63.4 per cent).

Wider evidence highlights that gender disparities in employment are shaped by a complex interplay of structural, cultural, and economic factors. Women are disproportionately affected by caring responsibilities, with limited access to affordable childcare and flexible working arrangements acting as major barriers to labour market

⁵ Given small sample sizes at local authority level in the Annual Population Survey, analysis draws on the 2021 Census.

participation.⁶ These challenges are often particularly acute in rural areas, where transport infrastructure and local job opportunities are more constrained.⁷ Despite higher qualification levels among women compared to men in Wales, women remain underrepresented in senior roles and overrepresented in part-time and low-paid work.⁸ Workplace discrimination, unconscious bias, and the 'motherhood penalty', where women's earnings and career progression are negatively impacted after having children, further compound these inequalities.⁹ Regional variation in the gender employment gap, such as the disparity in Mid-Wales, therefore to a significant extent reflects differences in economic structure, access to services, and social expectations amongst some communities around gender roles.

⁶ Joseph Rowntree Foundation (2025) [UK Poverty 2025: The essential guide to understanding poverty in the UK](#)

⁷ Welsh Government (2024) [Sustainable transport in rural areas - guidance for regional transport planning](#)

⁸ Women's Equality Network Wales (2024) [State of the Nation 2024](#)

⁹ Institute for Fiscal Studies (2025) [The Daughter Penalty](#)

Table 1: Gender-based employment gap by local authority areas in Wales

Region	Local Authority	Employment rate: Men	Employment rate: Women	Employment Gap: percentage points
South West Wales	Pembrokeshire	73.7%	65.9%	7.8
Mid Wales	Powys	77.7%	70.9%	6.8
South East Wales	Blaenau Gwent	70.0%	63.4%	6.6
South East Wales	Newport	73.3%	66.7%	6.6
South East Wales	Torfaen	72.9%	66.7%	6.2
North Wales	Isle of Anglesey	73.1%	66.9%	6.2
South East Wales	Caerphilly	72.0%	66.0%	6.0
South East Wales	Rhondda Cynon Taf	70.8%	64.8%	6.0
South East Wales	Cardiff	66.6%	60.8%	5.8
South East Wales	Merthyr Tydfil	70.7%	64.9%	5.8
South West Wales	Carmarthenshire	72.7%	67.1%	5.6
North Wales	Flintshire	77.5%	72.1%	5.4
South East Wales	Monmouthshire	76.4%	71.1%	5.3
North Wales	Gwynedd	71.0%	65.8%	5.2
South West Wales	Neath Port Talbot	67.8%	62.9%	4.9
South East Wales	Vale of Glamorgan	74.9%	70.3%	4.6
North Wales	Denbighshire	71.7%	67.2%	4.5
North Wales	Conwy	72.1%	67.8%	4.3
Mid Wales	Ceredigion	66.2%	62.0%	4.2
North Wales	Wrexham	73.3%	69.3%	4.0
South East Wales	Bridgend	70.6%	66.9%	3.7
South West Wales	Swansea	66.0%	63.4%	2.6

Source: ONS 2021 Census

The ethnicity employment gap

Analysis of Annual Population Survey data highlights that there is a disparity between different ethnic groups in rates of employment at national level.

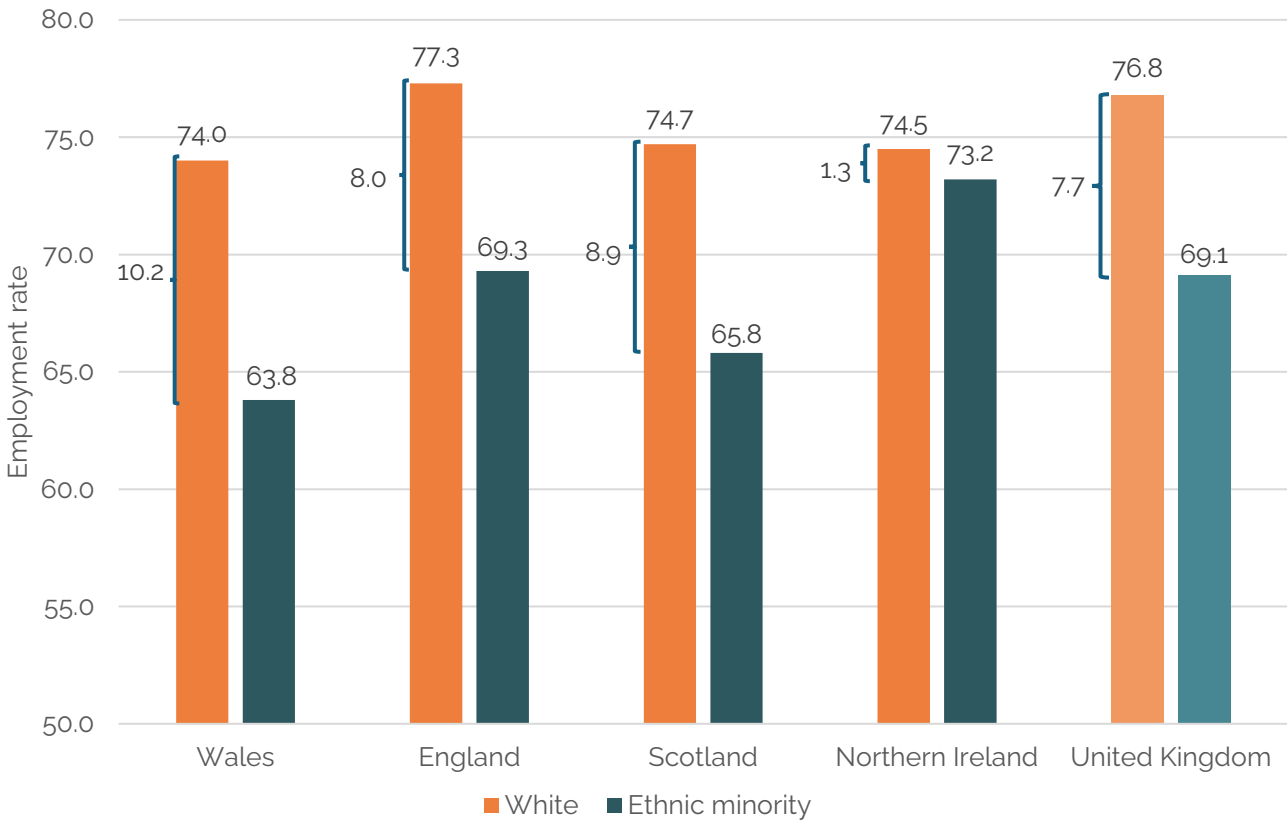
This analysis groups adults (aged 16-64) from non-White ethnic minority backgrounds. The 2021 Census found that there were 127,522 non-White adults in Wales, representing 6.7 per cent of the working age population. The highest proportion of working age adults from ethnic minority backgrounds were Asian (3.4 per cent),

followed by those with a Mixed ethnic background (1.4 per cent), from a Black ethnic background (1.0 per cent) and with 'Other' ethnic backgrounds (1.0 per cent).

As of 2025, the Annual Population Survey found that 6.0 per cent of adults (aged 16-64 years old) are from an ethnic minority background in Wales. This compares to 20.6 per cent of adults in England, 7.4 per cent in Scotland and 4.1 per cent in Northern Ireland. In all of these countries, the proportion of adults from ethnic minority backgrounds has increased since 2005.

Across Wales, the employment rate for working age adults (aged 16-64) from ethnic minority backgrounds was 63.8 per cent (74,100), compared to a rate of 74.0 per cent for those from White backgrounds (1,339,500). This gives Wales an ethnicity employment gap of 10.2 percentage points, equating to 11,842 people. Figure 4 shows how this employment gap compares to other UK nations. Wales has the lowest rate of employment among working aged adults from a White background and those from an ethnic minority background across all UK nations. Wales also had the highest employment rate gap (10.2 percentage points), followed by Scotland (8.9 percentage points), England (8.0 percentage points), Northern Ireland (1.3 percentage points) and United Kingdom (7.7 percentage points).

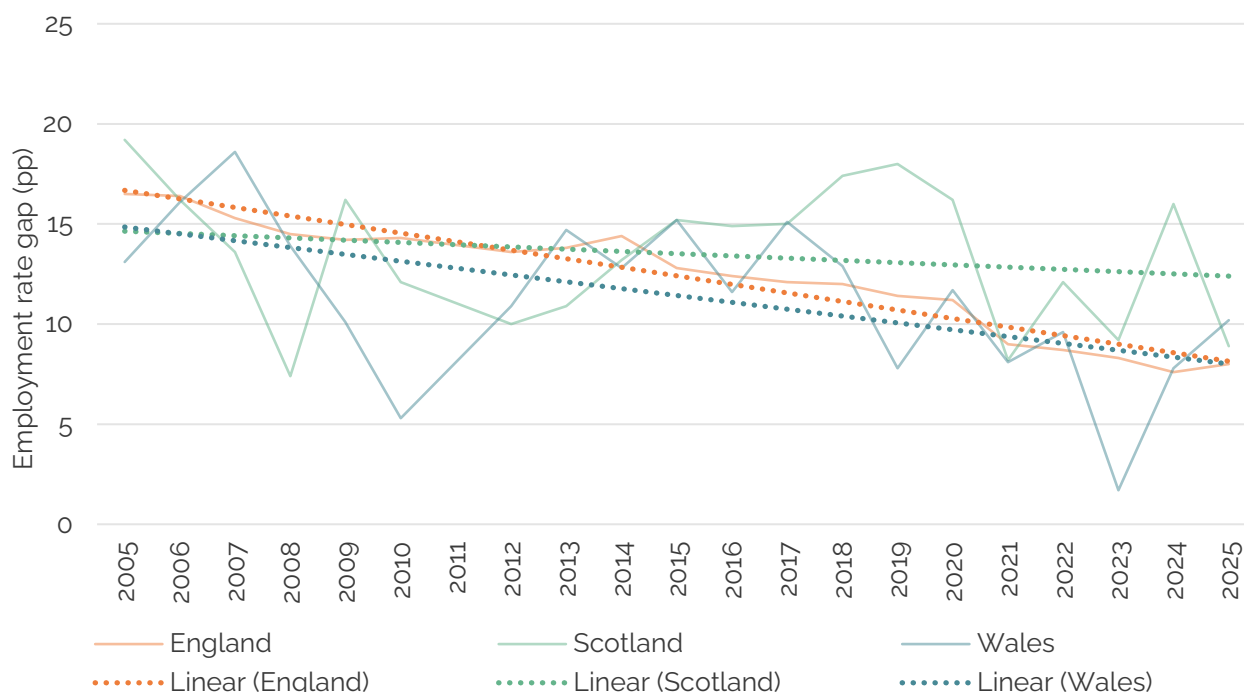
Figure 4: Employment rate gap between adults from ethnic minority backgrounds and from White backgrounds in each UK nation (aged 16-64)



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.¹⁰ Figure 5 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 larger 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 has closed in Wales at a similar rate to England.

