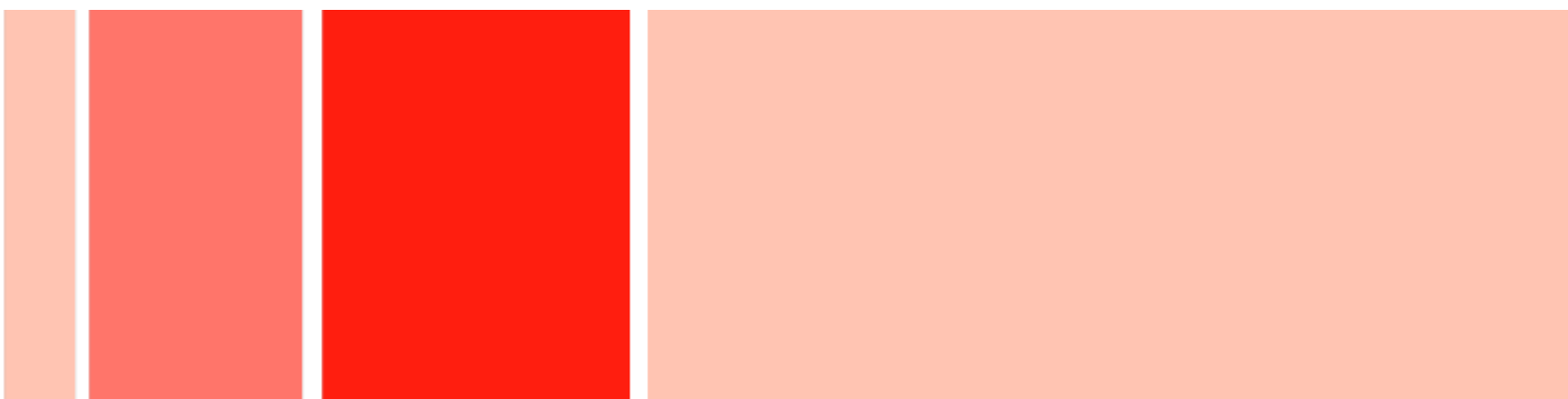


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The Skills Imperative 2035: Labour market and skills projections for the UK (Wales summary paper)



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The Skills Imperative 2035: Labour market and skills projections for the UK

Wales summary paper

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary

Expansion demand

The net change in the number of jobs, which may be negative. This is referred to as change in the report tables.

Replacement demand

The need for employers to replace workers leaving the labour market, for reasons including retirement, family and mortality.

Standard Industrial Classification (SIC)

The Standard Industrial Classification is used in classifying business establishments and other statistical units by the type of economic activity in which they are engaged.

Standard Occupational Classification (SOC)

The Standard Occupational Classification is a common classification of occupational information for the UK. Within the context of the classification, jobs are classified in terms of their skill level and skill content.

Total requirement

The sum of expansion and replacement demand.

1. Introduction and background

The Skills Imperative 2035: Essential skills for tomorrow's workforce is a strategic research partnership led by the National Foundation for Educational Research and funded by the Nuffield Foundation. It is aiming to identify the essential employment skills people will need for work by 2035.

As part of this work, they commissioned the Institute for Employment Research at the University of Warwick, working in collaboration with Cambridge Econometrics to produce an update of their employment projections, which were previously issued under the Working Futures banner.

The Department for Education have funded subregional analyses, which are an extension of these projections. These have been made available to users in the form of workbooks. This paper provides a summary of some of the key data for Wales taken from these workbooks.

The projections presented in Skills Imperative 2035, as with all projections and forecasts, should be interpreted with caution and regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future. The reliability of historical and projected data will reduce with greater disaggregation. The projections were developed in 2021/22, at a time of considerable economic uncertainty following Brexit and the Covid-19 pandemic. Whilst changing patterns of employment by sector and occupation are largely driven by longer term trends, these circumstances must be borne in mind and the information used with caution. Whilst Skills Imperative refers to 'employment', unless otherwise stated this is the number of jobs. For this reason, figures in this paper for 2020 will be greater than 2020 Annual Population Survey or Labour Force Survey estimates of employment, as some individuals will hold more than one job.

2. Methodology

Skills Imperative 2035 employment projections present historical trends and future projections of employment by factors such as sector, occupation, and qualification level. A detailed methodology and caveats can be found in the Technical Report on resources and methods. A suite of outputs on UK level projections are available.

This report makes use of the nation and English region level workbooks produced to summarise Wales-level findings. General guidelines and a Workbook user guide are available alongside the nation and English region level workbooks.

Figures available for Wales are drawn from the baseline projections which assume existing technological trends and environmental transitions continue at a similar pace in the future. The Institute for Employment Research have also produced alternative scenarios at the UK level which consider other possible outcomes, based on factors such as faster adoption of technology; a greater focus on the environment; and the provision of higher-quality education, improved healthcare provision, and better care services to support the aging population. Note that figures from these alternative scenarios are not available for Wales.

The baseline projections are based on the below assumptions (taken from section 2.5.1 of the Baseline Report):

- automation continues to take place at the current pace, but it does not impose an evolutionary transformation above that experienced in recent trends (for example, accelerated deployment of robots and artificial intelligence systems across all economic sectors).
- environmental policies implemented to date are extended, and none are reversed, but it does not assume any new (and more ambitious) policies are added, including further decarbonisation commitments (to achieve the 'net zero' target such as large-scale deployment of renewables and low-carbon technologies, electric vehicles and heat pumps).
- no further renewed investment in education, health and social care (following the Covid-19 pandemic, the government temporarily increased spending on public services to help recover and balance the economy from the shock, but in the long-term expenditure in these areas largely reverts to pre-pandemic (austerity) plans).

