



Llywodraeth Cymru
Welsh Government

Welsh Government's Response to the Migration Advisory Committee's Call for Evidence in relation to the Shortage Occupation List

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Summary

This paper is the Welsh Government's second response to a review of the Shortage Occupation List, undertaken by the Migration Advisory Committee (MAC) on commission from the UK Government. It is submitted as evidence by the Welsh Government to underpin the review and assist with decisions made regarding an updated Shortage Occupation List (SOL).

It presents the Welsh Government's analysis of both UK and Welsh data/evidence (where it is available) and is intended to provide the MAC with evidence and recommendations to support the Welsh SOL, in conjunction with the further evidence the MAC will receive from Welsh stakeholders as part of their Call for Evidence. The Welsh Government has also undertaken substantial outreach work to encourage external stakeholders to respond to this call for evidence independently, as experts within their own fields having detailed knowledge of Welsh sectors.

The Welsh Government continues to make calls to the UK Government for occupations to be considered for inclusion on the Shortage Occupation List within the childcare sector, the health care sector, hospitality and tourism sectors, and the veterinary sector. The Welsh Government also calls for priority occupations and sectors, including these outlined above, to be incorporated in a Wales only SOL if they are not included the UK wide SOL.

Evidence to support those calls are outlined in this paper and are based on the Welsh Government's engagement with the sectors and stakeholders. It must be acknowledged that there is a significant disparity across the UK in terms of access to substantial devolved level data to support calls for action. Where this is apparent alternative analysis has been provided in this response.

Background

The Shortage Occupation List (SOL) is a list of occupations where there is an identified shortage of suitable labour in the UK, and where it is sensible to fill those shortages with migrant workers. Occupations on the SOL are given some dispensations within the immigration rules, designed to make it easier for employers to seek migrant workers to fill vacancies.

The UK Government periodically commissions the Migration Advisory Committee (MAC) to review the SOL and recommend which jobs should be given the associated dispensations.

The current list of occupations on the SOL can be found at: [Skilled Worker visa: shortage occupations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/skilled-worker-visa-shortage-occupations).

This most recent review of the SOL was originally commissioned in 2022 but has been delayed for a number of reasons, including the revision of the Standard Occupational Classification by the Office of the National Statistics. On 27 February 2023 the MAC reinstated the review and launched the Call for Evidence, calling for stakeholders and devolved governments across the UK to submit evidence. The MAC has stated that it will consider the information from stakeholders, alongside data on shortage and information from other sources, such as stakeholder events, to form its assessment of shortages.

The MAC last reviewed the SOL in 2020 and the Welsh Government's response to that review can be found at: [Written Statement: The Welsh Government's response to the Migration Advisory Committee's Call for Evidence – Shortage Occupation List \(25 June 2020\) | GOV.WALES](#)

The Welsh Government's response to this current review and Call for Evidence is more pertinent than ever as we continue to experience the impacts of the cessation of the free movement on the Welsh labour market and Brexit related impacts on the wider economy and provision of public services.

Since 2020 the immigration landscape has changed profoundly. The economic environment has also altered dramatically and access to the EU labour market has greatly diminished. In this context the Welsh Government's response to this Call for Evidence is of strong importance to the economy and communities in Wales.

Data Collection and Analysis

The data analysis referenced in this paper and the accompanying Excel file is based on the methodology employed by the MAC in its full review of the Methodology of the MAC Shortage Occupation List, published in February 2023.

Under this methodology, the MAC has simplified its quantitative methodology for this review and has produced four shortage indicators, described in the table below:

Table 1.1 Chart indicators

Chart	Description	Dataset(s) used
A	Change in the real median hourly pay of the occupation (Indexed)	ASHE and CPIH
B	Change in the total hours worked by all employees in the occupation (Indexed)	APS
C	Potential workers previously employed in the occupation and now not employed	APS
D	Vacancies posted online per 100 employees	APS and Analyst (formerly known as Burning Grass)

*Table 1 – ‘Shortage Methodology Review, February 2023, Migration Advisory Committee’

The MAC has set out its 2 main considerations when assessing whether an occupation should be added to the SOL and these are:

- Is the occupation in shortage?
- Is it sensible to fill those shortages with migrant workers?

Historically only occupations skilled at Regulated Qualifications Framework (RQF) level 3 (A-levels or equivalent training or qualification) and above have been considered for inclusion on the SOL. However, for this review the MAC has also been asked by the UK Government to consider the evidence for:

- occupations below RQF3 where evidence suggests that an occupation (or a specific job within the occupation) requires substantial training/qualifications and prior experience and that the job/occupation should be recategorized to RQF3 or;
- where there is evidence that the occupation is facing severe and unexpected shortage and that despite the efforts of employers/sectors it is proving impossible to recruit resident workers.

Only in exceptional circumstances, with compelling evidence occupations at RQF1-2 level will be considered for inclusion on the SOL.

Given care workers have recently been added to the SOL the social care sector has not been asked to resubmit evidence to this review for their continued inclusion on the SOL. This also applies to senior care workers, which will also continue to be included on the SOL.

The Welsh Government's response has been formulated based on this methodology and with consideration of all of the above.

The Welsh Government is the devolved government for Wales. It works to help improve the lives of people in Wales and make Wales a better place in which to live and work. Its responsibilities include:

- education
- health
- local government
- transport
- planning
- economic development
- social services
- culture
- Welsh language
- environment
- agriculture and rural affairs.

Evidence from the Welsh Government

Overview of the Welsh Labour Market

As context for the following discussion, in the year ending December 2022, just over 1.5 million people aged over 16 years were economically active in Wales. Of these 1.46 million were employed and around 45,000 were unemployed. Excluding students, 960,300 people were economically inactive¹. Wales' long and porous border with the rest of the UK means that labour markets function across national borders. In 2022, 78,500 people who reside in Wales, work outside of Wales, whilst 32,500 people commuted into Wales to work².