Figure 5: 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

There is some variation in the size of the gap in employment rate between those from White backgrounds and specific ethnic minority backgrounds in Wales.

Analysis of the 2021 Census highlights that the largest employment gap exists between those from White (69.5 per cent) and 'Other' ethnic backgrounds (46.5 per cent) at 23 percentage points. This is followed by those from Black ethnic backgrounds (55.8 per cent) at 13.7 percentage points, from Mixed ethnic backgrounds (57.6 per cent) at 11.9 percentage points and those from Asian backgrounds (58.4 per cent) at 11.1 percentage points.

¹⁰ Northern Ireland has not been included in the analysis, given the small number of adults from ethnic minority backgrounds.

There is also significant regional variation within Wales. Figure 6 shows the ethnicity employment gap for each of the four regions in Wales. It uses 2021 Census data to highlight the gap between the employment rate for the working age population from White and ethnic minority backgrounds.

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

There was least disparity by ethnicity in North Wales where the employment rate was 71.3 per cent for those from White backgrounds and 62.2 per cent for those from ethnic minority backgrounds, a gap of 9.1 percentage points. It is worth noting that despite having the smallest employment gap in Wales, this gap is still larger than that between adults from White and ethnic minority background in any other UK nation.

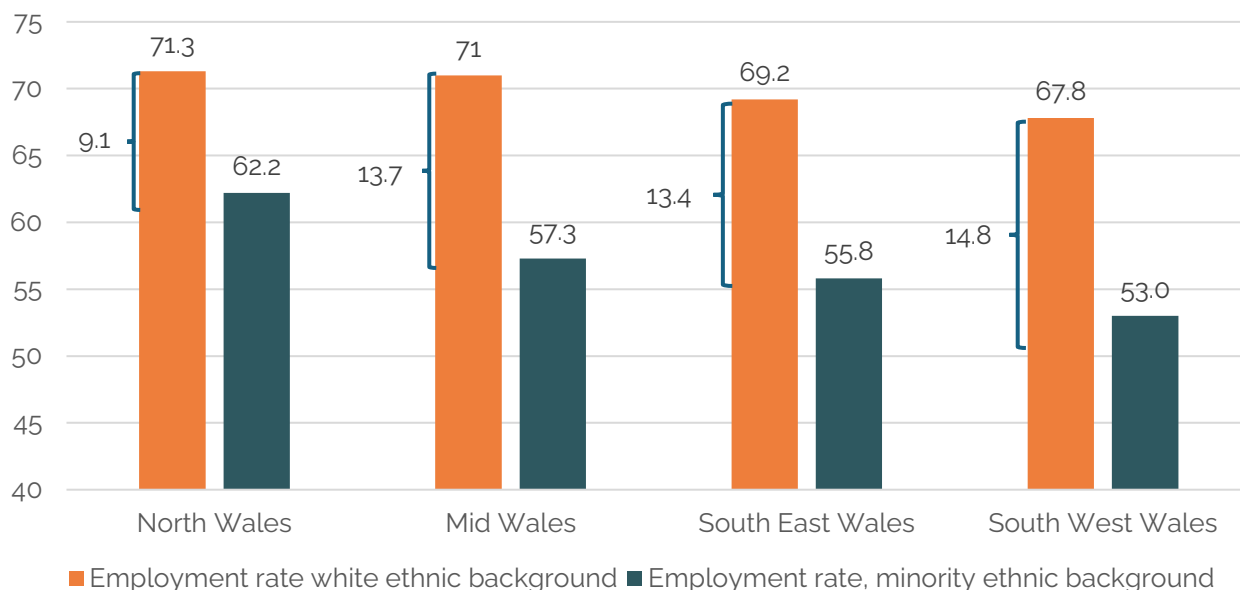
Wider evidence highlights persistent underrepresentation of ethnic minorities in senior roles, overrepresentation in low-paid and precarious jobs, and barriers such as workplace discrimination, lack of inclusive recruitment practices, and limited access to culturally competent support services.^{11 12} Educational attainment is likely to be a barrier for some individuals given the distribution of qualifications is more polarised in some ethnic minority groups (this is explored further in Chapter 3). In addition, poverty and inequality disproportionately affect ethnic minority communities in Wales, compounding employment challenges.¹³

¹¹ Wales Centre for Public Policy (2021) [Improving Race Equality in Employment and Income](#)

¹² Future Generations Commissioner for Wales (2021) [Inequality in a Future Wales: Areas for action in work, climate and demographic change](#)

¹³ Joseph Rowntree Foundation (2025) [Poverty in Wales 2025](#)

Figure 6: 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

Looking at local authority level data shows that ethnicity employment gaps vary considerably within regions. Table 2 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).

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.¹⁴ 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.^{15 16}

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

¹⁴ Future Generations Commissioner for Wales (2021) [Inequality in a Future Wales: Areas for action in work, climate and demographic change](#)

¹⁵ Joseph Rowntree Foundation (2025) [Poverty in Wales 2025](#)

¹⁶ Swansea University (2019) [The Welsh Economy, the Labour Market and Challenges](#)

percentage points), Caerphilly (2.6 percentage points) and Conwy (2.7 percentage points).

Table 2: Employment gap between those from White and ethnic minority backgrounds in Welsh Local Authority areas

Region	Local Authority	White	Ethnic minority backgrounds	Employment rate 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

Employment gaps for disabled people and people with long-term health conditions

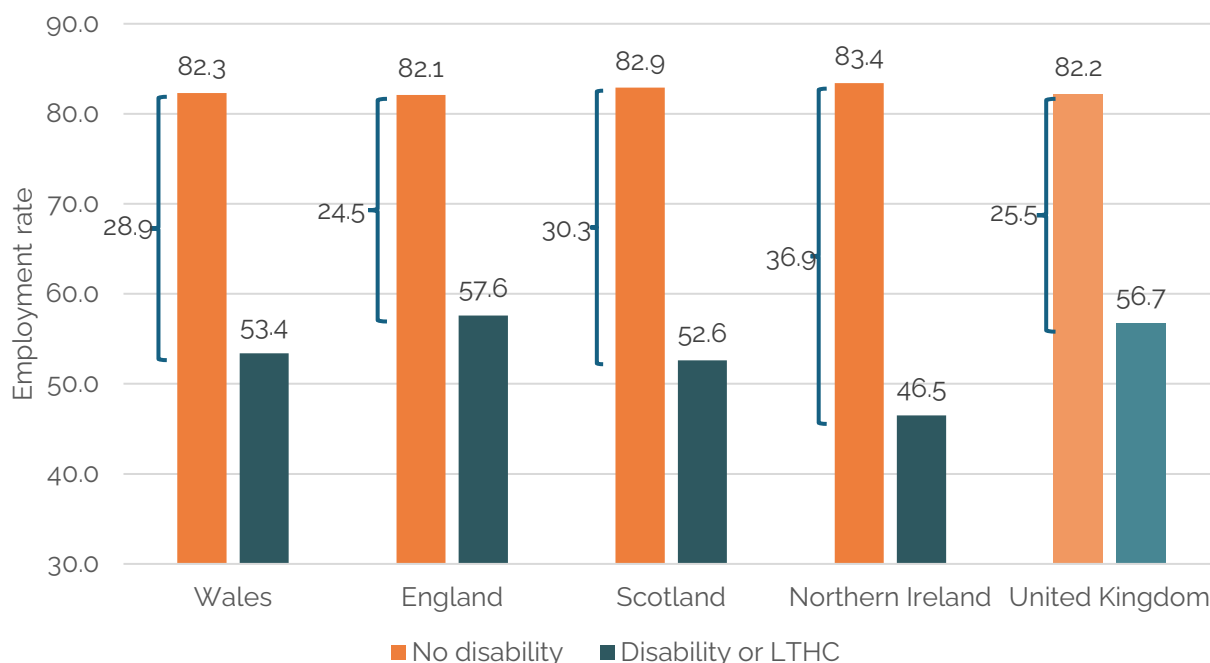
Analysis of Annual Population Survey data shows that 30.1 per cent of working age adults (16-64) in Wales are disabled or have a long-term health condition. This is the highest of any country in the UK, with Wales followed by Scotland (29.2 per cent), England (25.9 per cent), then Northern Ireland (24.1 per cent).

The Annual Population Survey data highlights that disabled people and people with long-term health conditions experience lower employment rates at national and regional level.

Across Wales, the employment rate for disabled people and people with long-term health conditions was 53.4 per cent (312,800), compared to a rate of 82.3 per cent for non-disabled people (1,093,400). This gives Wales a disability employment gap of 28.9 percentage points, equating to 169,152 people.

Figure 7 shows how the employment rate gap in Wales compares to other UK nations. While Wales has a larger employment rate gap than in England (24.5 percentage points), and the UK as a whole (25.5 percentage points), it has a smaller gap than both Northern Ireland (36.9 percentage points) and Scotland (30.3 percentage points).