The projections were developed in 2021 and 2022, at a time of considerable economic uncertainty following Brexit and the Covid-19 pandemic. Whilst changing patterns of employment by sector and occupation are largely driven by longer term trends, these circumstances must be borne in mind and the information used with caution. The producers of the projections note that the aim is to provide a useful benchmark for consideration rather than a fully thought-out, local-level forecast. Users should be aware of the caveats.

When using this work to inform decisions, the focus should be on the general trends projected to occur, not on specific figures. The Skills Imperative outputs in this paper have been rounded to the nearest hundred. Percentages are based on unrounded figures. Whilst

the commentary in this paper primarily focuses on figures in 2020 and 2035, figures for 2025 have also been provided throughout.

Whilst nation tables were initially published in 2023, they were updated in August 2024 to use revised Office for National Statistics data from the Labour Force Survey. These data were updated to correct errors coding 2021 occupational data and revised projections were then issued based on this revised Labour Force Survey data. This report is based on these updated figures.

The tables provide expansion demand, replacement demand and the total requirement. These can be summarised as:

- expansion demand – the net change in the number of jobs, which may be negative. This is referred to as change in the tables;
- replacement demand – the need for employers to replace workers leaving the labour market, for reasons including retirement, family and mortality; and
- total requirement – the sum of expansion and replacement demand.

Due to data limitations, replacement demand projections assume that the general patterns of age structure and rates of flow are common across all sectors and regions. This will not be true in practice, although they are occupation-specific at the UK level. For this reason, replacement demand results should be considered indicative.

Employment projections, such as those from the Skills Imperative project, are just one piece of the evidence jigsaw required when determining what the future of the labour market will look like. For example, if Skills Imperative projections were being used as part of the evidence base for planning future provision, current and anticipated movements in the economy and labour market (for example, emerging major infrastructure projects) should also be considered which may not be picked up via Skills Imperative, especially those occurring on a local or regional level, along with the provision being provided through other routes.

Detail of sector and occupation definitions are in Annex A and Annex B.

3. Headline employment projections

The Skills Imperative projections suggest that employment in Wales is projected to grow by 5.4% between 2020 and 2035 (Table 3.1). Employment in the UK is projected to rise by 7.4% over the same time. The projected increase in Wales of 5.4% is below that of Northern Ireland, Scotland and England, but greater than in the English regions of Yorkshire and the Humber, East Midlands, and the North East.

An increase in employment from 1.45m to 1.53m is projected in Wales, resulting in around 78,400 more people being in employment in 2035 compared to 2020. In addition to the increase in the number of people in employment, there is also a need to replace workers who have left the labour market due to a variety of reasons. This is known as replacement demand. This replacement demand is far greater than the net change in employment (expansion demand) at 710,400, resulting in a projected total requirement of 788,800 between 2020 and 2035.

In addition to these over-arching findings, Skills Imperative also looks at projections of future employment by sector, occupation, and qualification level.

Table 3.1: Projected employment change in UK nations and English regions, 2020-2035

	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Replacement demand	Total requirement
Wales	1,449,600	1,474,500	1,528,000	78,400	5.4%	710,400	788,800
Northern Ireland	905,300	942,000	986,000	80,700	8.9%	465,200	545,900
Scotland	2,760,400	2,851,100	2,983,800	223,400	8.1%	1,370,700	1,594,100
England	29,859,700	30,754,700	32,070,100	2,210,400	7.4%	14,988,100	17,198,500
East	3,174,200	3,280,300	3,444,300	270,100	8.5%	1,606,500	1,876,600
East Midlands	2,404,200	2,442,800	2,510,700	106,500	4.4%	1,171,800	1,278,300
London	5,937,400	6,179,300	6,480,700	543,400	9.2%	3,041,900	3,585,300
North East	1,189,300	1,208,800	1,251,000	61,700	5.2%	597,100	658,700
North West	3,746,700	3,858,300	4,033,500	286,800	7.7%	1,868,700	2,155,500
South East	4,834,100	4,964,000	5,153,100	319,000	6.6%	2,401,700	2,720,700
South West	2,929,600	3,058,700	3,240,100	310,500	10.6%	1,498,700	1,809,200
West Midlands	2,903,100	2,990,500	3,107,300	204,200	7.0%	1,451,500	1,655,700
Yorkshire and the Humber	2,741,000	2,772,100	2,849,400	108,400	4.0%	1,350,200	1,458,600
United Kingdom	34,975,000	36,022,300	37,567,900	2,592,900	7.4%	17,534,400	20,127,300

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

4. Projections by industrial sector

Skills Imperative results are based on 6, 22 and 75 industrial sector definitions. This paper includes findings from the definitions of 6 and 22 sectors, with projections for the 75 sector definition also available via the workbooks. For further information on sector definitions see Annex A.

At the broad sector level (Table 4.1), Non-marketed services are projected to have the largest growth between 2020 and 2035. This is both in terms of levels of employment and the percentage change (growth of 50,100, equivalent to 11.4%), with the sector projected to remain the largest, consisting of close to a third of employment (32.0% in 2035). Relatively large growth is projected in Business and other services (7.6%), with lower growth projected in Trade, accommodation, and transport (3.8%), Primary sector and utilities (1.7%), and Construction (1.1%). A decline in employment of 12,500 (8.6% decrease) is projected for Manufacturing. Whilst employment in Manufacturing is projected to decline, there will still be a need to replace workers who retire, with a replacement demand projected in the sector of 58,100. Taking account of the decline in employment and the need to replace those retiring, there is a total requirement for the sector projected of 45,500 between 2020 and 2035. Both replacement demand and the total requirement is highest for Non-marketed services.