Approach

The Welsh Government's response has been formulated based on its extensive partnership working and engagement with stakeholders in Wales.

The Welsh Government notes the small sample sizes used to produce estimates at a Wales level in the Annual Population Survey make it more challenging to make definitive statements about the number of potential workers (chart c in the dashboard guidance).

¹ Source: Annual labour market summary (16 or over) by Welsh local area and economic activity status (gov.wales)

² Commuting patterns in Wales by measure and year (gov.wales)

Nursery Nurses and Assistants, Childminders and Playworkers

The [10 Year Childcare, Play and Early Years Workforce Plan](#) sets out the Welsh Government's ambition: "to develop a skilled childcare and play workforce, which is highly regarded as a profession and a career of choice and recognised for the vital role the sector plays in supporting our children's development." The plan has three key themes focused on attracting high quality new recruits; raising standards and skills and investing in building capacity and capability - actions which sit under the three themes are focused on responding to recruitment and retention challenges, developing the workforce, and supporting the sustainability of the sector.

Qualification requirements are set out in Welsh Government's [National Minimum Standards](#) (NMS) and regulated by [Care Inspectorate Wales](#). The NMS outline the requirement for childcare and playwork staff to hold qualifications appropriate to their post and the proportion of staff who should hold particular qualifications.

Childcare and playwork is a fragile sector with long standing recruitment and retention issues exacerbated by the pandemic. [Research](#) by Arad Consulting, published in February 2022, found 57% of respondents found it difficult to recruit staff to their setting in the previous year – this figure rising to 72% for full day care settings. The main reason reported was the inability to find qualified staff (78%) with 54% reporting that it was difficult because the salary was too low to attract staff and that they are not able to offer enough hours to attract staff (47%).

Further comments in relation to difficulties recruiting in these jobs included inconvenient working hours – hours being too long for those with young children, or hours being too limited to be attractive to new employees; being unable to employ people who have not completed their Level 3 qualification or with sufficient Welsh language skills; competing with other sectors which pay more and wages not reflecting the responsibility of the job; not having enough applicants or people not showing up after being offered the job.

Working parents, in particular, rely on childcare and playwork provision. If there are fewer childcare and play places due to fewer staff working in the sector, parents won't be able to access childcare or playwork and this will affect their ability to work. In this way the childcare sector is a key part of the foundational economy and a key support for the economy. The childcare sector is rooted in the foundational economy providing care for our children allowing families to go out to work, or study. It also provides thousands of jobs which provide families with income.

Childcare helps drive local economies – when parents can access childcare, they are more likely to enter the workforce and stay employed. [The Welsh Government's review of the childcare sector in Wales \(2018\)](#) found that:

"...these parents go on to collectively generate an estimated £1.2 billion in income per year, supporting economic growth and poverty reduction across Wales".

Maintaining the childcare and playwork workforce at sufficient levels is vital to the continued recovery and general prosperity of the economy. Given the issues currently being faced, ensuring nursery nurses, assistants, childminders and playworkers are occupations included on the SOL is vital to ensuring that the pool of potential recruits is as wide as it can be and so that those potentially considering entering the Welsh childcare labour market are supported to do so. International migration could be a key mechanism to support other activity which is taking place to address the challenges the sector faces. A decision not to add this sector to the SOL would compound the significant challenges the sector already faces.

Nursery Nurses and Assistants

A detailed response on the MAC proforma can be found at Annex A.

Recruitment and retention challenges persist for day care providers across Wales and in particular the recruitment of those who already hold required qualifications or experience to work in the sector.

Social Care Wales hosts the [qualification framework](#) for the sector and a nursery nurse (day care practitioner/sessional day care) would require a level 3 childcare qualification and an assistant nursery nurse (assistant day care/sessional day care practitioner) a level 2 childcare qualification. Early Years and Childcare degrees with practitioner status from HEIs in Wales are also recognised.

Recruitment challenges in this sector are highlighted by National Day Nurseries Association Cymru (NDNA) workforce survey report (2019) which found that “*the greatest challenge facing early years settings is recruitment of qualified and experienced staff*”. Over two-thirds of respondents to the survey said they had issues recruiting Level 3 Qualified staff and 26% reported that they had difficulty in recruiting Level 2 qualified staff.

The Welsh Government’s [Research on Implications of Brexit on the Social Care and Childcare Workforce in Wales](#) (2019) reported that 47% of respondents found it was ‘fairly’ or ‘very difficult’ to recruit to a childcare post in the previous 12 month.

Welsh Government support has been provided to support recruitment challenges over recent years including through funding for NDNA’s Childcare Works project (2017-2021) which was designed to prepare individuals for entry into the sector. However, although there were some successes, fewer than 50% secured employment in the childcare sector. Reasons included participants moving into positions in the education sector and settings not being able to offer sufficient hours or posts to unqualified staff at that time.

Settings have reported that they find it hard to recruit qualified staff members to posts (Level 2 and Level 3). As only qualified members of staff count in the adult:child ratios, the ability to recruit qualified staff is key to the sector’s ability to be able to offer places to parents and ultimately their financial viability and sustainability.