Figure 7: Employment rate gap between disabled people and those with long-term health conditions (LTHC) and non-disabled people in each UK nation (aged 16-64)

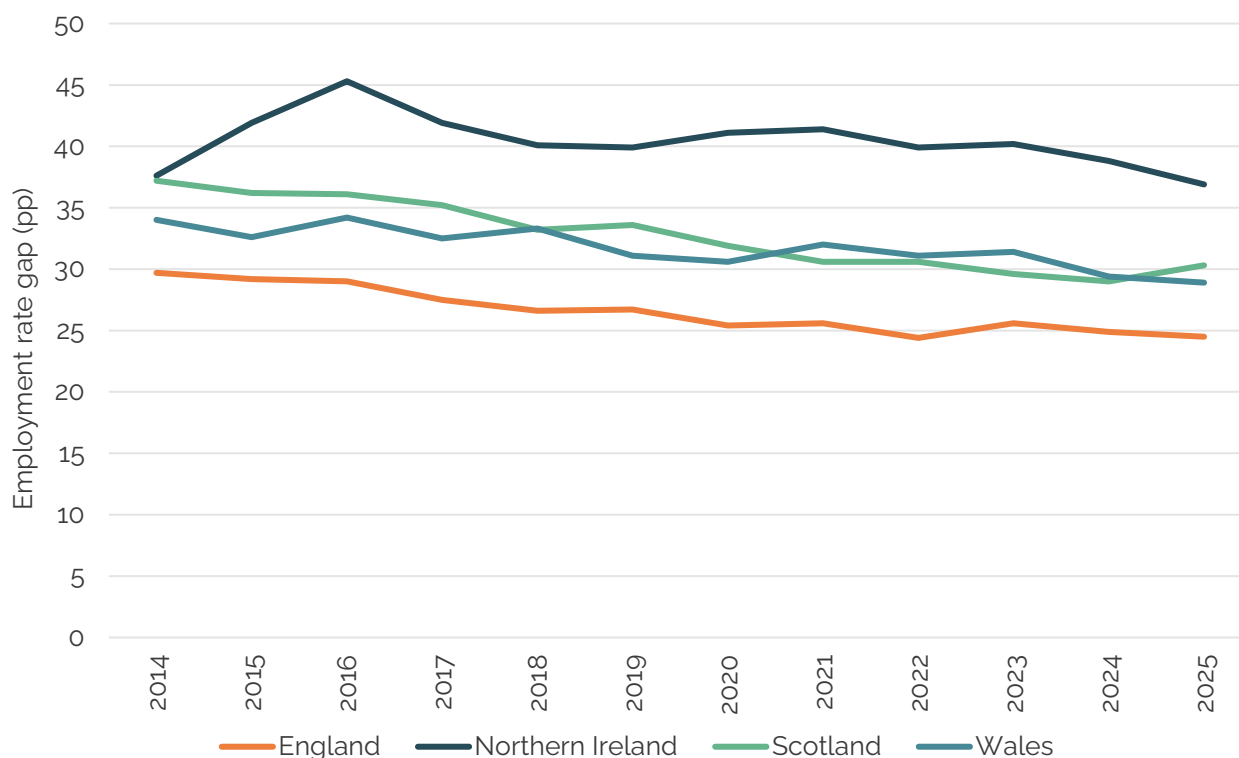


Source: UK Annual Population Survey April 2024 to March 2025

Time series data highlights that the employment gap in Wales between disabled adults and adults with long-term health conditions and non-disabled adults has gradually narrowed. Figure 8 shows that in the 10 years between April 2013 – March

2014 to April 2024 – March 2025, the disability employment gap reduced from 34.0 to 28.9 percentage points. The disability employment gap in Wales has reduced at a rate comparable to that of England and Scotland in that time period. It is important to note that the rate at which the disability employment gap has closed is considerably lower than that of gender and ethnicity, as discussed earlier in this chapter.

Figure 8: Employment rate gap between adults aged 16-64 with disabilities or long-term health conditions and no disability in each UK nation (percentage point difference) from April 2013 -March 2014 to April 2024-March 2025



Source: UK Annual Population Survey April 2024 to March 2025

Within Wales, employment gaps between disabled and non-disabled people are large across all regions. Figure 9 shows the employment gap for each of the four regions in Wales.

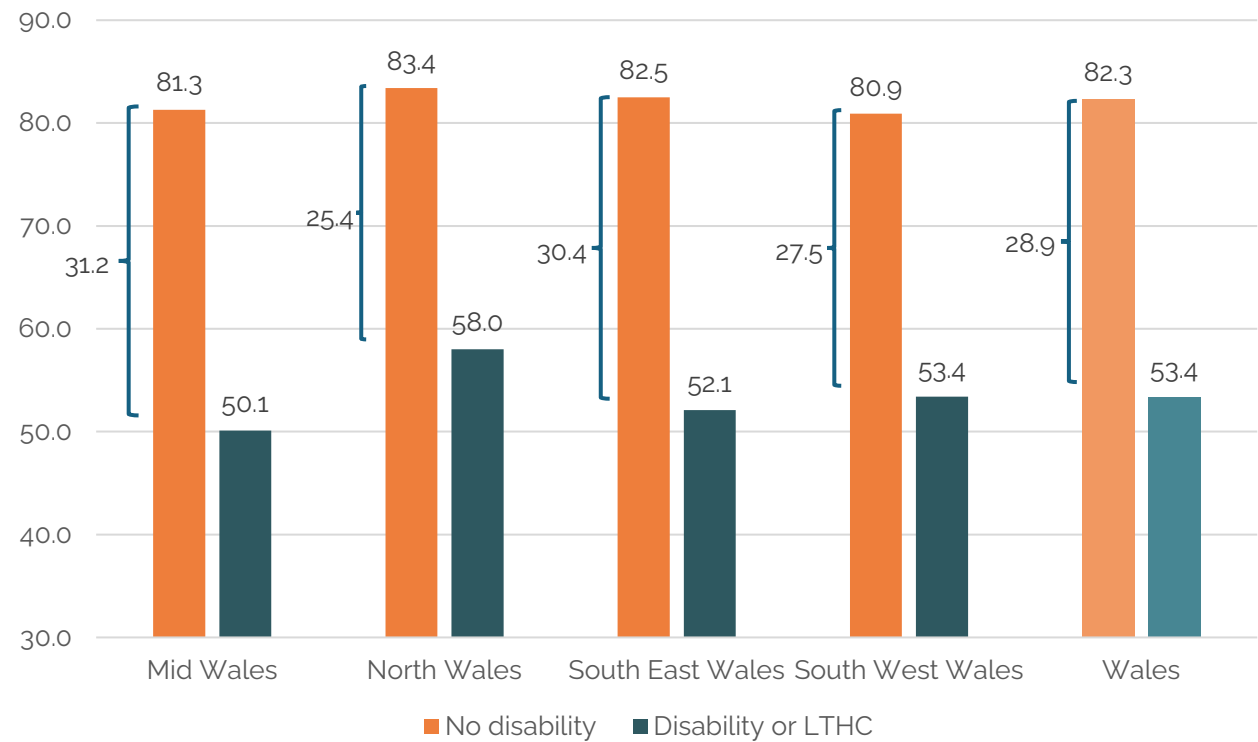
Mid Wales had the largest employment gap (31 percentage points), followed by South East Wales (30 percentage points). The gap was smaller in South West Wales (28 percentage points) and smallest in North Wales (25 percentage points).

Wider evidence suggests that Mid Wales provides limited employment opportunities due to its rural economy, ageing population, and infrastructure challenges, while South East and South West Wales face legacy issues from deindustrialisation in the Valleys.¹⁷

¹⁷ Welsh Government (2021) [Regional Economic Frameworks](#)

In contrast, North Wales benefits from stronger employer engagement and skills provision, contributing to a smaller gap.

Figure 9: The employment gap between disabled people and people with long-term health conditions (LTHC) and non-disabled people in the four Welsh regions (aged 16-64)



Source: UK Annual Population Survey April 2024 to March 2025

The following analysis of disability and long-term health conditions draws on the 2021 Census, given the small sample sizes at this level in the Annual Population Survey. It focuses on rates of economic inactivity through disability or long-term health conditions at the local authority level to show variation within regions. Table 3 draws on 2021 Census data to show rates of economic inactivity within the 22 local authority areas in Wales.

Blaenau Gwent stands out as having the highest rate of economic inactivity through disability or long-term health conditions at 10.5 per cent of the working age population. At the other end of the scale, Gwynedd had the lowest rate of economic inactivity through disability or long-term health condition with a rate of 4.8 per cent.

The data shows that local authorities in South East and South West Wales tend to have higher rates of economic inactivity, while those in North and Mid Wales tend to have lower rates. All local authority areas in North or Mid Wales, other than Denbighshire (7.7 per cent), have rates of economic inactivity through disability or long-term health conditions that are lower than the rate for Wales overall.

Wider evidence suggests that South East and South West Wales have higher rates of economic inactivity in significant part due to a legacy of industrial decline which has led to fewer employment opportunities, while chronic health issues have increased. Additionally, deep and persistent poverty, especially among disabled people and informal carers, contributes to poor health outcomes and limited access to work.¹⁸

Table 3: Rate of economic inactivity through disability or long-term health conditions, compared with proportion claiming health benefits (adults aged 16-64)

Region	Local Authority	Economic inactivity through disability or LTHC	Proportion of adults claiming Universal Credit health element (June 2025)
South East Wales	Blaenau Gwent	10.5%	13.0%
South East Wales	Merthyr Tydfil	9.6%	11.7%
South West Wales	Neath Port Talbot	9.6%	11.8%
South East Wales	Caerphilly	8.7%	10.6%
South East Wales	Rhondda Cynon Taf	8.6%	10.5%
South East Wales	Torfaen	8.0%	10.4%
South East Wales	Bridgend	7.8%	9.4%
North Wales	Denbighshire	7.7%	9.1%
South West Wales	Carmarthenshire	7.6%	9.3%
South West Wales	Swansea	7.3%	9.4%
South West Wales	Pembrokeshire	6.8%	8.0%
North Wales	Conwy	6.7%	8.5%
South East Wales	Newport	6.5%	8.6%
North Wales	Isle of Anglesey	6.0%	8.1%
North Wales	Wrexham	5.9%	8.1%
South East Wales	Vale of Glamorgan	5.5%	7.3%
Mid Wales	Ceredigion	5.4%	6.6%
Mid Wales	Powys	5.3%	6.5%
South East Wales	Cardiff	5.3%	7.5%
North Wales	Flintshire	5.1%	7.0%
South East Wales	Monmouthshire	4.9%	5.9%
North Wales	Gwynedd	4.8%	6.5%

Source: ONS 2021 National Census

¹⁸ Joseph Rowntree Foundation (2025) [Poverty in Wales 2025](#)

Table 3 shows that areas with high rates of working aged adults who are economically inactive due through disability or long-term health conditions, also have high proportions of people claiming the Universal Credit health element. Most employment support, both Jobcentre Plus and contracted employment programmes, focuses on those who are unemployed, missing out most people who are economically inactive or receiving incapacity benefits. The majority of people receiving Universal Credit health are not required to search for work, and are not proactively offered employment support. Yet many want to work. Two in ten people economically inactive due to long-term sickness say they want to work.¹⁹ The table also reveals stark regional variation, with one in eight adults in Blaenau Gwent on UC health, double the proportion in Gwynedd.

¹⁹ONS (2025) Labour Force Survey

2. Economic inactivity

Differences in employment rates are primarily driven by rates of economic inactivity. Unemployment rates, by comparison, are relatively low and vary less. Considering this trend, this chapter explores economic inactivity as experienced by women, people from ethnic minority backgrounds, disabled people, and people with long term health conditions. It also considers how these characteristics can intersect with each other and other characteristics and create additional barriers to employment.

Based on the Annual Population Survey from April 2024 to March 2025, the economic inactivity rate for people aged 16 to 64 (excluding students) in Wales was 19.9 per cent, compared with 17.7 per cent for the UK as a whole.