Moving to more detailed sector definitions (Table 4.2), the sector with the largest projected increase in employment between 2020 and 2035 is Health and social work, which has a projected increase of 38,200, equivalent to an increase of 17.4%. This was the largest sector in 2020 and it is projected to remain so in 2035, growing much faster than the second largest sector, Wholesale and retail trade (projected growth of 3,200 or 1.5%). Behind Health and social work, the greatest projected increases in the number employed are in Education (11,900), Accommodation and food (10,700), Professional services (9,500) and Support services (9,500). On a percentage basis, the highest projected increases behind Health and social work are found in Water and sewage (16.1%), Finance and insurance (15.5%), and Information technology (14.9%). However, the combined growth for these sectors (9,600) is around a quarter of the projected rise in Health and social work alone due to their relatively smaller size.

Declines in employment are projected across several sectors including Rest of manufacturing (-9,300), Other services (-4,100), Engineering (-3,400), Real estate (-1,500), and Mining and quarrying (-800). Due to the need to replace workers who have left the labour market there will be continuing demand from these sectors between 2020 and 2035. However, in the case of Mining and quarrying the size of replacement demand is similar to the size of projected employment decline.

Sectoral growth projections tend to go in the same direction for both Wales and the UK, with a few exceptions (Figure 4.1). These include Finance and insurance, which is projected to increase in Wales but decline in the UK; Real estate, which is projected to decline in Wales but grow in the UK; and Other services, which is projected to decline in Wales and remain relatively unchanged in the UK.

Table 4.1: Projected employment change in Wales by broad sector, 2020 to 2035

	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Replacement demand	Total requirement
<i>Levels</i>							
Primary sector and utilities	74,200	74,200	75,400	1,200	1.7%	36,300	37,500
Manufacturing	146,400	143,400	133,900	-12,500	-8.6%	58,100	45,500
Construction	92,700	92,400	93,700	1,000	1.1%	38,100	39,100
Trade, accommodation, and transport	385,700	386,000	400,400	14,800	3.8%	184,600	199,400
Business and other services	312,500	319,400	336,400	23,900	7.6%	153,000	176,800
Non-marketed services	438,100	459,100	488,200	50,100	11.4%	240,300	290,400
All industries	1,449,600	1,474,500	1,528,000	78,400	5.4%	710,400	788,800
<i>Shares (%)</i>							
Primary sector and utilities	5.1	5.0	4.9				
Manufacturing	10.1	9.7	8.8				
Construction	6.4	6.3	6.1				
Trade, accommodation, and transport	26.6	26.2	26.2				
Business and other services	21.6	21.7	22.0				
Non-marketed services	30.2	31.1	32.0				
All industries	100.0	100.0	100.0				