Support is available for individuals to achieve the required qualifications via funding for Further Education courses and for employers and individuals via apprenticeship routes. However, since the pandemic apprenticeship completion rates have been low:

Success rate of apprenticeship frameworks that ended or were expected to end but continued past the expected end date

Framework	2017/18	2018/19	2019/20	2020/21	2021/22
00445 - Children's Care, Play, Learning and Development Level 2	75%	78%	46%	40%	32%
00445 - Children's Care, Play, Learning and Development Level 3	74%	72%	52%	50%	41%

Source: Life Long Learning Record Wales (LLWR)

Funding support via Welsh Governments' Progress for Success programme has pioneered apprenticeships for those working 10-16 hours a week in recognition of the particular working patterns of some in the childcare and playwork sector enabling them to also meet qualification requirements. New qualifications at level 2 and 3 were launched in 2019. Typically, these qualifications take 18 months to 2 years to complete and currently at level 2 wouldn't routinely be considered for inclusion on the SOL or be eligible on other visa routes.

The majority of the workforce is female, meaning that often 50% of potential candidates to the career opt out due to the erroneous stereotype that men don't work in the sector. The highly-skilled and valuable work undertaken by those in childcare is often not valued, as there is limited understanding of the complexity that is child development. In addition, as the cost of living increases are felt and pay and career progression are limited, attracting to the sector continues to pose challenges.

The Arad report (2022) found that more than half of all settings had experienced staff leaving their posts in the previous 12 months - this rose to 65% for full day care settings. Reasons for leaving included better pay in other sectors (42%) and the impact of Covid 19 (20%) Responses were also received relating to where staff had left to work in an unrelated area - the majority of responses indicate that most left to work in retail, hospitality, customer service or office based/administrative roles and so had left the childcare sector entirely.

Staff turnover is a concern for how organisations operate with recruitment costs, training time and reduced productivity of new staff while they become established. This means high turnover has a detrimental effect on both the children as well as childcare and early years settings.

In addition, the Covid pandemic has had a significant impact on the childcare sector, exacerbating existing recruitment and retention issues. Although childcare remained open during the pandemic, the way settings operated sometimes changed with fewer staff required. As operations returned to normal and previous staffing requirements returned, some staff had already left the sector and did not return. While demand began to return to pre-Covid levels, staffing did not.

[Research](#), conducted in 2019, found an estimated 4.5% of people employed in the childcare sector in Wales in 2019 were non-UK EU27 nationals. At the time, of the approximately 17,000 people working within childcare in Wales, this equated to around 760 workers. The lower confidence interval (LCI) of this estimate is 2.4% and the upper confidence interval (UCI) is 6.5%, equating to between 410 and 1,100 workers. While the childcare sector was not significantly dependant on the non-UK EU workforce, it made an important contribution to the workforce as a whole.

However, we also know some childcare workers have been migrating into the broader social care sector, which previously was heavily reliant on EU Nationals, therefore, whilst reliance on EU Nationals in childcare is historically relatively limited at under 5% of the workforce, the potential to lose further staff to this related sector is a real risk and would further exacerbate vacancy rates.

Covid, Brexit and the recent cost of living crisis have created a difficult landscape for childcare settings, and yet the demand for their services remain. Demand is anticipated to increase given the Welsh Government's commitment to expand childcare for all 2-year-olds over the next few years.

Childminders

A detailed response on the MAC proforma can be found at Annex B.

The number of childminder registrations is falling at a time when the number of childminder de-registrations is increasing, leaving fewer childminders operating in the sector. Childminders need to have secured Unit 326 and 327 as outlined in the Social Care Wales Qualification Framework. These are required before an individual can register as a childminder.

Through the 2022 Department for Education (DfE) childminder study, childminders reported a variety of reasons for leaving the sector – from the isolated nature of home-based childcare, to the paperwork the job entails, the long hours, relatively low pay and impact on family life. In addition, childminders work without supervision and are solely responsible for the children in their care during service hours. Childminders also need to understand how to effectively run a business as a sole trader.

Despite a supply of providers who can offer the necessary childminder training and support to access childminder training being available from most local authorities, there is a lack of individuals registering as childminders.

The decline in childminders predates the pandemic, but the difficulties of working during the pandemic may have contributed to individuals' decisions to leave childminding.

“There has been a 13% (245) reduction in the number of registered childminders and an 11% (1,615) reduction in the number of places available for children with a childminder. This is because the number of new childminders applying to register declined by 51% and those cancelling their registration increased by 58% from the previous year. The most common reason given for childminders cancelling their registration was due to obtaining new employment. In some cases, the reason cited for this was the financial uncertainty caused by the pandemic.” CIW Annual Report 21/22

During the pandemic and the various alert levels, childminders were often faced with restrictions or closing their provision to adhere to public health guidelines. This affected their income and many childminders did not have the contingency within their business to continue. The 2022 Arad research found around a third of childminders have contingency funds/savings in place for 6 months or less (10 childminders), and for less than 6 months (9 childminders). A further ten childminders reported not having contingency funds/savings. The experience of the pandemic and the issues it created for childminders were added to the existing list of issues – paperwork, pay, hours, isolation etc which are outlined in the 2021 DfE study as reasons childminders gave for leaving the sector.

Inevitably the number of childminder settings are declining.

Figure 1. below illustrates a significant decline in the number of childminders. This decline is compared with decline in the number of children's day care settings (otherwise known as nurseries), though these settings have also seen a decline. Given that most childminders are self-employed and do not employ assistants, this is a relatively robust measure of the number of people working as childminders in Wales.