This chapter 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 people who say they are retired.²⁰

Gender and economic inactivity

As of 2021, the rate of economic inactivity for the working age population of Wales was 15.9 per cent. **Rates of economic inactivity were higher among women (18.8 per cent) than men (12.7 per cent). The data suggests that the largest driver of this difference is the higher proportion of women (8.6 per cent) who are looking after their home or family compared to that of men (2.1 per cent).**

In England, by comparison, the rate of economic inactivity was lower (14.2 per cent). While economic inactivity is still higher among women (17.9 per cent) than men (10.5 per cent), the rate of economic inactivity is lower for both groups than in Wales individually. Like Wales, census data highlights that the difference between the rates of women (9.8 per cent) and men (1.8 per cent) looking after their home or family is the biggest driver of this disparity.

The rate of economic inactivity for women was highest in South West Wales at 20.1 per cent, which was 6.7 percentage points higher than that of men (13.5 per cent). Examining the data further, South West Wales had the highest rate of economic inactivity through disability or long-term health conditions, which was more prevalent among women (8.1 per cent) than men (7.4 per cent). The most significant driver of the gender difference in rate of economic inactivity however, is the larger proportion of women looking after their home or family (8.8 per cent) compared to men (2.2 per cent). By contrast, Mid Wales had the lowest rates of economic inactivity of all regions among women (15.6 per cent) and men (10.1 per cent).

²⁰ Adults under 64 years old who reported that they were retired at the time of the 2021 Census have been excluded from analysis.

Ethnicity and economic inactivity

Census data reveals that economic inactivity was highest among those from 'Other' ethnic backgrounds, at 23.0 per cent, followed by those from Mixed (17.7 per cent), Asian (17.1 per cent) and Black (16.5 per cent) backgrounds. The rate of economic inactivity was lowest among those from White backgrounds at 15.7 per cent.

Looking at England as a comparison, there was a similar trend in rates of economic inactivity and ethnicity, however the rates for each group were lower. 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 were least likely to be economically inactive (13.2 per cent).

Census data suggests that the proportion of adults from ethnic minority backgrounds 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' (11.4 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 among those from Mixed ethnic backgrounds (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 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).

Disability, long-term health conditions and economic inactivity

Disability and long-term health conditions are the main cause of economic inactivity in Wales, with 6.9 per cent of the working-age population economically inactive for this reason. In England, a smaller proportion of the population (4.6 per cent) are economically inactive through disability or long-term health condition.

Across Wales, there is a positive correlation between the rate of economic inactivity through disability or long-term health condition and age. As age increases, the rate of economic inactivity through disability or long-term health condition also increases. Highest rates are observed among those aged 50 to 64 years, for which the rate is 10.7

per cent, 3.8 percentage points higher than the rate for Wales as a whole. For this age group, Wales has a higher rate of economic inactivity than England (7.8 per cent), however England shows the same positive correlation as age increases.

Economic inactivity through disability or long-term health conditions was most prevalent among those from White (7.1 per cent) and Mixed (6.9 per cent) backgrounds.

The rate was lower for those from 'Other' (4.5 per cent), Black (3.7 per cent) and Asian (2.3 per cent) ethnic backgrounds. The younger age profile of those from ethnic minority backgrounds is likely a driver of this difference. This trend is consistent with that of England, though the rates are lower for each ethnic group.

Looking at breakdowns by gender, the data shows that economic inactivity through disability or long-term health condition is slightly higher among women (7.1 per cent) than men (6.7 per cent).

Notably, this is driven by those aged 50 to 64 years, of which a higher proportion of women (11.6 per cent) than men (9.8 per cent) are economically inactive for this reason. In all other age bands, similar rates are observed for both men and women. In England, there is less disparity between women (4.7 per cent) and men (4.5 per cent) that are economically inactive for this reason.

Analysis of economic inactivity through disability or long-term health condition by housing tenure shows that rates are significantly higher among those living in socially rented accommodation (20.9 per cent). By contrast, rates are lower among those who own property with a mortgage (2.1 per cent).

3. Economic inactivity and qualification level

This chapter considers the relationship between qualification level and economic inactivity among adults aged 16-64 in Wales, based on data from the 2021 Census. Understanding how qualification level interacts with gender, disability and ethnicity is crucial to designing an inclusive employment support system.

At the time of the 2021 Census, 13.7 per cent of adults aged 16-64 in Wales reported having no qualifications. **Among economically inactive adults due to disability or long-term health conditions, this rate was over three times higher (41.7 per cent).** This group were also more likely to report that their highest qualification was at Level 1 or Entry Level (13.6 per cent) compared to the wider adult population (9.3 per cent).

While women face higher rates of economic inactivity compared to men, they are generally more highly qualified. In 2021, 37.5 per cent of women had a qualification at Level 4 or above, compared to 31.0 per cent of men. Men were more likely to have no qualifications than women (15.0 per cent compared to 12.4 per cent).

People from ethnic minority groups generally had higher qualification levels than those from White backgrounds, despite facing higher rates of economic inactivity. According to census data, 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 one 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.

Considering the adult population aged 16-64 with no qualifications, people 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.

4. Barriers to employment

While overall rates of economic inactivity are shaped partly by broader structural trends, the specific barriers that prevent individuals from entering or remaining in work often differ within and between groups. This chapter begins by exploring group-specific barriers, before considering shared barriers that impact all groups. It draws on findings from the qualitative research with lived experience groups and stakeholder representatives.²¹

In the qualitative research, we largely focussed on supply side issues, meaning the people looking to get into work and the barriers they face. Of course the demand side is another crucial element and employers have a role in providing opportunities for employment and in overcoming barriers to employment as well. The complex and intersecting barriers that people face can be better addressed by employers, government and other organisations working together.

Group-specific barriers

Women, disabled people, those with long-term health conditions, and people from ethnic minority backgrounds can face differing challenges that reflect a combination of social, cultural and institutional factors. Some of the key challenges faced by each group are explored in the subsections below.

Barriers for women

Childcare emerged as the most consistent and pressing barrier to employment in the focus group with women, with a notable concern about lack of access to flexible or affordable childcare options. Nearly all participants in this group agreed that the high cost of childcare has made employment financially unviable as the wages they could earn from working would only barely cover the fees, if at all. As a result, most of these participants said they had chosen to stay at home with their children and delay returning to work until their children are in full-time education.

“At the moment it's just too expensive... he does qualify for so many free hours, but there's no way that finding a job that would fit around that.” (*Participant, Ebbw Vale*)

Yet returning to work is not always straightforward. Stakeholders described how women returning from maternity leave, despite legal protections, can face discrimination and slower career progression due to perceived gaps in recent experience.

Furthermore, social and cultural expectations can limit women's participation in work. Stakeholders highlighted that these expectations can impact a woman's confidence to enter or remain in work. Stakeholders also reflected that women disproportionately

²¹ A more in-depth exploration of the experiences of each group is available in a series of briefings available from [L&W's website](#).

bear the burden of caring for elderly relatives alongside looking after children, which can impact their career choices. In their experience, some employers lack the willingness or organisational capacity to offer flexible working hours that accommodate women's caring responsibilities.

Barriers for disabled people and people with long-term health conditions

Many participants with long-term health conditions reported that their physical or mental health conditions restrict the types of jobs they can apply for. In a focus group where participants were out of work, most participants reported that they are not currently seeking work due to ongoing challenges with their mental and/or physical health. Participants with physical health conditions such as chronic pain or mobility issues highlighted that they are limited in the jobs they can apply for due to being physically unable to perform certain roles, especially those requiring manual labour. Many said they face significant mobility and travel issues due to a lack of accessible public transport, particularly in rural areas, and insufficient practical implementation of reasonable adjustments from employers. For participants with mental health challenges, several had experienced severe mental health crises as a result of personal trauma, such as bereavement or relationship breakdown, which led to long-term unemployment:

"I was working two years ago. I had a breakdown. I'm just trying to get myself back on my feet. I take each day as it comes." (*Participant, Neath*)

While participants were making efforts to improve their mental health, many described long waiting lists for mental health services, with some waiting over a year to access support from voluntary organisations and the NHS. When participants did access NHS support, they reported that the support was largely focused on medication, with little access to therapy or counselling:

"They're so quick to prescribe antidepressants... but there's a root cause. This is just going to mask that." (*Participant, Neath*)

Participants and stakeholders highlighted what they saw as employer inflexibility, including a lack of reasonable adjustments and inclusive recruitment practices. They reported that some employers were unaware of schemes like Access to Work or unsure how to implement accommodations. Participants noted a lack of in-work support, which often led to job loss or a return to economic inactivity. Stakeholders explained that, without ongoing assistance, individuals were more likely to "bounce back into the system," especially when health conditions worsened or workplace support was inadequate.

Barriers for ethnic minority groups

Stakeholders reported that English language skills are a key barrier for ethnic minority groups in Wales, highlighting that current English for Speakers of Other Languages (ESOL) provision is often too slow, overly focused on grammar, and not practical for workforce integration. Difficulties with English and Welsh language skills

limit access to jobs, training, and support services. Many skilled migrants also face the non-recognition of overseas qualifications, particularly those from conflict-affected countries who may be unable to retrieve documentation. Requalification processes were seen as often lengthy, costly, and complex.

Ethnic minority participants reported racial discrimination in hiring, promotion, and workplace treatment. They 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 to 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.

Shared barriers to work

While each group faces distinct challenges in accessing and sustaining employment, there are also several barriers that cut across gender, disability and ethnicity as well as other factors such as social class. Some of these shared barriers are explored in the subsections below.

Limited awareness and navigation of support

Participants across all three groups reported limited awareness of available employment, health, and skills support. Many only discovered services through word of mouth rather than formal outreach, and several were unaware of what help was available to them at all. Even when support was known, individuals often struggled to navigate complex information about training, qualifications, and job requirements. Participants described feeling overwhelmed by the volume of online information and unsure about which courses or qualifications were relevant to their goals, particularly for those looking to change sectors or return to work after a long absence.

“There's a lot of information out there, but it can be quite overwhelming.” (*Participant, Ebbw Vale*)

These challenges were compounded for people with limited digital skills, language barriers, or low confidence, making it harder to access or benefit from support.

Caring responsibilities

Caring responsibilities are a major and consistent barrier to employment in Wales.

These responsibilities include caring for young children, elderly relatives, and family members with disabilities or health conditions. Lived experience participants described how they felt that the cost of childcare often outweighs potential earnings, making employment financially unviable. This was particularly acute for women and ethnic minority participants, many of whom reported delaying their return to work until their children reached full-time school age. One woman explained:

“Childcare fees just didn't make it feasible to work. I was just paying off the childcare fees or ending up in debt.” (*Participant, Denbighshire*)

The impact of caring responsibilities is compounded by a lack of flexible work opportunities.