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

Table 4.2: Projected employment change in Wales, by sector, 2020 to 2035

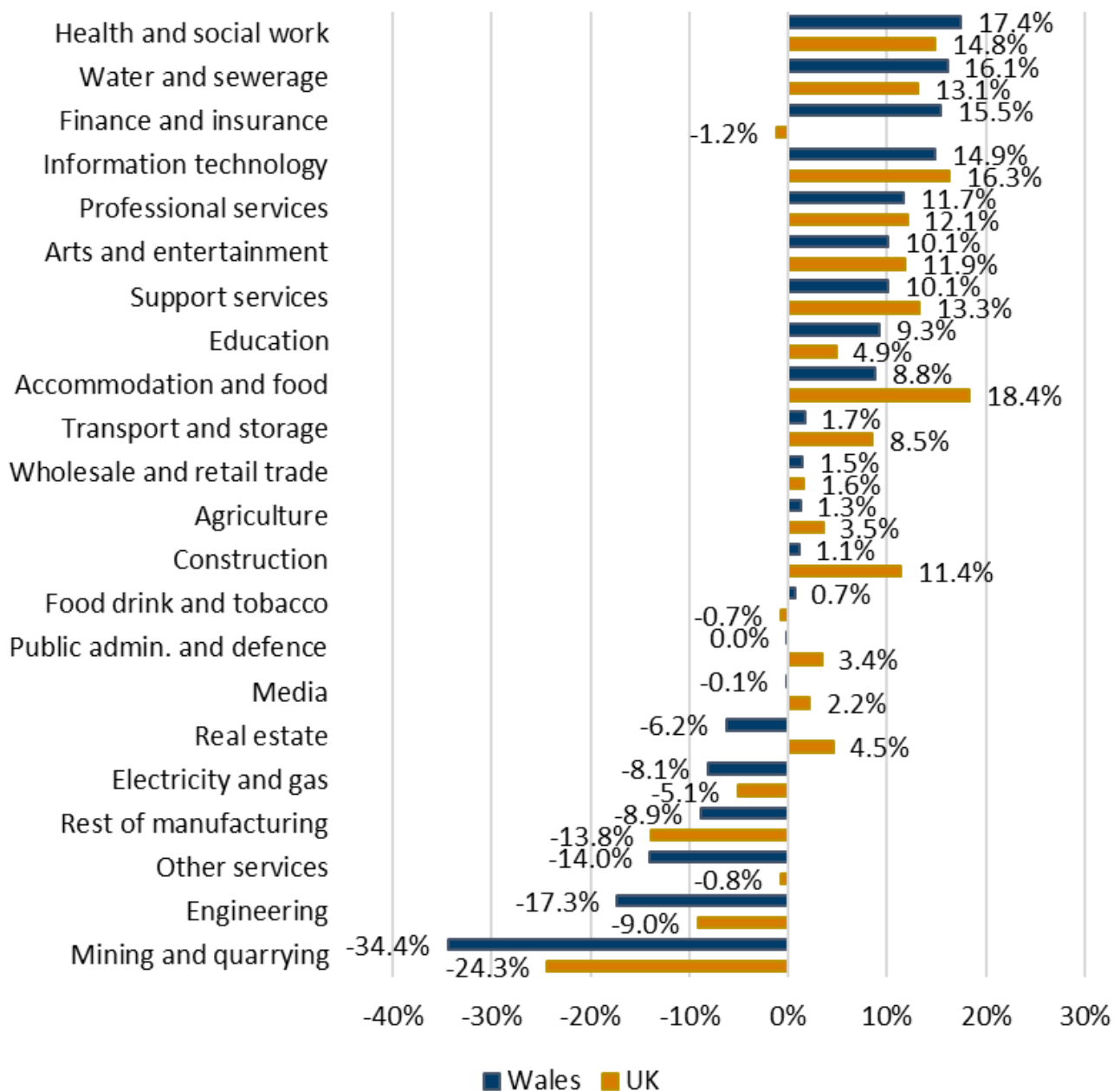
	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Replacement demand	Total requirement
Agriculture	52,900	53,000	53,600	700	1.3%	27,300	27,900
Mining and quarrying	2,400	2,000	1,600	-800	-34.4%	700	-100
Food drink and tobacco	22,100	22,800	22,300	200	0.7%	9,600	9,800
Engineering	19,800	19,500	16,400	-3,400	-17.3%	7,800	4,400
Rest of manufacturing	104,500	101,200	95,200	-9,300	-8.9%	40,600	31,400
Electricity and gas	6,800	6,400	6,200	-600	-8.1%	2,700	2,100
Water and sewerage	12,100	12,800	14,100	1,900	16.1%	5,600	7,500
Construction	92,700	92,400	93,700	1,000	1.1%	38,100	39,100
Wholesale and retail trade	216,100	217,300	219,300	3,200	1.5%	100,400	103,700
Transport and storage	47,300	47,800	48,100	800	1.7%	21,500	22,300
Accommodation and food	122,300	120,900	133,000	10,700	8.8%	62,700	73,400
Media	6,300	6,200	6,300	-	-0.1%	3,000	2,900
Information technology	16,700	17,900	19,200	2,500	14.9%	7,600	10,100
Finance and insurance	33,200	35,500	38,300	5,100	15.5%	17,200	22,300
Real estate	24,100	21,800	22,600	-1,500	-6.2%	10,400	8,900
Professional services	81,000	85,100	90,500	9,500	11.7%	41,700	51,200
Support services	94,400	98,500	103,900	9,500	10.1%	46,500	56,000
Public admin. and defence	90,800	88,700	90,800	-	0.0%	42,900	42,900
Education	128,000	133,200	139,900	11,900	9.3%	67,900	79,800
Health and social work	219,300	237,100	257,500	38,200	17.4%	129,600	167,800
Arts and entertainment	27,700	28,400	30,500	2,800	10.1%	13,700	16,500
Other services	29,000	25,900	24,900	-4,100	-14.0%	13,000	8,900
All industries	1,449,600	1,474,500	1,528,000	78,400	5.4%	710,400	788,800

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Notes: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

A hyphen (-) denotes that projected change (positive or negative) between 2020 and 2035 is greater than zero but less than 50.

Figure 4.1: Projected employment change in Wales and the UK, by sector, 2020 to 2035



Description of Figure 5.1: A bar chart showing projected employment change in Wales and the UK between 2020 and 2035 by sector. The chart shows that, in general, projected change for each sector is the same direction in Wales and the UK, with a few exceptions. The chart shows the largest projected growth in Wales to be in Health and social work and in the UK to be for Accommodation and food.

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).
 Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

5. Projections by occupation

Occupation definitions used in the projections are outlined in Annex B. The period between 2020 and 2035 is projected to see large employment increases for higher skilled occupations in the Professional occupations (21.9%) and Managers, directors and senior official groups (15.8%) (Table 5.1). Smaller increases are also projected for Process, plant and machine operatives (12.1%), Caring, leisure and other service occupations (11.8%) and Associate professional occupations (5.7%). Declines are projected for other occupational groups, with these highest for Elementary occupations (-11.7%) and Administrative and secretarial occupations (-10.0%).

Higher skilled occupational groups are likely to require individuals to hold higher level qualifications. The increase in the three occupational groups associated with highest skill levels (SOC 2020 Major groups 1 to 3) is a continuation of longer-term trends. This group is projected to account for 44.9% of employment in Wales in 2035 compared to 40.7% in 2020. By 2035, Professional occupations are projected to account for almost a quarter of employment in Wales (24.6%).

Looking at a more detailed occupational breakdown (Table 5.2), the largest increases in employment in terms of numbers employed are projected for Health professionals (23,000, equivalent to a 24.9% increase), Other managers and proprietors (17,900, 42.7%), Teaching and educational professionals (17,700, 19.3%), Business, media, and public service professionals (17,600, 25.5%), and Caring personal service occupations (17,000, 15.4%). The largest projected percentage increase in employment is projected for Customer service occupations, at 46.2% (projected growth of 12,000).