Figure 1. Change in CIW-registered approved childcare settings

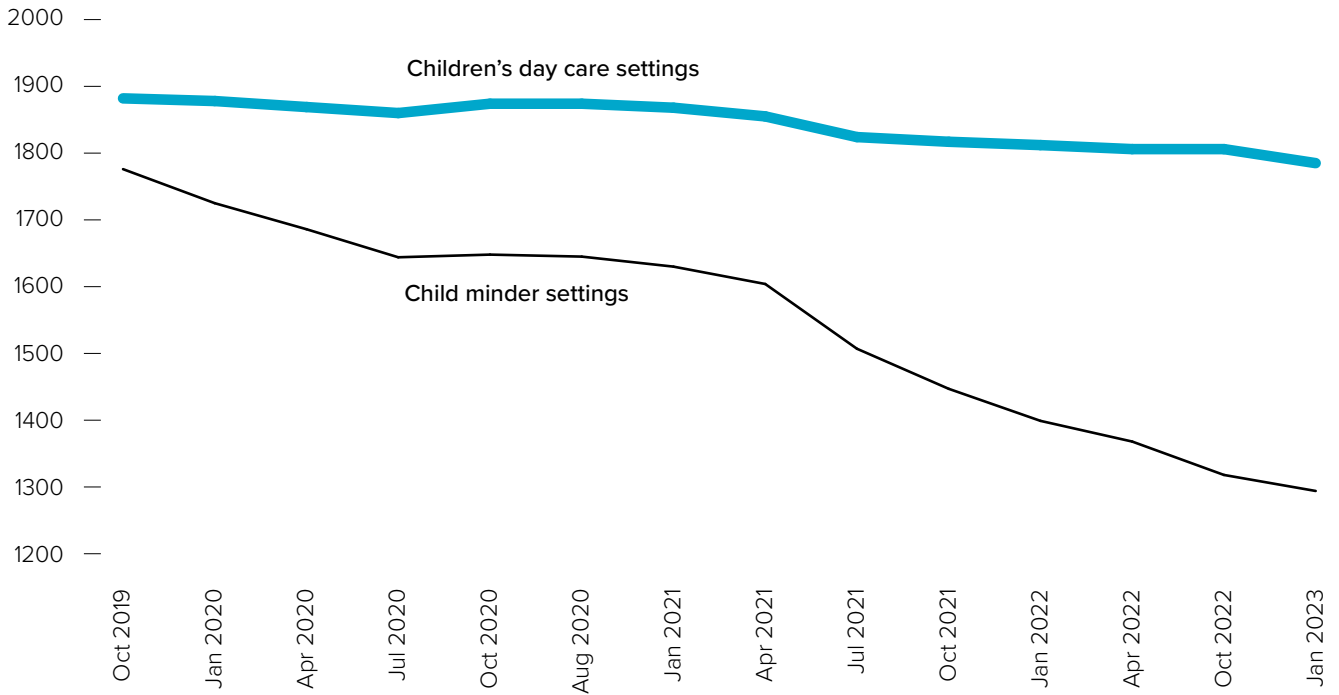
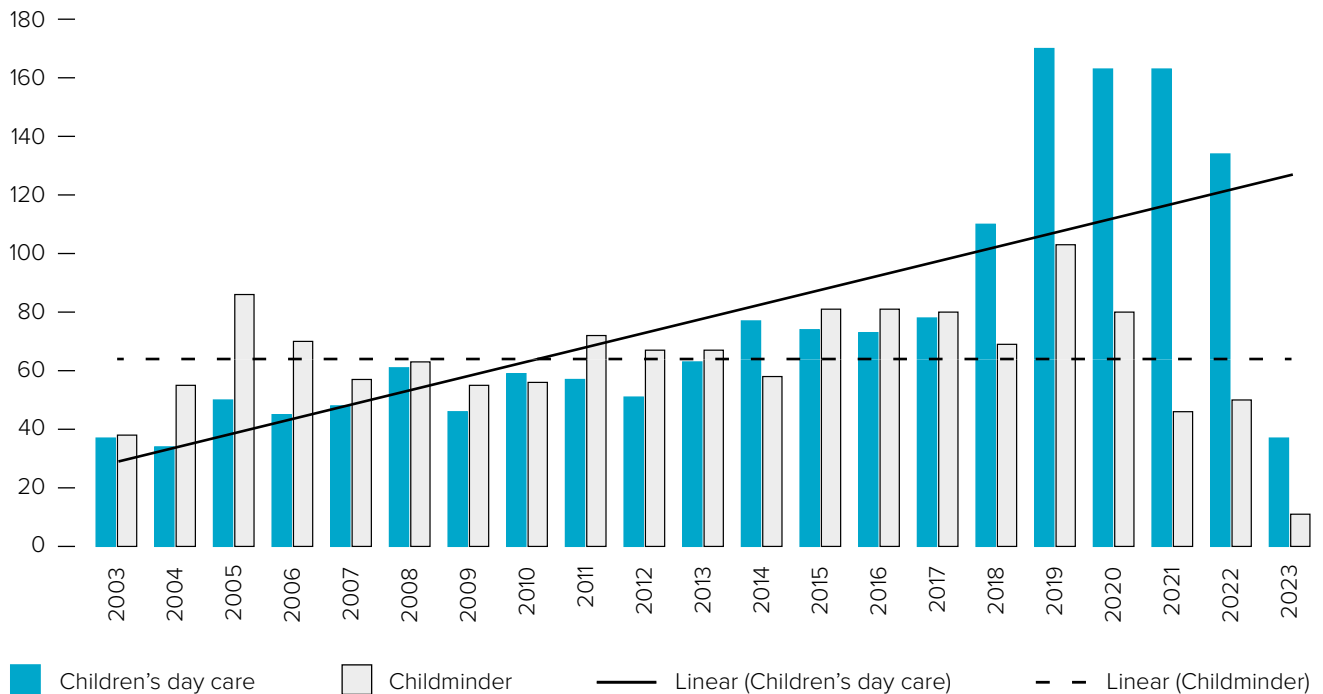


Figure 2. below illustrates the date of original registration of currently operational childminders. The figure shows that, of currently operating childminders, more were registered in 2003 than were registered in the last year. The trend line for registration dates suggests that the profile of this workforce is now aging, with relatively small numbers of new childminders coming into the sector. This is contrasted with registrations of children's day care settings, suggesting that the profile of these services is more recent.