Many participants needed jobs that could accommodate school hours or term-time schedules, but such opportunities were scarce. This was especially problematic for those with multiple caring responsibilities, such as looking after both children and elderly parents. Stakeholders noted their view that employers often lack the willingness or capacity to offer flexible hours, further limiting access to work.

Wider evidence suggests that for carers with long-term health conditions, the combined burden of managing health and caring for others can entrench economic inactivity.²² Stakeholders working with ethnic minority communities also pointed to language barriers and limited access to culturally competent support services as additional challenges for carers. These factors can make it more difficult to navigate childcare systems, access benefits, or find suitable employment support.

Limited local opportunities and transport barriers

A lack of suitable local employment opportunities and poor transport infrastructure were seen as significant barriers to employment for participants in rural areas.

Participants reported that the lack of local job opportunities, and poor public transport, makes it difficult to access work, especially for those without a car. This was particularly acute in rural or semi-rural areas, where commuting long distances was felt to be impractical or unaffordable. One participant pointed out that the cost and availability of transport is also a barrier, saying that benefits are not sufficient to cover transport to and from their nearest Jobcentre Plus (JCP) site. While Jobcentre Plus is able to reimburse travel costs in some circumstances, this may point to a lack of awareness about what support is available or Work Coaches are not proactively informing claimants of their options.

“It's a 24-mile trip to the [Jobcentre Plus] office and you haven't got an income... that's quite far.” (*Participant, Denbighshire*)

Participants from focus groups with women and people with long-term health conditions also reported that poor public transport limited their ability to attend

²² Public Health England (2021) [Caring as a social determinant of health](#)

interviews, training, or jobs, especially in areas where services are infrequent or inaccessible to people with mobility issues. Stakeholders working with disabled people and those with long-term health conditions noted that mobility and travel issues are a major constraint, particularly where public transport is not physically accessible or where reasonable adjustments are not in place.

These structural issues were seen to be compounded by the centralisation of services, such as Jobcentre Plus, which some argued are often located far from the communities they serve. Participants across all groups expressed frustration at the lack of localised, accessible support, and the expectation that they should travel significant distances to engage with employment services, often without financial assistance.

Discrimination and stigma

Discrimination and stigma were reported across all three groups, though they manifested in different ways. Participants described how biases related to age, health, and ethnicity created barriers to both entering and progressing in the labour market. Older women in particular reported feeling disadvantaged by their age or perceived overqualification. Some participants felt disregarded by employment services, while others found that their experience was not valued in the job market.

"Probably age and experience... I'm seen as being expensive and that I won't hang around." (*Participant, Denbighshire*)

People with long-term health conditions also described stigma around mental health, both in employment support settings and in the workplace. They felt that disclosure of mental health conditions often led to negative reactions or exclusion, prompting some to hide their conditions during job applications. Racial discrimination was widely reported. Participants argued they were overlooked for promotions, passed over for roles despite having the required experience, and experiencing racism from managers and colleagues. Some felt they were filtered out of recruitment processes due to having non-English or Welsh names.

5. Extent to which employment support is meeting need

This chapter begins by considering the extent to which current employment support is meeting need and then explores ways in which future support could be improved. It presents findings from the qualitative research with lived experience groups and stakeholder representatives.

Participant experience of employment support

Lived experience participants consistently described frustrating and discouraging experiences with employment support services, particularly Jobcentre Plus (JCP).

JCP was frequently characterised as intimidating, judgemental, and overly focused on sanctions rather than support. Participants reported feeling pressured to apply for jobs they felt they were not ready for or that were unsuitable for their circumstances, especially when dealing with health issues or caring responsibilities.

"The work coach I worked with basically put me under a lot of pressure to apply for jobs before I was ready... but there wasn't necessarily help to apply for the job." (*Participant, Neath*)

Many lived experience participants described JCP as lacking personalised, empathetic, or holistic support. Rather than receiving tailored advice or encouragement, they felt dismissed or misunderstood. This was particularly true for those with complex needs, such as mental health conditions or language barriers.

"I don't like walking into the Jobcentre, I always feel judged." (*Participant, Denbighshire*)

Lived experience participants also reported frequent changes in advisers, which made it difficult to build trust or continuity in support. The reliance on digital systems, such as online journals, created additional stress for those without access to devices or internet, and for those with limited digital skills or confidence. Stakeholders echoed these concerns, arguing that the system often fails to provide face-to-face, practical support such as help with CV writing or understanding job applications, and that many people are unaware of alternative services outside JCP. As a result, participants often felt like "just a number in the system", with little hope that the support available could meaningfully help them overcome their barriers to work.

Ideas for future support

Lived experience participants and stakeholders emphasised the importance of person-centred support that is empathetic, practical, and tailored to individual circumstances. Many participants, particularly those returning to work after long absences or managing health conditions, described wanting advisers who listened without judgement and offered guidance that reflected their personal goals and challenges. Positive experiences were often linked to advisers who followed up and

helped identify transferable skills, while impersonal or dismissive services left participants feeling unsupported.

Emotional support was seen as essential, especially for participants experiencing low confidence, anxiety, or mental health challenges. Stakeholders echoed this, highlighting the need for trauma-informed approaches and counselling embedded within employment services. Both stakeholders and lived experience participants agreed that support should not only help people find work, but also rebuild confidence and wellbeing, recognising the emotional toll of unemployment and the complexity of individual journeys back into the labour market.

Lived experience participants and stakeholders agreed that support must be delivered flexibly. While many participants preferred face-to-face support, especially older individuals and those with limited digital skills, younger people tended to favour hybrid or remote options. Face-to-face support was valued for its personal connection and clarity, particularly when navigating tasks like CV writing or job applications.

However, both participants and stakeholders recognised that in-person support is not always practical. Transport costs, caring responsibilities, and anxiety in group settings were cited as barriers. Stakeholders echoed the need for flexible formats, recommending that services offer a mix of delivery options, including local provision in community venues and remote access where needed. There was consensus that offering a choice of format is essential to making support inclusive, accessible, and responsive. Flexibility in delivery was seen not just as a logistical consideration, but as a way to build trust and engagement with individuals facing complex barriers to work.

Lived experience participants and stakeholders highlighted a clear need for accessible, personalised careers guidance to help individuals navigate employment pathways. Many participants were unsure how to match their existing skills to new roles or sectors, and some had completed multiple courses without understanding how to use them to progress. Older individuals, in particular, struggled to identify realistic options that aligned with their life stage and financial needs.

Stakeholders reinforced that career guidance is often fragmented and poorly signposted, especially for those with complex needs. Both participants and stakeholders suggested the development of a centralised, user-friendly website showing career options, required qualifications, and training providers. However, participants and stakeholders agreed that digital tools alone are not enough. Many participants feel overwhelmed by online information and need face-to-face guidance to interpret options and make informed decisions. Integrated, person-centred support that combines digital resources with empathetic, expert advice was seen as essential to helping people move forward confidently.

Lived experience participants and stakeholders identified digital exclusion as a major barrier to employment. Many participants, particularly older adults, refugees, and those with long-term health conditions, said they struggled with online job

applications, virtual interviews, and navigating systems like Universal Credit journals. Some had never used basic digital tools, and said available training was often too advanced, focusing on topics like coding or AI. There was a shared call for beginner-level, life-skills-oriented digital training embedded within employment support. Stakeholders highlighted promising models, such as colleges in North Wales offering digital literacy alongside ESOL but noted that provision remains inconsistent. Both groups agreed that digital skills support must be tailored to individual starting points and delivered flexibly to ensure accessibility and relevance.

Lived experience participants and stakeholders emphasised the need for long-term, stable support to ensure continuity, trust, and meaningful outcomes.

Stakeholders highlighted that short-term funding cycles can undermine the sustainability of programmes, disrupt relationships with participants, and lead to the loss of experienced staff and institutional knowledge. This instability could create a “revolving door”, where individuals cycle through support without lasting progress.

A minimum five-year funding cycle was widely recommended to allow services to mature, retain skilled staff, and build deep, person-centred support. Stakeholders also stressed the importance of embedding evaluation mechanisms from the outset, enabling programmes to adapt based on evidence and participant feedback rather than short-term performance metrics. Longer-term investment was seen as essential not only for improving employment outcomes but also for fostering collaboration across sectors and delivering integrated, holistic support.

Lived experience participants who had entered employment highlighted the importance of ongoing in-work support. Those with long-term health conditions wanted help with gradual return-to-work plans, workplace adjustments, and progression. Some had positive experiences with employers who offered counselling, wellbeing hours, and training, but others noted that such support was rare or inconsistent. Stakeholders agreed that expanded in-work support is priority. Support should continue after job placement, helping individuals with progression, wellbeing, and workplace challenges. Services should cover a wider range of conditions, not just musculoskeletal or mental health. Stakeholders stressed the importance of employer education and incentives. Employers need training and support to understand the value of inclusive practices. Incentives (financial or otherwise) could encourage flexible working, job carving (tailoring an existing job by reassigning or redistributing its tasks to better match an individual's skills and capabilities), and upskilling of employees.

6. Policy landscape

Work, health, and skills are three broad policy areas supported by multiple funding streams and a wide variety of interventions. To provide a clearer picture of this policy landscape, and how further devolution might fit within that context, this chapter considers key employment support programmes delivered in Wales.

Identifying relevant programmes is complex for several reasons. Firstly, while the Welsh Government has an overarching strategy for employment support, the areas of work, health and skills are currently managed across several departments and ministers, each with distinct priorities. The employment strategy, for example, is led by the economy department and therefore tends to focus on direct employment-related actions.

Secondly, many employment-related policies originate from UK Government departments. Some of these are candidates for devolution, while others are expected to remain non-devolved. Employment support in Wales is structured around four key pillars: Jobcentre Plus, DWP-commissioned programmes, Welsh Government-commissioned programmes, and the UK Shared Prosperity Fund. Local authorities often contribute to the delivery of these pillars.

Table 4 sets out key learning, skills and employment support programmes identified by L&W, and their estimated funding allocations during the 2024-25 financial year.²³ Due to limited publicly available information on provision specific to Wales, estimates were made using the Barnett formula for UK-wide initiatives or population share for England and Wales (based on ONS statistics from October 2024).

The UK Government has a commitment to devolve all 'non-Jobcentre Plus' employment support to Wales. The definition of this is not currently public, therefore some assumptions have to be made on which programmes would be included. To do this, our analysis uses the programmes currently devolved in Scotland as the comparable offer when assessing funding levels. This is developed through our analysis of the Treasury's State of Funding Policy. While this approach simplifies the actual funding mechanisms, it serves to broadly illustrate the allocation to Wales.

L&W analysis finds that in 2024-25, approximately £520 million was spent across Wales on work, health and skills support relating to the labour market. Of this, approximately £221 million of which is focused on adult learning and skills (that is, excluding sixth form and Higher Education provision). In addition, there was approximately £288 million for employment support. An estimated £10 million was spent on employment support from the health budget, primarily through the In and Out of Work Support Service.