Differences within the broader Major occupation categories are also projected to occur. For example, the broader Sales and customer service occupations category (SOC 2020 Major group 7) is projected to see a decline of 2.7%, which is equivalent to a loss of employment of 3,400, but this somewhat obscures a loss of 15,400 (15.6%) from Sales occupations and a gain of 12,000 (46.2%) in Customer service occupations.

All occupations, even those that are projected to decline, will require new people to come into these occupations to replace those who leave the labour market. Replacement demand is projected to be largest in Caring personal service occupations (66,500), Elementary administration and service occupations (62,700), and Administrative occupations (60,000).

Due to this replacement demand, the total requirement is positive for all occupations. The total requirement between 2020 and 2035 in Wales is projected to be highest for:

- Caring personal service occupations (83,500);
- Health professionals (77,200); and
- Teaching and educational professionals (67,600).

Demonstrating the importance of replacement demand, Elementary administrative and service occupations are projected to have one of the largest total requirements (51,300),

despite being projected to see a decline in employment of 11,400 (8.5%). This is due to a replacement demand of 62,700. This can also be seen in Administrative occupations, which is projected to decline by 14,000 (10.4%), but have a replacement demand of 60,000 and a total requirement of 46,000. These are amongst the largest sub-major occupations, so a large replacement demand would be expected.

As was the case with sectors, occupation projections for Wales tend to go in the same direction as the UK (Figure 5.1). There are a few exceptions, such as Leisure, travel and related personal service occupations, and Transport and mobile machine drivers and operatives, which are projected to decline in Wales whilst growing in the UK.

Table 5.1: Projected employment change in Wales, by Major occupation, 2020-2035

	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Replacement demand	Total requirement
Levels							
Managers, directors and senior officials	119,200	122,100	138,000	18,800	15.8%	66,500	85,300
Professional occupations	308,400	336,100	376,000	67,600	21.9%	164,500	232,100
Associate professional occupations	162,200	158,300	171,500	9,300	5.7%	74,800	84,000
Administrative and secretarial occupations	165,300	156,100	148,800	-16,400	-10.0%	76,600	60,100
Skilled trades occupations	169,100	167,000	161,500	-7,700	-4.5%	69,900	62,200
Caring, leisure and other service occupations	138,100	146,300	154,400	16,300	11.8%	79,500	95,800
Sales and customer service occupations	124,300	121,900	120,900	-3,400	-2.7%	57,600	54,200
Process, plant and machine operatives	103,400	116,400	115,900	12,500	12.1%	50,100	62,700
Elementary occupations	159,500	150,300	140,900	-18,600	-11.7%	70,900	52,300
All occupations	1,449,600	1,474,500	1,528,000	78,400	5.4%	710,400	788,800
Shares (%)							
Managers, directors and senior officials	8.2	8.3	9.0				
Professional occupations	21.3	22.8	24.6				
Associate professional occupations	11.2	10.7	11.2				
Administrative and secretarial occupations	11.4	10.6	9.7				
Skilled trades occupations	11.7	11.3	10.6				
Caring, leisure and other service occupations	9.5	9.9	10.1				
Sales and customer service occupations	8.6	8.3	7.9				
Process, plant and machine operatives	7.1	7.9	7.6				
Elementary occupations	11.0	10.2	9.2				
All occupations	100.0	100.0	100.0				

