



**REC**

Recruitment  
& Employment  
Confederation

REC Manifesto

# REC Manifesto for Growth: Wales

2026



“It’s only by driving growth that we can fund public services and bring the tax burden down.

But success in that mission – the prosperity of Wales – rests primarily on the talent of our people.”

**Neil Carberry,**  
REC Chief Executive

# Executive summary

## What is the impact of Recruitment in Wales?

The Recruitment and Employment Confederation (REC) represents the UK's recruitment industry, a professional services sector larger in scale than either law or accountancy. **The industry contributes more than £8.8 billion to UK GDP and sits at the heart of the economy**, supporting employers across every sector and at every level of employment.

REC members are advisers, planners and partners to businesses on recruitment, retention and productivity. In Wales, 81 REC members are headquartered there and 138 have branches across the country. Together, **the industry contributes more than £8.8 billion to the Welsh economy**. Any serious plan for economic growth and better work should take account of what recruiters see on the front line of the labour market and in helping people into jobs.

### What are the challenges facing Wales?

With elections for the Welsh Assembly approaching in May 2026, the next Welsh administration will inherit a number of significant economic challenges. Wales has enormous potential, but like the rest of the UK economy it faces structural pressures. Traditional industries such as manufacturing are under strain, and there is a clear need for investment to grow the economy and ensure it is fit for the future.

Economic growth will be essential to creating jobs, raising living standards and providing the resources needed to deliver strong public services.

## How can the Welsh Government address challenges faced, to create jobs and bolster the economy?

### Understand today's labour market challenge

- ▶ Create a Workforce Plan for Wales.
- ▶ Establish a National Economic Council.
- ▶ Produce a comprehensive Industrial Strategy for Wales.

### Support our labour market transition by preparing for the future

- ▶ Build the skills required for the future of the Welsh Labour Market.
- ▶ Shape an inclusive work force.
- ▶ Make the new Growth and Skills Levy Work for Wales.

### Boost workforce productivity and drive down inactivity

- ▶ Improving Public Transport.
- ▶ Increasing childcare provision.
- ▶ Better access to healthcare in Wales.
- ▶ Review procurement processes for public sector staffing.
- ▶ Recognise the value of temporary work in public sector staffing.

### Regulate for a sustainable and dynamic labour market

- ▶ Carefully consider the implications of the reforms to employment law in the Employment Rights Act.



# REC Manifesto for Growth: Wales

**The Welsh economy is robust, with long-standing strengths in sectors including manufacturing, agriculture and hospitality. Despite there being much potential, the Welsh economy faces significant economic challenges and hurdles to overcome.**

Due to the national economic picture the Government have had to show financial restraint, and some traditional industries are under huge pressure, as we have witnessed in Port Talbot. Further to this the nation needs to address challenges with connectivity, poverty and low growth in some parts of the country. It is clear investment is required to support economic growth which will subsequently fund high quality public services and encourage entrepreneurialism.

A truly successful nation will need both the Westminster Government and Senedd to be laser focused on economic growth and prosperity in the years to come, working together to help Wales prosper. There was welcome news in the **UK Government's Budget** on 30th October 2024, with a £21 billion settlement in 2025/26, which amounts to the largest increase, in real terms, in the history of devolution. This includes a £1.7 billion top-up through the Barnett formula, with £1.5 billion for day-to-day spending and £250 million for capital investment.

This marks a new era of relations between the UK Government and the Welsh Government. Welsh voices need to be heard in the Westminster reforms and as appropriate reforms should reflect the specific needs of the Welsh nation.

Wales must become an economy which makes the most of the nation's talents – creating opportunities to work, progress and innovate. It is also vital that the Welsh workforce retains talent as the best and the brightest often get lost to England. In order to achieve this, there needs to be a better connection between employers and the legislature. No attempt to drive growth will succeed without properly linking local, regional and national workforce issues.

Recruiters are heavily invested in the health and sustainability of the Welsh labour market - our research shows that REC members made up 7 out of the top 10 companies advertising jobs in Wales over the last 5 years. That brings with it a lot of expertise. By working with REC and our members, we can support the Welsh government to ensure its economic and labour market planning will be aligned to what employers are telling us they need. Businesses can provide invaluable insight and ensure an effective and balanced approach to creating and implementing the right industrial strategy.

At the heart of this, is ensuring flexibility in the Labour Market. The REC **Voice of the Worker** Campaign has highlighted the importance of temporary work, which allows people to be actively in work while at the same time helping them explore

new careers or adapt to caring responsibilities they may have. It means they do not have to make the difficult choice between those competing demands. But it also helps employers take the tentative step to creating new roles that they might not otherwise have been confident to invest in, which in turn grows the economy for all of us. Choice in how to work sustains higher employment levels and helps firms to adapt to demand. It makes Wales an attractive place in which to invest.