²³ Funding allocation estimates are based on data available as of June 2025.

Based on UK DWP-commissioned employment support programmes (e.g., Restart, IPES), it is estimated that devolving these programmes would provide the Welsh Government with approximately £47 million per year for employment programmes focused on work, health, and skills. This might fall in the years ahead, as some funding will come to an end (e.g., Multiply and UKSPF funding) and new funding that has been signalled (DWP's investment of an additional £800 million across the UK) not being sufficient to offset this.

Table 4: Learning, skills and employment programmes and their estimated funding allocations in for Wales in 2024-25²⁴

Programme	Est. one year funding for 2024-2025
Communities for Work+	£16,834,000
Disability Employment: Enabling Roles	£1,446,480
"Disability Employment Support Measures"	£4,599,454
Employability Including Young Persons Guarantee	£103,501,000
Flexible Skills Programme	£1,300,000
Adult skills and learning ²⁵	£213,330,826
Healthy Working Wales	£100,000
Intensive Personalised Employment Support (IPES)	£443,200
Jobs Growth Wales+	£29,144,000
Multiply	£6,461,414
ReAct+	£3,131,000
Restart	£23,295,700
Restart extension	£16,453,800
UKSPF (Core)	£88,013,613
In Work Support Service	£4,650,000
Out of Work Support Service	£5,100,000
Mandatory Work Placements	£1,717,400
Total est. one-year funding for Wales	£519,521,887
Est. funding for employment support in Wales	£288,679,647

²⁴ A description of each employment support programme can be found in Annex A.

²⁵ This is made up of Part-time Further Education funding, Local Authority Adult Community Learning and Apprenticeship funding.

Est. employment support devolution	£47,956,034
Est. funding for skills in Wales	£221,092,240
Est. labour market focused health policies	£9,750,000

Source: ONS

Implications for policy

The findings have several policy implications. The Welsh Government has substantial financial capacity to shape an integrated agenda around work, health and skills. The estimated £520 million budget for 2024-25 represents a baseline for programmes most directly targeting the labour market, excluding broader spending that may indirectly influence labour market participation (e.g., general health expenditure and education for 16-18 year olds).

Of the total, approximately £288 million is allocated to direct employment support programmes. Much of this funding is committed to existing initiatives such as the Restart programme (though referrals are due to end in June 2026) and Jobs Growth Wales+. There is potential to align these programmes, and their future iterations, with a broader agenda aimed at reducing economic inactivity.

Included in this budget is an assumed £47 million from the employment support programmes that are expected to be devolved, based on Barnett consequential and mirroring Scotland's devolved settlement. This figure reflects a precedent for the UK Government's commitment to devolve all non-Jobcentre Plus employment support programmes to the Welsh Government. However, the scope of this commitment may evolve.

Additionally, new UK Government spending commitments linked to the *Get Britain Working* White Paper, introduced after the 2024/25 financial year, may further increase available funding. Approximately £94 million from the UK Shared Prosperity Fund (also committed to devolution) has been included in the overall figure, though the exact nature of this commitment in the future remains to be clarified.

In terms of skills funding, we estimate that around £221 million was allocated in 2024-25. We have included programmes that focus on adult skills and learning, excluding core provision for 16-18 year olds. This includes allocation of funding for part-time further education study, apprenticeships (excluding junior and degree-level apprenticeships) and Adult Community Learning. We have included the funding that has the clearest labour market implications and should be more strategically aligned with a broader work, health and skills agenda.

Regarding health, approximately £10 million in annual spending was identified through the In and Out of Work Support Services, primarily targeting mental health support. Existing spending on employment support with a direct focus on health is low, although only programmes with a direct labour market intention were included,

though it could be argued that the entire health budget influences the labour market. For example, Public Health Wales' *Healthy Working Wales* provides occupational advice to help individuals with health conditions remain in work.

One of the challenges is that services can be disjointed from each other, and many are focused on unemployed people rather than those who are economically inactive.

With the UK Government's commitment to devolve all non-Jobcentre Plus employment support to Wales, the new Welsh Government will have significant resources and the opportunity to align policy and investment through a unified strategic framework. By exercising direct control over employment support, the Welsh Government can design and deliver programmes that are responsive to local needs, informed by evidence, and joined up with services it is already responsible for such as skills and health. By having this underpinned by a Plan that sets out the strategic direction there is the opportunity for a more effective and efficient use of resources.

Case study: Working Denbighshire

Working Denbighshire provides free employability and skills support for residents of Denbighshire aged 16 and over who are economically inactive, unemployed or in low paid work. The service supports people with finding a job (CV writing, interview skills), in-work support, help to start a business, training and short courses, and mental health and wellbeing support.²⁶

Work Start is a project within Working Denbighshire that offers three months paid and unpaid work experience placements. Service users are allocated a project officer who supports them with accessing training courses, mentoring, advice and support with next steps.²⁷

²⁶ [Working Denbighshire](#)

²⁷ [Work Start Scheme](#)

7. Designing a Work, Health and Skills Plan

The development of a Work, Health and Skills Plan for Wales should be grounded in a recognition of the interdependence between health status, labour market participation, and skills acquisition. It must align with broader economic growth strategies to ensure a skilled workforce is in place to meet emerging demands and that individuals can access the opportunities being created. The plan should also be informed by employer needs and developed in collaboration with employers and sector bodies, who are vital in shaping quality, sustainable, and inclusive employment.

The plan must be more than a policy document—it should be a blueprint for action. It must reflect the lived experiences of those furthest from the labour market, respond to the structural barriers identified through data and stakeholder engagement, and be shaped by a shared commitment to improving outcomes for disabled people, those with long-term health conditions, women, and ethnic minority groups.

This chapter sets out a framework for designing such a plan, drawing on the findings and recommendations of the broader report. It aims to translate strategic intent into operational reality, ensuring that employment support is inclusive, regionally responsive, and capable of addressing persistent inequalities.

Strategic objectives

The plan should pursue four interlinked strategic objectives:

1. **Increase employment** particularly among economically inactive individuals, recognising the diversity of pathways into and out of work. This is particularly important given the scale of Wales' employment gap with the UK as a whole, which is largely driven by economic inactivity, rather than unemployment. To reach convergence with the UK, employment rates in Wales would need to increase by 2.0 percentage points from 73.4 per cent to 75.4 per cent.²⁸ This would mean increasing employment by 60,000.
2. **Reduce employment gaps** for priority groups, particularly disabled people and those with long-term health conditions (a gap of 28.9 percentage points), women (a gap of 5.7 percentage points), and ethnic minority groups (a gap of 10.2 percentage points). In most categories, Wales has the biggest employment gap for priority groups compared to other UK nations, and these gaps vary widely across its regions. Narrowing these gaps will help reduce unfair differences based on where people live and their characteristics.
3. **Integrate employment support with health and skills systems**, creating seamless transitions and reducing fragmentation. Lived experience participants often struggled to navigate fragmented services and reported being passed between providers without clear guidance. Many felt that their health, skills, and

²⁸ Annual Population Survey from April 2024 to March 2025, ONS

employment needs were treated separately, rather than as part of a joined-up journey. This highlights the need for better integration across systems.

4. **Embed robust evaluation and data linkage**, enabling continuous learning and accountability. Lived experience participants valued services that listened and adapted to their needs. Embedding feedback loops and user involvement in evaluation would help ensure services remain responsive and person-centred.

These objectives must be underpinned by a commitment to equity, recognising that equal treatment does not yield equal outcomes in a context of structural disadvantage. They can only be achieved through partnership working, linking to economic growth plans, and working with employers to help them meet their needs and shape their recruitment, job design and training practices.

Design principles

The Plan should be guided by the following principles:

- **Person-centred and place-sensitive:** Support must be tailored to individual circumstances as much as possible and should reflect regional labour market dynamics. This means recognising the distinct challenges and opportunities within Wales's four economic regions—North, Mid, South East, and South West Wales—and designing interventions that reflect these differences. Lived experience groups consistently emphasised the importance of empathetic, tailored support. Participants described positive experiences when advisers took time to understand their circumstances, and frustration when services felt impersonal or rigid. Numerous studies focus on the importance of a personalised service in achieving positive employment outcomes.²⁹ Previous L&W research also found that co-production of services with disabled people and/or people with long-term health conditions created better informed, more integrated and more inclusive services.³⁰
- **Preventative and enabling:** Employment support is a key part of the policy levers available, but it alone is insufficient to tackle the strategic objectives. The approach must therefore work across policy areas, and include early intervention, confidence-building, and capability development, particularly for those with fluctuating health conditions or caring responsibilities. Lived experience participants described long periods out of work due to health or caring responsibilities, and a lack of early support to help them stay connected to the labour market. This underscores the value of preventative approaches that build confidence and capability before crisis points.
- **Integrated and collaborative:** Participants often felt lost in the system, unsure where to go for help, and services operating in silos. The Plan must foster alignment across health, employment, and skills services. This requires shared

²⁹ Learning and Work Institute (2024) [What support helps disabled people move into sustainable work?](#)

³⁰ Learning and Work Institute (2024) [What support helps disabled people move into sustainable work?](#)

governance structures, joint commissioning, and co-location of services where possible. Lessons from Individual Placement and Support model (IPS) delivery and trials show that integration between employment and health services is an important way to support people with additional and complex needs.³¹³²

- **Data-informed and adaptive:** Delivery must be responsive to emerging evidence. This includes using linked administrative data to track outcomes, and embedding feedback loops from service users and frontline practitioners. Lived experience participants expressed frustration with digital systems that were hard to use or irrelevant to their needs. Real-time feedback and inclusive evaluation can help ensure services are shaped by those who use them.

These principles are drawn from best practice identified in the literature review and stakeholder workshops, and reflect the aspirations of those with lived experience of economic inactivity.

A regional focus

A central design feature of the plan must be its regional orientation. While national coordination is essential on a strategic level, delivery must be organised at the regional level—below the national scale but above individual local authorities. This reflects the reality that labour markets, health systems, and educational infrastructure operate across broader geographies than local authority boundaries. Of course, local authorities will also have a critical role to play, including working in partnership with each other and other bodies.

The four economic regions of Wales—North, Mid, South East, and South West—should form the basis for planning and delivery. Each region exhibits distinct patterns of employment gaps:

- **Mid Wales** has the largest gender employment gap (9.9 percentage points), driven by high male employment and lower female participation.
- **South West Wales** shows the largest ethnicity employment gap (14.8 percentage points), with significant disparities in Swansea and Neath Port Talbot.
- **North Wales** has relatively smaller gaps but has pockets of low employment and large employment gaps, for example in Gwynedd the ethnicity gap is 22.7 percentage points.