Figure 2 – Number of registered childcare services in March 2023, by date of registration



Taken together, this suggests that there is a long-standing trend of decline in the number of new childminders, and that due to aging of the workforce, decline in overall numbers is likely to continue. Figure 3. below illustrates that the number of new service registrations has fallen year on year from 2018-2022, while cancellations have increased in all but two years in that same period. Cancellations have been higher than registrations in each year in this period, suggesting that the workforce is decreasing.

Figure 3 - Childminder registrations and cancellations in Wales 2018 to 2022

Recent qualitative research undertaken by the Welsh Government has indicated that decisions to work in childminding are often influenced by the life course, with people entering the role often when they themselves have young children, and often leaving the profession as they get older. This is due to a combination of fewer childminders joining the sector and more leaving: “There has been a 13% (245) reduction in the number of registered childminders and an 11% (1,615) reduction in the number of places available for children with a childminder. This is because the number of new childminders applying to register declined by 51% and those cancelling their registration increased by 58% from the previous year. The most common reason given for childminders cancelling their registration was due to obtaining new employment. In some cases, the reason cited for this was the financial uncertainty caused by the pandemic.” CIW Annual Report 21/22. There is currently no data on where individuals move on to, but there are recruitment and retention issues across the childcare sector. The Arad report (2022) found that more than half of all childcare settings had experienced staff leaving their posts in the previous 12 months outlining the significant retention issues facing childcare in general. Reasons for leaving included better pay in other sectors (42%). That is, sectors other than childcare. Responses were also received relating to where staff had left to work in an unrelated area - the majority of responses indicate that most left to work in retail, hospitality, customer service or office based/administrative roles and so had left the childcare sector entirely. If those de-registering as childminders follow this trend, it is likely that they left the childcare sector altogether.

Playworkers

A detailed response on the MAC proforma can be found at Annex C.

The Welsh Government places great value on play and its importance in the lives of children in our society. Access to high quality play opportunities is critical for the social, emotional and physical development of all children. Such experiences benefit children in terms of their health, happiness and wellbeing, and lay the foundation for reaching their full potential in adult life. The Play Sufficiency duty places a duty on every local authority in Wales to assess for and provide sufficient play opportunities for children in their areas. The overarching aim of the Duty is creating a play friendly Wales and to provide excellent opportunities for our children to play.

Local Authorities and their partners consider the Covid-19 pandemic has raised the profile of play locally and nationally and the role of the playwork workforce in supporting children in their recovery from the pandemic is recognised.

Playwork is a highly skilled profession that enriches and enhances children's play. It takes place where adults support children's play, but it is not driven by prescribed education or care outcomes. This may include (although not exclusively) those working in open access playwork provision, childcare or youth provision.

The playwork workforce works directly with children to support their play and are likely to require qualifications for regulatory or legislative purposes. These qualifications are defined in PETC Wales' List of required qualifications to work within the Playwork Sector in Wales. Playwork provision should be registered with Care Inspectorate Wales (CIW). If settings run for less than two hours a day or for fewer than five days a year, they are currently not required to be registered with CIW. For a variety of reasons, a significant proportion of Open Access playwork providers operate unregulated provision.

Playwork can be seasonal or temporary and that can affect the ability of settings to recruit staff. Playworkers are also required to hold specific qualifications in play, some of which may need to be undertaken outside of work, which presents an additional barrier to recruitment and burden on the workforce. As with the wider childcare sector, recruitment is also affected by relatively low pay and concerns over working hours. Playwork can be varied, with some work seasonal and other playwork settings offering few hours a day. These working patterns do not suit all individuals and so affect the attractiveness of working in the sector. As outlined above, the 2021 Swansea University survey identified that 66% of playwork workers have a second job. Some seasonal provision relies on an annual recruitment of staff. This brings with it challenges of giving staff adequate training or qualifications when they may not be looking at long term careers in the sector. Encouraging more workers into the sector, especially portfolio workers would improve the viability of settings and increase opportunities for children to benefit from play provision.

Although the pandemic brought unprecedented restrictions and challenges to playwork provision, it also produced innovation and experimentation. For example, local authorities and their partners repurposed themselves to offer help and support, including online engagement, outside provision where possible and providing children with play resources. But for most playworkers, the pandemic meant restriction or closure of their settings which in turn affected staff levels.

The Welsh Government recognises the importance of play in the recovery from COVID-19. [Renew and Reform](#), the Welsh Government's education COVID-19 recovery plan notes that "*all learners, but especially our younger learners, will need time and space to play and to socialise with one another, to support their wellbeing and help them adjust to the many changes taking place around them*".

The impact of the pandemic on children's learning has been significant and varied. Children report they struggled with not being able to go to school during lockdown periods and were happier when schools reopened and when they had access to play provision. The pandemic spotlighted the importance of play for all children. However, the Covid pandemic had a significant impact on the sector exacerbating existing recruitment and retention issues. Many play settings were closed over the course of the pandemic. As operations returned to normal and previous staffing requirements returned, some staff had already left the sector and did not return.

In addition, the Welsh Government undertook research in 2019 to look at the sectors dependence on EU workers and whilst the childcare and playwork sector was not significantly dependant on the non-UK EU workforce, it made an important contribution to the workforce as a whole and the cessation of free movement now limits those numbers supporting labour in this sector in the future.