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

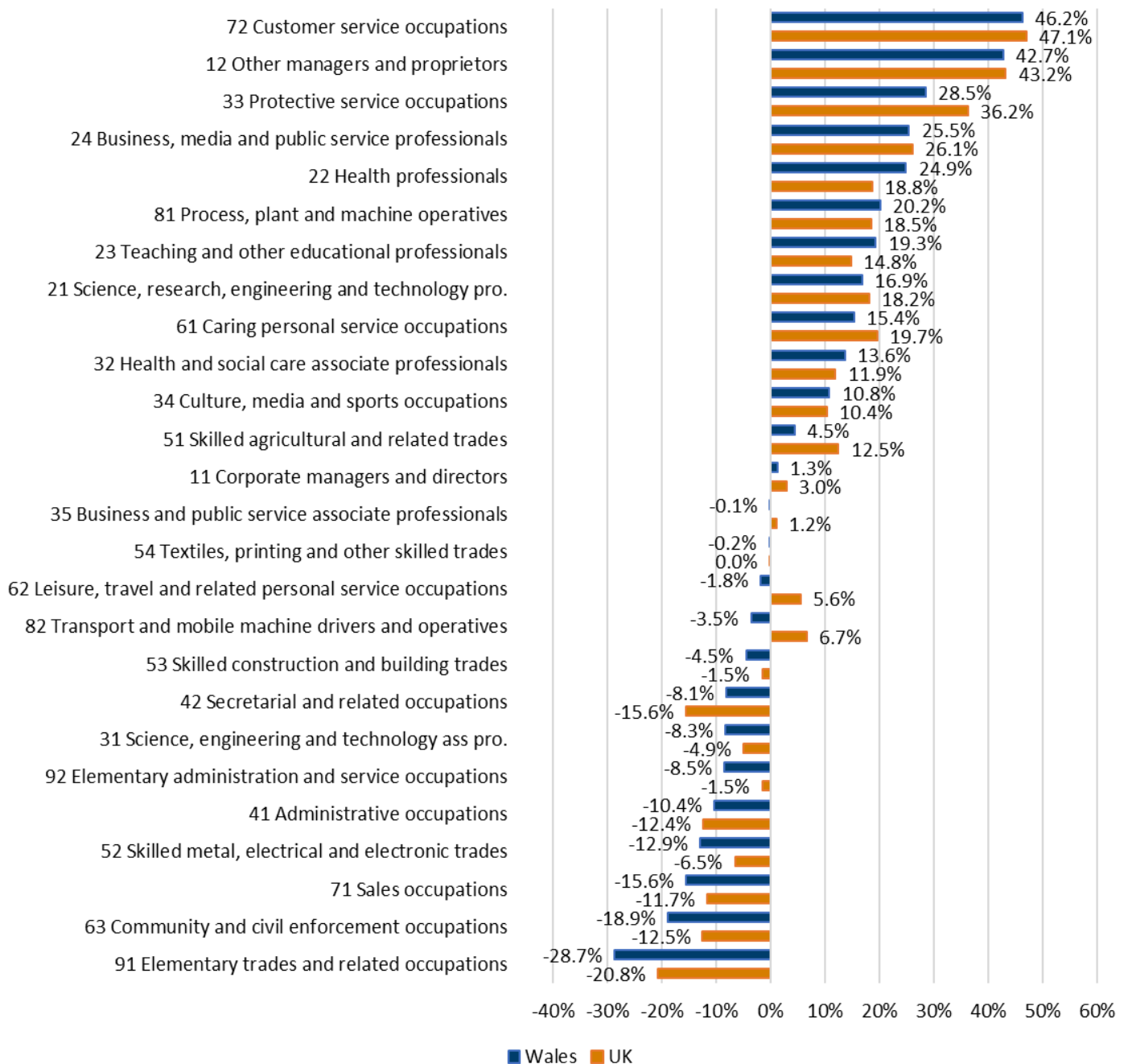
Table 5.2: Projected employment change in Wales, by Sub-major occupation, 2020 to 2035

	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Rep. demand	Total req.
11 Corporate managers and directors	77,400	71,300	78,300	1,000	1.3%	37,300	38,300
12 Other managers and proprietors	41,800	50,700	59,700	17,900	42.7%	29,200	47,000
21 Science, research, engineering, and technology professionals	55,800	58,300	65,200	9,400	16.9%	22,500	31,900
22 Health professionals	92,300	102,400	115,300	23,000	24.9%	54,200	77,200
23 Teaching and educational professionals	91,400	99,400	109,100	17,700	19.3%	50,000	67,600
24 Business, media, and public service professionals	69,000	76,000	86,500	17,600	25.5%	37,800	55,300
31 Science, engineering, and technology associate professionals	24,500	21,200	22,500	-2,000	-8.3%	8,700	6,700
32 Health and social care associate professionals	34,800	35,700	39,600	4,700	13.6%	20,800	25,500
33 Protective service occupations	16,600	19,000	21,400	4,700	28.5%	6,500	11,300
34 Culture, media, and sports occupations	17,600	17,200	19,500	1,900	10.8%	8,300	10,200
35 Business and public service associate professionals	68,700	65,100	68,600	-100	-0.1%	30,400	30,300
41 Administrative occupations	134,500	123,300	120,500	-14,000	-10.4%	60,000	46,000
42 Secretarial and related occupations	30,800	32,800	28,300	-2,500	-8.1%	16,600	14,100
51 Skilled agricultural and related trades	36,300	36,900	37,900	1,600	4.5%	19,000	20,600
52 Skilled metal, electrical and electronic trades	56,000	52,600	48,700	-7,200	-12.9%	19,400	12,200
53 Skilled construction and building trades	45,000	46,000	43,000	-2,000	-4.5%	18,700	16,600
54 Textiles, printing, and other skilled trades	31,900	31,500	31,800	-100	-0.2%	12,900	12,800
61 Caring personal service occupations	110,900	120,200	128,000	17,000	15.4%	66,500	83,500
62 Leisure, travel, and related personal service occupations	25,600	24,800	25,200	-500	-1.8%	12,400	11,900
63 Community and civil enforcement occupations	1,600	1,300	1,300	-300	-18.9%	600	300
71 Sales occupations	98,400	89,000	83,100	-15,400	-15.6%	42,400	27,000
72 Customer service occupations	25,900	32,900	37,900	12,000	46.2%	15,200	27,200
81 Process, plant, and machine operatives	68,300	81,400	82,100	13,800	20.2%	32,100	45,900
82 Transport and mobile machine drivers and operatives	35,100	35,000	33,800	-1,200	-3.5%	18,000	16,800
91 Elementary trades and related occupations	25,200	20,100	18,000	-7,200	-28.7%	8,300	1,000
92 Elementary administration and service occupations	134,300	130,200	122,900	-11,400	-8.5%	62,700	51,300
All occupations	1,449,600	1,474,500	1,528,000	78,400	5.4%	710,400	788,800

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

Figure 5.1: Projected employment change in Wales and the UK, by Sub-major occupation, 2020-2035



Description of Figure 5.1: A bar chart showing projected employment change in Wales and the UK between 2020 and 2035 by Sub-major occupation. The chart shows that, in general, projected change for each occupation is the same direction in Wales and the UK, with a few exceptions. The chart shows the largest projected growth in both Wales and the UK to be for Customer service occupations.