³¹ The Individual Placement and Support (IPS) model is a supported employment intervention that was developed in the 1990s. Over time, the intervention has been tested and expanded to support people with a wide range of mental and physical health conditions into employment. Among other principles, the IPS model tries to find jobs consistent with people's preferences, brings employment specialists into clinical teams, and has ongoing, individualised support for the individual and their employer.

³² Learning and Work Institute (2024) [What support helps disabled people move into sustainable work?](#)

- **South East Wales** has high employment gaps by gender (7.4 percentage points), ethnicity (13.4 percentage points) and disability or long-term health condition (30.4 percentage points), each of which is higher than the Welsh average.

Regional planning enables more effective alignment with existing structures including the Regional Skills Partnerships, as well as FE colleges, Regional Partnership Boards for health, and local employers, and allows for tailored responses to demographic and economic conditions. In addition, there will be opportunities to simplify and rationalise structures too.

Delivery architecture

The delivery architecture must be designed to support multi-agency collaboration at the regional level. Key components should include:

- **Corporate Joint Committees (CJCs):** CJCs should act as the regional conveners and coordinators of delivery. They are well-placed to lead strategic planning, commission services, and ensure alignment with regional economic development priorities.
- **Further Education (FE) colleges, adult community learning and training providers:** These institutions should deliver modular, flexible learning that responds to local labour market needs. They must also play a role in outreach and learner support. Many lived experience participants with low confidence or poor prior experiences of education said they needed practical, supportive environments to re-engage with learning. Adult education providers are well placed to offer this kind of wraparound support.
- **Regional Partnership Boards for health and third sector organisations:** Lived experience participants with long-term health conditions described needing more holistic support that recognised the impact of their health on employment. Embedding health partners into the delivery model reflects this need and ensures services are responsive to fluctuating conditions. These partners should provide health-related support, including mental health services, social prescribing, and condition management. Their involvement is critical to ensuring that employment support is accessible and responsive to health needs.
- **Jobcentre Plus and Working Wales:** Services should offer employment support, benefit navigation, and job brokerage. Their role must be integrated into regional plans, with clear referral pathways and shared outcomes. Participants described Jobcentre Plus as intimidating and overly focused on sanctions. Integrating Jobcentre Plus into a wider, person-centred system, while offering alternatives like Working Wales, helps address these concerns and rebuild trust.
- **Employers and anchor institutions:** Regional employers must be engaged as co-designers and co-deliverers of support. This includes offering work placements,

adapting recruitment practices, and participating in inclusive employment initiatives.

- **Digital infrastructure and data systems:** Shared digital platforms should support referrals, case management, and outcome tracking across agencies. This will reduce duplication and enable real-time collaboration.

The architecture must be underpinned by shared governance, with clear roles, responsibilities, and accountability mechanisms. Funding arrangements should incentivise collaboration and long-term outcomes, rather than short-term outputs.

Evaluation and learning

Evaluation must be embedded as a core function of the plan, not an afterthought. It should serve both accountability and learning purposes. Key elements include:

- **Linked administrative data:** The plan should utilise existing datasets (e.g. HMRC earnings, health records, education outcomes) to track long-term impact. This requires investment in data infrastructure and governance. Several lived experience participants described having to repeat their information across different services. Better data sharing would reduce duplication and improve continuity of support.
- **Longitudinal and mixed-methods evaluation:** Quantitative tracking must be complemented by qualitative insights, including case studies, interviews, and participatory research. This will help capture the complexity of individual journeys and the contextual factors that shape outcomes.
- **Real-time feedback loops:** Evaluation should inform delivery in real time. This includes dashboards for practitioners, regular learning sessions for regional teams, and mechanisms for service users to provide feedback. Lived experience participants described feeling like “just a number in the system.” Creating feedback loops that allow users to shape service delivery in real time would help build trust and improve engagement.
- **Inclusive evaluation design:** People with lived experience should be involved in designing and interpreting evaluation findings. This will ensure that metrics reflect what matters to those receiving support.
- **Regional learning networks:** Each region should establish a learning network to share practice, reflect on data, and co-produce improvements. These networks should be supported by the Welsh Government and linked to national policy development.

Evaluation must be seen as a tool for improvement, not just measurement. It should help build a culture of reflection, adaptation, and ambition across the system.

Case study: Fair Start Scotland (FSS)

Fair Start Scotland was an employment service commissioned centrally and delivered across nine areas in Scotland to support disabled people and people experiencing long-term unemployment. Launched in April 2018, the service closed to new referrals in March 2024.

FSS offered 12-18 months of person-centred pre-employment support. The service also worked with employers to help with recruitment and to provide 12 months of in-work support for the employer and new employee. It took an internationally recognised 'place and train' approach, enabling disabled people to learn on the job with support from colleagues and a job coach.³³

In the period April 2018 to March 2023, there were 57,603 FSS starts. For those starts where enough time had passed in pre-employment support and for outcomes to be achieved, job outcomes showed 37 per cent had entered employment. For FSS starts that entered employment, there tended to be a high level of sustainment.³⁴

³³ Employability in Scotland [Fair Start Scotland Policy](#)

³⁴ Scottish Government (2024) [Scotland's Devolved Employment Services: statistical summary July 2023](#)

8. Recommendations

Work, health and skills encompasses a large swathe of policy areas, with a wide range of agencies and bodies, employers and individuals needed to make it a success. To deliver on a Work, Health and Skills Plan, Welsh Government will need to take decisive action in several areas, working with other partners across the public sphere. The recommendations below are set out with specific organisations in mind, to ensure clear and accountable arrangements are put in place to aid delivery.

Our research highlights a wide range of barriers contributing to employment gaps in Wales. While some challenges are specific to certain groups, others—like childcare, limited local job opportunities, and poor transport links—affect people across gender, disability, and ethnicity, and across Wales.

No single plan can tackle all these issues. Creating more employment, and importantly more inclusive and sustainable employment, will require coordinated investment and economic development across Wales. The plan should also be informed by employer needs and developed in collaboration with employers and sector bodies, who are vital in shaping quality, sustainable, and inclusive employment.

Although childcare and transport fall outside the scope of this Plan, they must also be prioritised by Welsh Government to support its success.

Setting strategic direction and funding

Employment support, health services, training providers and employers often work in silos, creating a fragmented experience for individuals needing support. National coordination is needed at the strategic level to ensure services work together, and to provide individuals with a system that is easy to navigate.

Introduce targets

Setting clear targets is essential to drive focus, measure progress, and ensure accountability change. Without defined goals, it is difficult to align resources, evaluate impact, or deliver meaningful change, within Welsh government and also within the regions.

Targets must be ambitious, measurable, and backed by realistic funding. Previous L&W research suggests that funding which is too short-term can mean interventions do not have time to get established, build partnerships and engage with individuals and employers to iteratively improve over time.³⁵ Targets must be underpinned by a credible delivery plan and a commitment to long-term investment. Success will depend on aligning funding, policy, and practice across sectors.

³⁵ Learning and Work Institute (2024) [What support helps disabled people move into sustainable work?](#)

- **Recommendation 1:** Set a target to achieve at least three quarters of working-age adults in employment, to close the employment gap between Welsh and UK employment rates over the next 10 years.

To achieve this, we'd need to increase employment by increase by 2.0 percentage points from 73.4 per cent to 75.4 per cent.³⁶ This would mean increasing employment by at least 60,000 people by helping more people find work and stay in work.

Setting strategic direction

Targets alone will not change outcomes in Wales, they need to be underpinned by tangible a labour market policy centred on work, health and skills, aimed at reducing economic inactivity and driving positive economic change.

- **Recommendation 2:** Establish a Work, Health and Skills Plan for Wales – developed by the Health, Economy and Education/Skills departments in partnership with stakeholders. The Work, Health and Skills Plan would set out overall national strategy, and baseline entitlements for support under the plan, including branding, and expected service levels.

Increase funding for employment support to reach the targets

An increase in funding will be required, along with greater efficiency from a more integrated system. While there is around £520 million spent across work, health and skills support relating to the labour market, only around £288 million is clearly employment focused.

- **Recommendation 3:** Invest an additional £180 million per year in employment support in Wales, over the life of a 10-year Work, Health and Skills Plan.

This is based on the outcomes achieved by the best employment programmes.³⁷ We estimate that across 10 years, £1.8 billion would get 35,000 to 65,000 people into work. Over 10 years, this is an extra £180 million per year, which equates to roughly 50 per cent more funding for employment support.

This would represent a significant investment in the Welsh economy. We estimate in general terms that the impact of having an extra 60,000 people in employment and not economically inactive would contribute £1.4 billion to the Welsh economy in terms

³⁶ Annual Population Survey from April 2024 to March 2025, ONS

³⁷ The best employment programmes get 7 to 11 percentage points of participants into work, above and beyond those that would find work anyway. Typically, costs are around £3000-5000 per person. On this basis, £1.8 billion would get approximately 35,000-65,000 people into work. More information about this calculation is included in Learning and Work Institute (2025) [Estimating the impacts of extra employment support for disabled people](#)

of GDP and between £300 to £500 million to the exchequer in lower welfare spending.³⁸³⁹

This is a top end assessment, with savings possible to drive down the overall cost of the policy down. For example:

- Working with employers to improve retention of disabled people. This is difficult to properly estimate but could lead to fewer people moving into economic inactivity in the first place.
- Improving the effectiveness of current provision, from better joining up existing service, sharing best practice more widely and reducing duplication or inefficiencies.
- Other measures, such as making work pay through the National Minimum Wage (NMW) and UC rises, childcare support etc, which will provide a stronger pull factor into the labour market. Though rises in the NMW can reduce the number of jobs employers create, depending on demand in the economy and other factors, so these push and pull factors need to be carefully weighed.

Welsh Government leadership and governance

The Welsh Government must play a **central leadership role** in the design and implementation of the Work, Health and Skills Plan, and ensuring it is aligned with broader policy goals such as the Well-being of Future Generations Act and the Net Zero transition. This leadership must be both directive and facilitative—setting expectations while enabling local adaptation.

- **Recommendation 4:** Welsh Government should convene a national board to support the Work, Health and Skills Plan, bringing together social partners (including employers), the NHS, Medr and providers.
- **Recommendation 5:** Where appropriate, Welsh Government should consider statutory underpinning for the governance and entitlements set out in the Plan. This would provide a long-term policy framework against which the plan could be delivered. It would also ensure relevant public bodies comply with expectations placed on them within the plan.