In recent years the number of registered Play settings has fallen significantly. In Wales, playwork is delivered mainly through two types of registered settings and data on these settings is collected by Care Inspectorate Wales. The comparison below between 2020 and 2021 illustrates that there has been a decrease in the number of settings and although does not show the full extent of decline over the past decades; data from 2004 showed there to be 388 registered open access play settings

Table 1 – Registered Open Access Play Provision and Out of School Care settings, 2020 and 2021

	2020	2021
Open Access Play Provision	11	12
Out of School Care	308	301
TOTAL	319	313

Source: Life Long Learning Record Wales (LLWR)

As a sector with historically low wage rates, the level of qualification required for the remuneration on offer is likely to factor into people's decision making as to whether they take a role in the play sector. With the cost of living crisis, the impact of low wages in a workforce already plagued by low levels of recruitment and reportedly high turnover rates is significant.

Reported issues affecting decline include; registration requirements and administrative issues; increasing rent costs and National Minimum Standards; requirements for qualified playworkers. The shortage in playworkers that are suitably qualified is impacting on the viability of provision. The often seasonal nature of playwork (predominantly provided for in school holidays, weekends during summer months) means that the workforce is often dependent on a more limited pool of workers who are interested in more flexible type contracts.

Tourism and Hospitality

The Visitor Economy, encompassing Tourism, Events, Heritage, Culture and Creative Sectors is diverse and includes different sub-sectors including accommodation (hotels and other accommodation); food services (restaurants, cafes, bars, street food); outdoor adventure; indoor and outdoor attractions; heritage and cultural venues, the creative industries, and events. The Welsh Government works closely with our stakeholders and whilst we have often been given anecdotal evidence of skills shortages across these sectors for example in relation to chefs, we have had no detailed evidence. We have shared information on the SOL Review with the sector and have asked stakeholders to respond directly.

In April 2023, the MAC hosted a hospitality roundtable (in conjunction with the UK Government). At the meeting representatives from businesses and organisations across the wider visitor economy, were asked to consider what they are doing to address any shortages i.e. is it sensible to add to the list, why is hard to recruit, what's been done to try and recruit, what training has been done or offered, where have gaps been identified between retirement posts and university graduates / school leavers or similar and how has this gap between both ends been addressed? Plus, what is being done to encourage British workers to work in Britain and build the British workforce?

The Welsh Government has worked across the industry to address the skills and labour shortages identified over the last few years. Key areas of activity include:

- The Wales Tourism and Hospitality Skills Partnership was set up in 2019 to identify and propose solutions to address skills needs in the industry. Members include Careers Wales, DWP, Qualifications Wales, Further Education and Higher Education and industry bodies such as UK Hospitality.
- Following Covid-19 the tourism and hospitality sector experienced an acute shortage of trained workers across all skill levels and disciplines – from chefs to kitchen and catering assistants, food and beverage front of house staff, supervisory and management roles to housekeepers.
- Evidence suggests that people from the sector have taken early retirement, moved to roles in other sectors or are unwilling or reluctant to return to work in the industry. It is also apparent that the perception of working in the sector continued to be one of low pay, irregular and long hours, poor working conditions, lack of career opportunities etc.
- Many businesses have had to adapt to cover staff shortages, for example reducing menus and the number of days food is served, due to lack of chefs and front of house staff. Latest industry feedback is that the industry is still struggling to recruit and retain in some areas and occupations.
- To support the industry to fill vacancies and to highlight the variety of career opportunities available in tourism and hospitality, the Welsh Government launched “The Experience Makers” skills and recruitment campaign in 2021 in partnership with the Wales Tourism and Hospitality Skills partnership. The campaign targets young people – school leavers, students, and those unsure about their future career; young adults who may be looking for flexible work around e.g. childcare and older adults seeking part-time work or a career change.
- Current activity for 2023/24 on the campaign includes developing resources to link the sector with the new school curriculum to raise awareness with pupils, teachers, and parents of opportunities in the visitor economy sector as well as assets for use at careers events in schools and colleges. A new case study is also underway to highlight career opportunities within the events sector.
- We have also worked with businesses to share best practice examples of recruiting and retaining staff, and these include businesses now offering fixed hours; part-time work for those who want it; higher rates of pay; training, development and progression plans; help with travel and accommodation costs; four day working weeks and benefits such as shares in the business. We continue to share this best practice with industry to encourage others to review and improve their job offers, value and up-skill their existing staff and work closely with local schools and colleges to ensure a local pipeline of staff for the future.
- The sector has welcomed and supported the campaign by getting involved in the case study/films, sharing social media clips etc. We also work with Further Education and Higher Education to raise the profile of careers in tourism and hospitality and to encourage closer working with businesses to ensure students completing their learning are job ready.

We continue to encourage industry to take up Welsh Government programmes such as The Young Person's Guarantee, Apprenticeships etc via our industry engagement communications. We have also more recently encouraged businesses to consider employing older people, people with disabilities and people coming to Wales from Ukraine.

Andrew Campbell, Chair of the Welsh Government's Ministerial Advisory Board for Economy, Professor of Practice in Tourism for University of Wales Trinity St David and Former Chair of the Wales Tourism Alliance:

The Tourism and Hospitality sector within Wales, which is currently experiencing severe labour shortages across the accommodation, food/ beverage, events and visitor attraction sectors.

Labour shortages within Tourism and Hospitality are historic and well documented, and unfortunately further exacerbated by the impacts of COVID-19 and the cessation of free movement.

The recent pandemic highlighted the vulnerability of the industry and in particular the lack of job security. This was reflected through multiple job losses when the industry shut down whilst the pandemic restrictions were imposed. The pain of unemployment during that period inevitably led to workers seeking more permanent and less "fragile" occupations, which provided greater "life stability". Post pandemic there has been an understandable reluctance to return to former stations of employment within hospitality and tourism. The Brexit vote also motivated many EU nationals to leave jobs in this sector and return to mainland Europe. Their loss has also been keenly felt.