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).
 Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

6. Projections by qualification

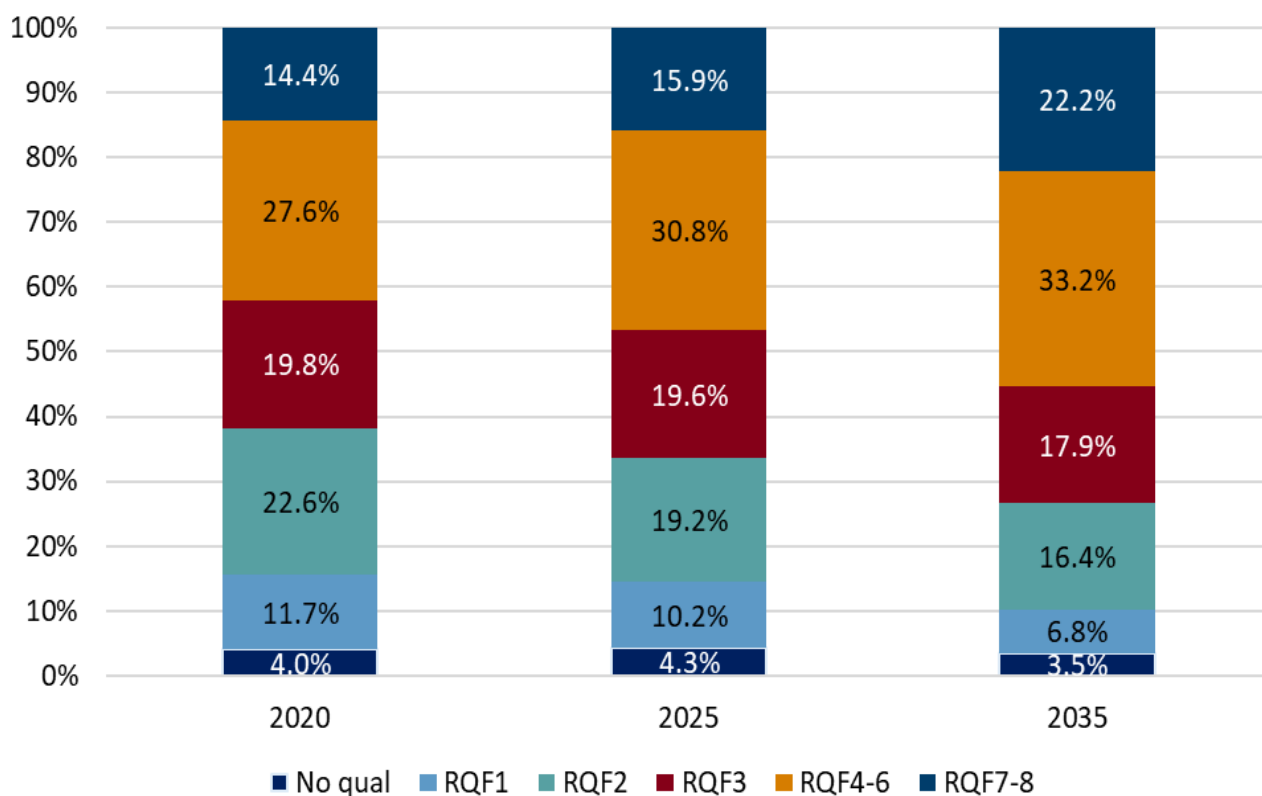
Whilst occupation level may be used as a proxy for skills, it is also possible to look at how the qualification levels of those in employment are projected to change between 2020 and 2035.

Figure 6.1 and Table 6.1 show the changes that are projected to occur between 2020 and 2035. The continued expansion of higher-level qualifications amongst those in employment can be seen. Between 2020 and 2035, the proportion of those in employment who are qualified at Regulated Qualifications Framework (RQF) level 6 is projected to increase from 17.2% to 21.7%. There are also increases projected in the share of people in employment with qualifications above RQF level 6, with the share with RQF level 7 projected to increase from 12.4% to 19.1% and the share with RQF level 8 projected to increase from 2.0% to 3.1%. This means that by 2035 it is projected that 43.9% of those in employment in Wales will hold qualifications at RQF level 6 or above, up from 31.6% in 2020. In terms of RQF level 4 and above, it is projected that 55.4% of those in employment in Wales will hold these qualifications in 2035 compared to 42.0% in 2020.

The opposite effect can be seen for those with lower-level qualifications or holding no qualifications. Large declines are projected in the proportion of those in employment in Wales holding RQF level 2 (22.6% to 16.4%) and RQF level 1 (11.7% to 6.8%), whilst more moderate declines are projected in the proportion of employed people holding RQF level 3 (19.8% to 17.9%) and holding no qualifications (4.0% to 3.5%).

Whilst a large decline is projected in the proportion and number of those in employment who hold no or low qualifications, it is worth noting that significant replacement demands will still be required in these areas. All qualification levels are projected to have a positive total requirement, except for RQF level 1.

Figure 6.1: Projections of employment by qualification level 2020 to 2035



Description of Figure 6.1: A 100% stacked column chart that shows how the mix of employment by qualification level is projected to vary across 2020, 2025 and 2035. This shows that the proportion of people in employment with higher qualifications is projected to increase, whilst the proportion in employment with lower or no qualifications is projected to decline.