The REC's UK manifesto, **Dynamic Labour Market for Growth**, which was produced ahead of the July 2024 General Election, covered every part of the UK, but this document focuses on the specific, localised challenges in Wales. They are backed by focused recommendations which the REC believe would support economic growth and strengthen the Welsh Labour Market.

# Our four themes are:



1 Understanding today's people and labour market challenges



2 Supporting our labour market transition by preparing for the future



3 Boosting workforce productivity and driving down inactivity



4 Regulating for a sustainable and dynamic labour market



# 1. Understanding today's people and labour market challenges

**Given the challenging economic circumstances facing Wales, the need to drive economic growth is critical. An effective industrial strategy must sit at the centre of this effort, aligning policies on health, transport and skills to improve the prospects for investment and growth in key sectors.**

But true success will also require a comprehensive, joined-up workforce plan. Developed with valuable insight from businesses, unions and others, it should focus primarily on those drivers that can build commercial success for Wales and meaningful work opportunities for Welsh workers. Importantly, it must acknowledge that many people now want to work in a range of different ways, and that this flexibility should be embraced as it meets their needs, grows the economy and helps to tackle economic inactivity.



Our key recommendations are:

### Create a Workforce Plan for Wales

To build a better understanding of today's labour market, the Welsh government should collaborate with Welsh businesses and employee representative bodies such as the REC to help formulate an overarching Workforce Plan for Wales.

To succeed, it must make skills policy more suited to the needs of our economy – but it must also go beyond skills. Job creation, investment in infrastructure such as transport, childcare and the skills system all matter to building an economy that can grow at the pace we need.

### Establish a National Economic Council

The REC recommends that the Welsh Government establishes a National Economic Council, with business, industry and government representation, to advise the Government on strategic policies to deliver sustainable economic prosperity.

Cross-industry and government collaboration is crucial to maximising growth, productivity and delivering higher living standards for all. This Council should build on the work of the Council for Economic Development, which hasn't been around since 2021.<sup>3</sup>



<sup>3</sup> [Council for Economic Development](#) (2021)



Our key recommendations are:

### **Produce a comprehensive Industrial Strategy for Wales**

To encourage growth, the Welsh Government should focus on ensuring the creation of high-quality, sustainable jobs. As we have seen in Port Talbot, industrial jobs will be impacted by the transition to net zero and technological advances. This is inevitable, so positioning the workforce for that transition must start now, not at the point those jobs are under threat.

A comprehensive and targeted strategy, encompassing skills training, workforce planning, job design, inward investment, and government support, will ease concerns about this transition, and give employers confidence in retaining a local presence. Workforce planning needs to be a collaborative effort, and our members are keen to support with the data and insights necessary to help forge that long-term solution to the labour market transition.

In establishing a successful Industrial Strategy, it is great to see that there is funding available to support Industry. There is funding for freeports, City and Growth Deals and coal tips to fire up growth and deliver good jobs across Wales. Further to this the Welsh Government last year announced support for manufacturing via the Manufacturing Plan for Wales which is designed to ensure the sector is well placed to embrace and benefit from technological change and ensure Wales continues to be a successful manufacturing nation.



## 2. Supporting our labour market transition by preparing for the future



Our key recommendations are:

### **Build the skills required for the future of the Welsh Labour Market**

The Welsh Government needs to create a sharper, more business-responsive skills system and provide clarity about the skills and training offering available in Wales which employers can get behind.

By working more collaboratively with business to introduce flexible skills regimes, directly addressing the gaps seen by business.



Our key recommendations are:

### **Shape an inclusive workforce**

For the strongest possible Labour Market, it is important to build an inclusive workforce, where people are not left behind. This includes people with health conditions, or disabilities or who are disadvantaged. Beyond this it is important that there is partnership working between the Welsh Government and Local Government to provide localised and person specific employability support.

### **Make the new Growth and Skills Levy work for Wales**

The UK Government plans to overhaul apprenticeships, with £40m of new funding to transform the Apprenticeship Levy into the new Growth and Skills Levy. It is vital its replacement meets the needs of Welsh employers, with flexible funding for business. Welsh employers must have fair access to Levy funds, particularly where businesses operate across the borders and previously had to comply with two different sets of rules.

Working with the UK Government to streamline the rules around accessing the growth and skills levy can ensure the mistakes of the Apprenticeship Levy are not repeated. Levy payers need support from the Welsh Government to address cross-border issues.



### 3. Boost workforce productivity and drive down inactivity

**In the months from January to March 2026 there were 15,175 unique job postings, indicating that the demand is there – but we need further incentive to support people to match this demand**

The main roles advertised being care workers and home carers, teaching assistants, cleaners and domestics and nursing professionals. These trends require understanding to address the barriers blocking people from entering work.