Pre pandemic, tourism within Wales was worth £6.2 billion and provides employment for 130,000 workers (2019 figures). It is a key economic driver within the nation, creating economic prosperity not just within urban areas, but crucially within rural and coastal communities. Rural and coastal areas, because of their tourism appeal and paucity of population, are not magnets for significant industrial development and "value added" jobs". A fact which further highlights the nation's economic dependency upon the visitor economy. In terms of GDP, tourism in Wales equates to 10/11% of wealth created. In England that figure is substantially lower at 7%. This disparity clearly makes the case for treating Wales through a different economic lens - and adding tourism and hospitality to the Shortage Occupation List would ensure more realistic and equitable outcomes. In essence, for many destinations throughout Wales, tourism and hospitality businesses are the heartbeat of community life, providing both an economic and social imperative.

Sadly, working within the service sector does not currently hold a wide appeal for many British nationals. Recent undergraduate Tourism Management admission figures, within universities in Wales (and the UK), have shown a steady decline. It is a trend that has been ongoing for several years, resulting in the closure of tourism/hospitality schools throughout the UK. The current economic crisis has accentuated that decline. In short, there is no longer a conveyor belt of young talent to fill existing job vacancies within the sector. Vacancies which were once taken by EU nationals have now highlighted that void, which has resulted in business closures or adaptations to existing business models, through reduced opening hours or a restriction in service delivery.

Business closures or restrictions of service delivery, clearly have an economic impact, but the unintentional impacts upon health and wellbeing are often overlooked. Visitors and locals may also have an intrinsic need to experience services provided by many visitor economy businesses.

Hospitality businesses in particular provide a valuable resource to counter loneliness and stimulate social connection. They can relieve stress and anxiety, addressing many mental health needs – and can promote happiness and a sense of self-worth. Outcomes that will alleviate deprivation and hardship. But importantly such businesses can also create more conducive destination atmospheres. Enriching places to spend time in, leading to environments which offer popular appeal to international, national and local visitor markets. It is therefore important to keep businesses open and financially viable.

Wales is a nation of 8,000 square miles with a population of approximately three million people. England has a land area of 50,000 square miles with a population of approximately fifty million people. The figures distinguish Wales as a more sparsely, less densely populated country, which over time has impacted upon social, cultural and economic characteristics. It helps to explain the dependency upon tourism and Agriculture, both of which have shaped communities in an entirely different way to its near neighbour. The less congested nature of the country has also been responsible for attracting an older demographic, who wish to retire here and who have little appetite to return to the labour market. These characteristics present Wales with a differing set of labour challenges that should logically be addressed on a national, not UK wide basis. The case for Wales to have its own Shortage Occupation List is therefore compelling.

Within many rural and coastal areas, employees will receive the minimum hourly rate, which is currently £10.42. Based upon a 40-hour week (not always guaranteed) this will equate to an annual salary of approximately £22,000 per year and so will not meet the UK Government's minimum threshold for a Skilled Worker Visa.

The current Cost of Living crisis, with high energy costs in particular, is making it difficult for businesses to trade and so wage increases are not likely in the foreseeable future. It is important therefore to review current threshold levels.

Vets

Vet salaries are now above the threshold the MAC will be considering as part of the current review of the SOL and so in accordance with the MAC's methodology will no longer be eligible for consideration for inclusion on that list.

However, Wales, and the UK, have become increasingly dependent on EU27 veterinary graduates. And there is an increasing regulatory requirement for veterinary certification of the health and safety of animal produce and for veterinary oversight of the welfare of animals in the food supply chain. A consequence of this increased veterinary role, greater access to the UK labour market and professional engagement with public health work has led to a situation where Wales and the UK has historically become highly dependent on EU 27 vets in public health and state veterinary medicine roles in particular.

The cessation of free movement has resulted in an apparent and acute labour shortage and the alternative route for filling Welsh veterinary gaps through immigration is not fit for purpose or delivering the outcomes the Welsh sector needs; the Skilled Worker route is deemed by many Welsh vet practices as expensive and complex bureaucratically.

In addition to this, Wales has significant new requirements for vet capacity – mainly for border work, avian flu control and our future Sustainable Farming Scheme.

Healthcare Professionals

The Welsh Government notes the MAC's advice on not submitting evidence to support shortages in healthcare professions.

Nevertheless, like elsewhere in the UK, the NHS in Wales is experiencing significant workforce shortages across a breadth of professions (e.g. Allied Health Professionals, dentists, doctors, nurses, pharmacists) and is concerned that the change to remove healthcare professionals from the SOL (because the occupations are now listed under the Health Care Visa) may, in the short term, cause confusion and negatively impact potential new international recruits choosing Wales and the UK, particularly within the context of a competitive and narrowing market.

In addition to this, statistics produced by the UK Government show that 'Employment growth between 2020 and 2035 for Health Professionals is projected to be higher in Wales than the UK (12.6% to 7.2%)³.

There must be significant work undertaken to ensure that professionals from overseas who are interested in working in the UK are aware of the avenues / visa routes they can utilise to enable them to do so.

Pharmacy Technicians

The [welsh-government-response-to-shortage-occupation-list.pdf](#) in 2020 recognised Pharmacy Technicians as an occupation that should be given further consideration for inclusion in the SOL.

Whilst Health Education and Improvement Wales (HEIW) indicate there continues to be shortages in this occupation, until community pharmacy workforce is included on the Wales National Workforce Reporting System (WNWRS) it is difficult to estimate the number of current vacancies of pharmacy technicians working in this setting.