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Table 6.1: Projected change in qualification level of those in employment in Wales, 2020-2035

	2020	2025	2035	Change 2020-2035	% Change 2020-2035	Replacement demand	Total requirement
<i>Levels</i>							
RQF8 Doctorate	28,500	32,700	46,900	18,400	64.4%	16,400	34,800
RQF7 Other higher degree	179,500	202,400	291,900	112,400	62.6%	106,200	218,600
RQF6 First degree	249,500	291,300	331,800	82,300	33.0%	171,900	254,200
RQF5 Foundation degree; Nursing; Teaching	77,500	81,400	84,600	7,100	9.1%	44,900	52,000
RQF4 HE below degree level	73,500	80,900	91,100	17,600	24.0%	44,700	62,400
RQF3 A level & equivalent	286,400	288,900	273,600	-12,800	-4.5%	128,800	116,000
RQF2 GCSE (A-C) & equivalent	327,000	283,500	250,800	-76,200	-23.3%	126,500	50,300
RQF 1 GCSE (below grade C) & equivalent	169,200	149,900	104,100	-65,100	-38.5%	53,500	-11,600
No qualification	58,500	63,300	53,100	-5,300	-9.1%	17,400	12,100
 All qualifications	 1,449,600	 1,474,500	 1,528,000	 78,400	 5.4%	 710,400	 788,800
<i>Shares (%)</i>							
RQF8 Doctorate	2.0	2.2	3.1				
RQF7 Other higher degree	12.4	13.7	19.1				
RQF6 First degree	17.2	19.8	21.7				
RQF5 Foundation degree; Nursing; Teaching	5.3	5.5	5.5				
RQF4 HE below degree level	5.1	5.5	6.0				
RQF3 A level & equivalent	19.8	19.6	17.9				
RQF2 GCSE (A-C) & equivalent	22.6	19.2	16.4				
RQF 1 GCSE (below grade C) & equivalent	11.7	10.2	6.8				
No qualification	4.0	4.3	3.5				
 All qualifications	 100.0	 100.0	 100.0				

Source: [Labour market and skills projections: 2020 to 2035](#), Department for Education (2023).

Note: figures have been rounded to the nearest hundred, although percentages are based on unrounded figures.

7. Conclusions

The Skills Imperative employment projections provide projections of employment up to 2035. This paper provides a brief overview of the findings for Wales, but there is a wealth of further detail available in the reports and workbooks produced by the Institute for Employment Research and Cambridge Econometrics under the lead of the National Foundation for Educational Research, and funded by the Nuffield Foundation and, in the case of the regional projections, the Department for Education.

Projections suggest continued movement towards higher qualifications and higher skilled occupations, particularly Professional occupations. However, some lower skilled occupations are projected to show growth, with Caring personal service occupations, Customer service occupations and Process, plant and machine operatives showing particularly high growth.

Even in sectors and occupations where the number in employment is projected to decline, there will still be a need to replace those who have left the labour market.

Whilst projections data should be used with caution and relevant caveats should be noted, especially given the uncertain period these projections have been produced in, many of the projected changes are likely to be in response to long-term trends in demographics (the increase in health and caring related occupations) and technological change (the decrease in Administrative and secretarial occupations).

Annex A: Sector definitions

The table below shows how the definition of six broad sectors used in Skills Imperative fits together with the more disaggregated 22 sector system also used.

Table A.1: Sector definitions

6 Broad Sectors		22 Sectors	
Number	Name	Number	Name
1	Primary sector and utilities	1	Agriculture
		2	Mining and quarrying
		6	Electricity and gas
		7	Water and sewerage
2	Manufacturing	3	Food, drink, and tobacco
		4	Engineering
		5	Rest of manufacturing
		8	Construction
3	Construction	9	Wholesale and retail trade
4	Trade, accommodation, and transport	10	Transport and storage
		11	Accommodation and food
		12	Media
		13	Information technology
5	Business and other services	14	Finance and insurance
		15	Real estate
		16	Professional services
		17	Support services
6	Non-market services	21	Arts and entertainment
		22	Other services
		18	Public admin. and defence
		19	Education
		20	Health and social work

Annex B: Occupation definitions

The table below shows how the definition of nine broad occupations (SOC 2020 Major Group) used in Skills Imperative fits together with the more disaggregated 26 occupation system also used (SOC 2020 Sub-major Group).

Table B.1: Occupation definitions

9 Broad Occupations		26 Occupations	
SOC 2020 Major Group code	Name	SOC 2020 Sub-major Group code	Name
1	Managers, directors and senior officials	11	Corporate managers and directors
		12	Other managers and proprietors
2	Professional occupations	21	Science, research, engineering and technology professionals
		22	Health professionals
		23	Teaching and other educational professionals
		24	Business, media and public service professionals
3	Associate professional occupations	31	Science, engineering and technology associate professionals
		32	Health and social care associate professionals
		33	Protective service occupations
		34	Culture, media and sports occupations
		35	Business and public service associate professionals
4	Administrative and secretarial	41	Administrative occupations
		42	Secretarial and related occupations
5	Skilled trades occupations	51	Skilled agricultural and related trades
		52	Skilled metal, electrical and electronic trades
		53	Skilled construction and building trades
		54	Textiles, printing and other skilled trades
6	Caring, leisure and other service	61	Caring personal service occupations
		62	Leisure, travel and related personal service occupations
		63	Community and civil enforcement occupations
7	Sales and customer service	71	Sales occupations
		72	Customer service occupations
8	Process, plant and machine operatives	81	Process, plant and machine operatives
		82	Transport and mobile machine drivers and operatives
9	Elementary occupations	91	Elementary trades and related occupations
		92	Elementary administration and service occupations