Our specific recommendations to address these are:

### Improving Public Transport

A key barrier preventing people physically getting to the workplace is inadequate public transport. Funding needs to be committed to improving local rail and bus links which help people get to work across Wales, particularly in rural communities.

This includes completing the South Wales Metro by the end of 2026, increasing East to West connectivity with the Brynglas Tunnels and better North to South Wales connectivity. As well as creating local infrastructure jobs, having more robust public transport infrastructure makes not only business sense but also environmental sense, with the Welsh government previously setting out a policy goal to have 45% of all journeys done by public transport or active travel by 2040.

However, according to Department for Transport data, the number of people in Wales commuting by car has remained consistent at around 80% for every year since 2002.<sup>6</sup> Building a better transport infrastructure is the only way to reduce this number and meet the government's targets.

### Increasing childcare provision

The offer for childcare for working parents in Wales is far less than in England. In England, funded childcare hours are available for children aged nine months and older, whereas in Wales many families have to wait until the school term after their children have turned three. To encourage people back to work it is important to increase the childcare offer in line with what is available over the border.

Further to this the Welsh government should consult on and publish plans to increase the childcare workforce, developed in partnership with childcare providers. Increased funding for provision alone doesn't work without enough childcare professionals to deliver services, which requires a targeted skills and workforce plan to ensure that providers can meet demand.

<sup>6</sup> Department for Transport, [Usual method of travel to work by region of workplace in Great Britain](#)



Our specific recommendations to address these are:

### Better access to healthcare in Wales

More needs to be done to improve access to healthcare in Wales. A more efficiently staffed NHS will reduce wait times, improve access to treatment and help those with long-term sickness return to work. The Health Inspectorate Wales found that the NHS in Wales is under "unrelenting pressure".<sup>7</sup>



### Review procurement processes for public sector staffing

At the heart of improving healthcare access and strengthening public services is creating a more efficient workforce. Public sector staffing procurement in Wales needs to be urgently reviewed to help address this issue. To achieve better value for money steps should be taken to review NHS staffing frameworks, this would limit off-framework spending and save the NHS in Wales more money on staffing in the long term.

Additionally, all tendering routes within Wales require extensive evidence in delivering public services, which is a blocker to healthy competition (particularly for SMEs) and delays recruiters getting high-quality candidates into public sector roles. The tendering process is also specific to each vacancy, enabling local authorities to do "mini tenders", increasing the workload for businesses trying to supply. These barriers to providing services to the public sector add to the problem of chronically understaffed public services.

<sup>7</sup> Health Inspectorate Wales, [Annual Report 22/23](#)



Our specific recommendations to address these are:

### **Recognise the value of temporary work in public sector staffing**

Temporary staff play a hugely important role in public sector staffing. It is important that the Welsh Government collaborate with agencies to ensure temporary staff can perform their vital role in keeping public services operational. Many workers choose to work in a flexible way to fit around their lifestyle. The Welsh Government should look to embrace agency work and ensure they are treated fairly and equitably compared to their permanent counterparts.





## 4. Regulating for a sustainable and dynamic labour market

**According to ONS data, nearly half of the workforce work in a non-permanent flexible way. The Welsh economy, including the public sector, rely on temporary workers. Employers must retain the flexibility to enable people to work in ways that suit their lifestyles.**

The REC's **Voice of the Worker** campaign demonstrates why people enter temporary work - which may be to fit around caring responsibilities, studies, to re-enter work or gain experience.

Too often, agency workers are forced to work around legislation designed for employees in permanent roles, resulting in confusion and sometimes a lack of clarity about the rights they have. In addition, enforcement is too poor – meaning that compliant firms shoulder increased costs – while the costs of non-compliance are too low. This must change.



Of particular note, we recommend:

### Carefully consider the implications of the reforms to employment law in the Employment Rights Act

The UK Government's plan to "Make Work Pay" is now law through the **Employment Rights Act**, bringing major implications for the Welsh labour market. But key areas still need clarification. Chief among them are guaranteed hours proposals. If this is handled badly, it risks undermining jobs and growth. As drafted, the provisions do not take sufficient account of the temporary labour market, understanding seasonal demand and the flexibility many workers want. It is essential that government continues to engage closely with employers, industry bodies and employee representatives to ensure the reforms work in practice and to avoid unintended consequences leading to increased unemployment. This is particularly important in the temporary labour market, where workers protection already apply.



**This document has addressed some of the key challenges faced by the Welsh Government and has set out a call for action with a series of policy recommendations, which the REC believe would promote economic growth and strengthen the Welsh Labour Market.**

If you'd like to discuss our recommendations in more detail, get in touch with:

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Recruitment  
& Employment  
Confederation

The Recruitment & Employment Confederation is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower UK recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy.

Find out more about the REC at [www.rec.uk.com](http://www.rec.uk.com)

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