Given that overseas pharmacy technicians would be required to complete the same training as UK registrants (a 2 year UK based course) [Applicants with non-UK pharmacy technician qualifications | General Pharmaceutical Council](#) (pharmacyregulation.org) it would not seem feasible that there is an overseas recruitment solution for technicians, currently.

3 <https://www.gov.uk/government/publications/labour-market-and-skills-projections-2020-to-2035>

Social care

The MAC has confirmed that a response for the social care sector is not required as social workers and social care workers are already on the SOL and we have been informed that they will remain on the list for this review.

The Welsh Government will continue to monitor the situation carefully and work closely with colleagues across other sectors, and the MAC.

Wider Considerations

Geographic Disparities / Wales Only SOL

There are several elements of the UK Government's Points-Based Immigration System that do not function for the economy in Wales and fail to meet the needs of Welsh businesses and citizens.

Welsh Demographics

Data from Census 2021⁴ show the overall population of Wales is continuing to grow. However, there are signs that population growth is slowing down and the same data evidenced that over the previous ten years (2011 to 2021), population growth in Wales had been smaller than in any English region. The population in some parts of Wales, particularly rural areas, has started to decrease in some areas, and it may be likely to decrease in other areas in the future.

Between Census 2011 and Census 2021, there were more deaths than births in Wales equating to a natural deficit in the population of approximately 11,000 people. This means that the population growth seen during this period was because of positive net migration of around 55,000 people, that is, more people moving into Wales than out of Wales (either from outside the UK or from other parts of the UK).

In 2021, nearly two-thirds, 62.2% of the Welsh population were aged from 16 to 64 years. The size of this age group has declined slightly since 2011, when 64.7% of the overall population were aged from 15 to 64 years⁵. Population projections indicate that, over the period to 2040, there is projected to be a continued gradual decline for the proportion of people in this age group, and a continued growth in the share of people aged 65 years or older. These trends are, however, similar to those projected for other parts of the UK, albeit from a base in which Wales has a higher share of older people than most other parts of the UK.

The Welsh Government recognises that Welsh population decline isn't inevitable and is amenable to policy interventions. The Welsh Government is taking cross-government actions to make Wales an attractive place to live, work and study but an immigration system that recognised geographical differences would alleviate some of the demographic pressures in Wales. If the trends noted were to continue, this would give rise to a risk of a reduced future workforce in Wales, it would impact the Welsh tax base and would have broader implications for future Welsh relative economic performance as well as for Welsh society. The Welsh Government and Welsh stakeholders believe there is a case for the future migration system, particularly if it is points-based, to reward potential migrants who wish to move to Wales and other parts of the UK facing similar demographic challenges.

In addition, the make-up of Wales' labour market by occupational skill level (RQF level) also shows differences to that of the UK.

⁴ [First Census 2021 results show continued population growth in Wales - Census 2021](#)

⁵ [welsh-budget-2022-chief-economists-report.pdf \(gov.wales\)](#)

At 36%, Wales' current 'low skill' (RQF 1-2) occupational labour market is the same as Scotland's, larger than England's and smaller than Northern Ireland. Only slightly smaller is its 'middle-skill' (RQF 3-5) occupational labour market which is also proportionally the largest in the UK at 35%, but then hosts the smallest high skill occupational labour market, bar Northern Ireland at 29% to 26% respectively. This means that, like Northern Ireland, Wales has a smaller labour market occupying high skilled occupations, compared to its middle skill occupational labour market and in comparison to England.

The latest [ONS Business insights and impact on the UK economy](#) shows almost one-third of businesses in Wales experienced difficulties recruiting employees in April 2023, the third highest proportion of the devolved nations and English regions.

Review of the SOL

The Welsh economy must be supported by an immigration system that is flexible to its needs. Historically, we have seen the UK Government add occupations to the SOL and to the Seasonal Worker Scheme as immediate reactions to labour crises, however, the Welsh Government does not possess that power. With this in mind, and to ensure that the UK's immigration system represents the current needs of the devolved nations, a review of the SOL must be undertaken more frequently or replaced by another mechanism that is updated more frequently and is more representative of the needs of the devolved nations.

Future Skills Requirements / Horizon Scanning

The Welsh Government acknowledges the need to prepare for the future and there is activity being undertaken, in addition to this response and call for occupations to be added to the Shortage Occupation List, that will help support our future economy. In March last year the Welsh Government published the 'Plan for Employability and Skills' which sets out the actions we are taking to help everyone, particularly those furthest from the labour market, to navigate and respond to work related challenges they may face, whether that is through training, upskilling, changing career or starting a business, and details how the Welsh Government will address some of the key labour market challenges and future trends, where businesses can thrive in a net zero economy that champions fairness and equality.

One of the key priorities for the Welsh Government is to raise skill and qualification levels, and mobility of the workforce - by expanding the system of flexible training and learning to develop adaptable skills to increase workforce resilience, and for everyone who needs help to progress, improve their skills, find work or retrain.

The Welsh Government has also published the Net Zero Skills Action Plan, ensuring today's children, young people and workers have the future skills they need to work in the 'new' jobs of tomorrow in the green net zero industries. The plan outlines 7 priority areas including building a shared understanding of net zero skills across Wales and strengthening the skills system, with the aim to support businesses and learners achieve a just transition to net zero skills.

Asylum Seekers

The Welsh Government is of the opinion that asylum seekers bring with them a wealth of experience, skills and knowledge, and as such it is a missed opportunity to not allow asylum seekers to work. We urge the UK Government to reconsider its decision not to allow asylum seekers to work and instead to allow them to work in any occupation in the UK if their application has taken more than six months after their full evidence has been submitted.