Strengthening regional leadership and shared governance

To address persistent employment gaps and poor outcomes for priority groups, there needs to be greater integration between employment support, skills provision and

³⁸ This estimate uses Gross Domestic Product (GDP) at current market prices for Wales in 2023. We have estimated that the economic gain per person entering employment would be £24,000 based on their expected average wage and productivity benefits of 50 per cent. The overall figure has been reduced slightly to account for those claiming Universal Credit and already working a small number of hours.

³⁹ This estimate is based on the benefit expenditure and caseload tables from the DWP. We have reduced the value by a third to account for those who may claim Universal Credit in work.

health care. Lived experience research and quantitative data highlight several interconnected challenges:

- High rates of people without base qualifications, particularly among those economically inactive due to long-term health conditions (41.7 per cent have no qualifications).
- Skills mismatch among ethnic minority groups, who despite often holding higher-level qualifications, face barriers to employment due to non-recognition of overseas qualifications and limited access to culturally competent support.
- Poor English language skills are a key barrier for ethnic minority groups, with ESOL provision described as slow and impractical for workforce integration.

These issues are compounded by fragmented service delivery and limited regional coordination. Strengthening regional leadership and shared governance is essential to align employment and skills support, tailor provision to local needs, and address the structural barriers that prevent individuals from entering and progressing in work.

Supporting local leadership through Corporate Joint Committees

Increasing employment and progression requires learning, work, health and other services to work together. National policy can enable this, such as Medr's responsibilities as funder and regulator of tertiary education and research to also promote collaboration within the sector across Wales. But it also requires local leadership to join up support in practice.

Corporate Joint Committees (CJCs) were established in 2021 and have responsibility for strategic development planning, regional transport planning and promoting the economic well-being of their area. We should build on this by requiring CJCs to convene health boards, skills and training providers, third sector organisations, and DWP/Jobcentre Plus and other key regional players who can work collectively to address employment gaps and improve outcomes. They should do so in line with national priorities and coordination activities. This should be focused on improving outcomes (the number of people finding work and improving their skills) and underpinned by formal agreements, shared metrics, and joint accountability.

- **Recommendation 6:** Corporate Joint Committee areas (CJCs) should be given a statutory remit for achieving the plan's targets within their area, with clear outcome agreements in place between Welsh Government, CJCs and their commissioned partners. CJCs would convene regional labour market boards made up of social partners (including employers), NHS Health Boards, Public Health Wales, skills and training providers, employment support providers, local authorities and voluntary and community sector organisations.

At present local governance for, and coordination of, learning, work and health services is relatively separate. While much excellent joint working already takes place,

this will need to be strengthened if Wales is to deliver the ambition for higher employment and productivity. Giving the CJsCs a role in doing so builds on existing infrastructure rather than adding to it and provides an opportunity to consider all elements of the labour market. CJsCs are still developing their capacity and it might take some time before all are equipped to fully take on additional responsibilities.

Working towards CJsCs taking on this responsibility could enhance governance and create a stronger mandate for implementation across relevant organisations. Local authorities already have some budgetary and policy responsibilities for services such as Connect to Work. This change could help to build greater coherence against the full range of learning, work and health services.

- **Recommendation 7:** To deliver the Work, Health and Skills plan locally, each CJC should have a budget for commissioning services, which could be based on existing local authority funding for services like Connect to Work.
- **Recommendation 8:** In exercising their functions, CJsCs would have to take account of Welsh Government's strategy, provision funded at a national level (such as by Medr) and the Work, Health and Skills Plan. This is to ensure consistency of procurement processes, and to avoid duplication.
- **Recommendation 9:** National commissioners should consider the local insights of CJsCs in their decisions regarding funding of relevant provision. In addition, national commissioners should explore options for greater collaboration, from consultation to ensure that funding streams and commissioning approaches are complementary, to co-commissioning. The test for which of these options is chosen should be what will deliver the best outcomes for people

Other bodies are responsible for the coordination of systems at the national level. For example, Medr is responsible for the coherence of the skills system, through funding and regulating the tertiary education sector in Wales. CJC's would be responsible for ensuring integration of support across systems at the local level, and the commissioning of additional, locally responsive provision.

Improving delivery and coordination of employment support

The current employment support landscape in Wales is fragmented, with services often operating in silos and support sometimes lacks flexibility to meet different needs, despite the best efforts of practitioners. The current employment support landscape is also complex, with individuals having to navigate multiple programmes run by UK, Welsh and local governments and a significant number of agencies.

Lived experience research shows people face multiple, overlapping barriers—such as poor English skills, long travel times, limited service awareness, and a lack of culturally competent support. Many rely on word of mouth to find help, feel overwhelmed by online information, and struggle to identify relevant services.

These challenges are compounded by a lack of coordination between employment, health, and skills services. Yet there is also a missing area of support: most employment support is focused on those who are unemployed rather than economically inactive. Previous L&W research has shown that only one in ten out of work disabled people get help to find work each year, despite two in ten saying they want to work.⁴⁰ To deliver a higher employment ambition, that needs to change.

Integrated Employment Support

The employability support landscape across Wales is fragmented, with too many programmes that end up being disjointed, overlapping, and missing key groups.

A new approach is needed to overcome the barriers identified in the research, from poor English language skills and limited awareness of support, to travel and childcare challenges. By integrating employment, health and skills support, and tailoring provision to local needs, the approach would be inclusive and accessible, reaching those missed by current support.

- **Recommendation 10:** To deliver the Plan, a new Employment Support Network for Wales should be created. We suggest this could be called *Hyder* meaning 'confidence'. The network would provide a single, virtual front door for users, bringing existing employment support functions under an umbrella organisation, and providing referral pathways to existing relevant support. This would build local integrated networks to reach people who miss out on current support and help them to find work. It would bring together employment support, health and skills provision, as well as link to support for childcare, transport, and guidance for employers on inclusive job design and workplace adjustments.
- **Recommendation 11:** The CJC would have oversight of the local delivery of Hyder and commission additional provision that responds to local needs, while reducing duplication. In commissioning the service, CJs should be given scope to target support at key groups where there are large and geographically varied employment gaps – such as mental health support for those with long term health conditions, ESOL for ethnic minority groups in large cities, or drawing on provision around caring responsibilities such as childcare for women.
- **Recommendation 12:** Where possible, existing services are brought under one roof through co-location or online integration hubs. This should focus on bringing together Working Wales, adult learning, further education colleges and apprenticeship providers, employment support (Jobs Growth Wales+, ReAct+, etc) and health into single locations within a town or city. Effort should also be made to enable co-location with Jobcentre Plus, the NHS and organisations such as housing associations where possible.

⁴⁰ Learning and Work Institute (2022) [Towards full employment](#)

- **Recommendation 13:** Hyder would have a long-term MoU with Jobcentre Plus in Wales (and this would be supported by regional agreements reflecting contracted provision by CJsCs).
- **Recommendation 14:** To support the new service, better data sharing arrangements between services should be developed, so individuals don't have to repeat information. Welsh Government should also examine a Welsh equivalent of the DWP Employment Datalab, a service aimed at organisations who support people into employment to help them understand the impact of their programmes. This would provide clear, publicly accountable information on outcomes.

The intention is that the new service would be a more coherent use and network of existing resources, rather than an additional new service or infrastructure added to the current landscape. Working Wales, for example, could provide a useful foundation to build upon. At the same time, helping more people into employment and improving health and skills outcomes can reduce long-term dependency on welfare, reducing the overall cost to government.

Improve awareness of services, referrals and outreach

- **Recommendation 15:** The service design should enable multiple referral routes into it, and contractual terms should reflect this where possible. The MoU with the Jobcentre Plus should set clear expectations on referrals and ensure both services benefit in terms of their targets when progress is made from an individual. Referral pathways should be agreed with the NHS and local health boards, this should explore options such as social prescribing and enabling GPs making referrals to the new service where they think support would be in a patient's best interests.
- **Recommendation 16:** CJsCs should agree regional plans for how the service will engage those who could benefit from support, particularly people on Universal Credit with health conditions or those out of work for more than a year. These plans should respond to the feedback from lived experience groups, and offer clear, tailored, and proactive outreach to improve awareness and navigation of available services.
- **Recommendation 17:** The new service should align very closely with Business Wales and proactively engage employers in Wales in shaping provision. This could for instance include job brokerage services, which would be a direct benefit for employers in return for their involvement in creating healthy workplaces and programme design.

Annex

Overview of Employment Programmes in Wales (2024–25)

This annex provides a summary of key employment programmes delivered in Wales during the 2024–25 financial year. Each entry includes the programme name, estimated funding allocation, funder, and a brief description of its purpose and target audience.

Welsh Government Programmes

Programme	Est. Funding	Funder	Description
Communities for Work+	£16.83 million	Welsh Government	Employability support for people furthest from the labour market, including those with complex barriers.
Employability Including Young Persons Guarantee	£103.50 million	Welsh Government	Support for young people aged 16–24, including training, work experience, and job search help.
Flexible Skills Programme	£1.30 million	Welsh Government	Upskilling support for employers responding to changing business needs.
Jobs Growth Wales+	£29.14 million	Welsh Government	Training and work experience for young people not in education, employment or training (NEET).
ReAct+	£3.13 million	Welsh Government	Support for individuals made redundant, including retraining and job search assistance.
Adult skills and learning	£213.22 million	Welsh Government	This is made up of Part-time Further Education funding, Local Authority Adult Community Learning and Apprenticeship funding.

UK Government / DWP Programmes

Programme	Est. Funding	Funder	Description
Restart	£23.30 million	DWP	Intensive employment support for Universal Credit claimants out of work for 12+ months.
Restart Extension	£16.45 million	DWP	Continuation of Restart programme for long-term unemployed.
Intensive Personalised Employment Support (IPES)	£0.44 million	DWP	Tailored support for disabled people with complex needs to move into work.
Mandatory Work Placements	£1.72 million	DWP	Short-term work placements for benefit claimants, often linked to conditionality.
Disability Employment: Enabling Roles	£1.45 million	DWP	Supports employers to create inclusive roles for disabled people.
Disability Employment Support Measures	£4.60 million	DWP	Initiatives to improve employment outcomes for disabled people.

UK Shared Prosperity Fund (UKSPF)

Programme	Est. Funding	Funder	Description
UKSPF (Core)	£88.01 million	UK Government	Local authority-led programme supporting employment, skills, and community development.
Multiply	£6.46 million	UK Government	Adult numeracy support for people with low maths skills, often linked to employability.

Health-Linked Employment Support

Programme	Est. Funding	Funder	Description
Healthy Working Wales	£0.10 million	Public Health Wales	Occupational health advice to help people stay in work.
In Work Support Service	£4.65 million	NHS Wales	Mental health and wellbeing support for employed individuals.
Out of Work Support Service	£5.10 million	NHS Wales	Health-related support for unemployed individuals to help them return to work.