An Analysis of the Impacts of COVID-19 on South West Wales

OCTOBER 2021

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Executive Summary

The Labour Market

- The Swansea Bay City Region is characterised by above average employment in six of the eight sectors being defined as ‘at risk’ in terms of COVID-19. These are; Construction, Motor Trades, Wholesale, Retail, Accommodation and Food Services and Education.[1]
- Claimant levels have seen overall significant increases in levels for all counties, a general downward trajectory since August 2020 has been characterised by small periods of increase coinciding with the reintroduction of some restrictions. Levels have not yet returned to pre-pandemic averages, however there are some signs of stabilisation in recent months.
- Since the start of the scheme a cumulative total of 98,300 jobs across the region have been supported by the CJRS at various times.
- At a regional level the furlough rate has decreased month on month since January coinciding with the easing of restrictions. Regionally there were still 10,210 individuals on furlough at the end of August, this is a decrease of 74% on highs seen in January. Levels remain highest in Swansea and as of June lowest in Pembrokeshire.
- Data to the 15th of September indicates that a total of 88,200 claims for the SEISS have been made at a regional level since the inception of the scheme at the onset of the pandemic. A total of 26,400 individuals have been supported, with Carmarthenshire seeing the highest take-up rates of the four counties of South West Wales.
- It is evident that in recent months recruitment demand is far exceeding pre-pandemic levels, with posting numbers in September reaching a high of 19,681.
- A number of sectors are reporting acute recruitment challenges at the moment, namely; Transport and Logistics, Health and Social Care, Tourism and Hospitality and Construction.

Apprenticeships and Work-based Learning

- At a regional level the highest incidences of furloughed apprentices occurred at the height of the pandemic in May 2020, where at a regional level 1,700 were fully furloughed. Levels have consistently fallen throughout subsequent months, reaching their lowest point most recently in September with 135 apprentices being fully furloughed in the region.
- 37% of individuals completed their programmes between September 2020 and September 2021, which is below the pre-pandemic 3 year average of 44%. This trend is in line with those seen in other regions and at a national level.
- A total of 20 apprentices have seen their programme end through redundancy in the region.
- The apprenticeships market appears very buoyant, with leads up an average of 113% at a national level when comparing current figures with those for the same time last year. From a regional perspective, leads appear to be up 145% in comparison to the same time period last year.

[1] WLGA – Local Authority Exposure Dashboards – Swansea Bay City Region - https://www.wlga.wales/SharedFiles/Download.aspx?pageid=62&mid=665&fileid=2214

- The Employer Incentive Scheme is proving popular with employers and could be one of the contributing factors to this increase. However, there is growing concern amongst industry and providers that this demand will not be met due to funding constraints and skills issues with regards to assessors and educators.

Summary of Primary Business Intelligence

- Primary evidence gathered by the RLSP suggests that 66% of the 162 businesses engaged with are currently facing recruitment challenges a view substantiated within the industry focus group sessions conducted.
- 74% of employers indicated that it’s likely they will be recruiting additional staff over the next six months.
- Positively, only 2% of respondents indicated that they are likely to make redundancies in the next six months. This figure has decreased since May.
- A large proportion of respondents (62) indicated that they have identified no new skills demands as a result of the pandemic. This aligns to evidence previously gathered indicating that the pandemic has deepened, and accelerated skills needs that were prevalent pre-pandemic for many businesses.
- Top reported skills demands include; computer literacy/basic IT skills, advanced or specialist IT skills, communication skills and leadership and management skills.
- 45% of businesses report that they are experiencing supply chain issues as a direct result of Brexit. The majority of these businesses are aligned to the Construction or Manufacturing sectors and report that the cost of materials has increased exponentially which is affecting income generation.
- Skills in new technology, advanced or specialist IT skills and renewable energy skills were most commonly reported as being likely skills needs over the next 5-10 years.

Sector Specific Intelligence

Construction

- At the height of the pandemic the impacts on the Construction sector were varied, with evidence indicating some companies were able to continue activity throughout the lockdown period and others saw their operations cease. By now, the vast majority are now fully or mostly operational.
- In the earlier stages of the pandemic many businesses had seen a decline in demand for their services with reduced client commitment, a drop in contract awarding and a general lack of trade culminating in increased difficulty in securing work. By now, demand appears to have largely recovered, however external challenges and factors are inhibiting businesses from fully capitalising on these opportunities.
- Currently, supply chain issues are being reported as the primary challenge for businesses and difficulty procuring materials remains apparent with the increasing costs of supplies not being conducive to recovery or allowing for the required forward planning. A number of companies have reported having to delay jobs due to a lack of materials.
- Financial challenges have been reported by some which could be as a result of the culmination of supply chain issues, increased costs, recruitment challenges and a difficulty in securing work.

- The vast majority of businesses engaged with report that they furloughed staff as a result of the pandemic. Of workers furloughed, the vast majority have since returned to their substantive roles, with a very small proportion of businesses indicating that staff they had furloughed have found alternative employment elsewhere.
- Positively, no businesses reported that they had to make any furloughed staff redundant.
- A lack of skilled tradespeople within the labour market has forced some companies to delay jobs. The majority of businesses surveyed indicated that they are currently experiencing recruitment challenges.
- The majority of respondents indicated that they have not identified any new skills needs as a result of the pandemic. However, some reference has been made to the need for improved computer literacy/basic IT skills, communication skills, skills in relation to renewable energy and skills in new technology.
- There is also a need to have a greater awareness of mental health issues within the workplace as this is an increasing issue.
- 48% of respondents reported that it depends what role they are recruiting for when balancing the need for practical skills/experience over formal qualifications. An equal proportion indicated that they value practical skills/experience over formal qualifications.
- The majority of employers indicated that they would be keen to support additional apprentices in the future which is positive. However, issues with regards to a lack of individuals pursuing apprenticeships need to be addressed and adequate funding needs to be pumped into the sector to support those wishing to pursue programmes.
- Industry would like to see an intervention developed whereby the private sector are incentivised by way of funding to provide training/mentoring/assessment of apprentices. This would alleviate pressures placed on providers and provide learners with the opportunity to gain practical on-site experience.

Manufacturing, Engineering and Energy

- At the height of the pandemic, the over-all impacts on the Engineering, Manufacturing and Energy sectors were varied, with evidence indicating some companies were able to continue activity throughout the lockdown period and others saw their operations cease. By now, following a period of recovery and a general re-opening of the economy a different set of challenges have been accelerated and come to the fore for many businesses.
- Severe supply chain issues have been cited as the most acute challenge for many with Brexit being the biggest contributor to this. This has placed pressure on sourcing materials which continue to increase in cost, this obviously has a detrimental impact on business activity and is not conducive to income generation. These issues extend to exporting out of the UK which has become increasingly difficult due to increased bureaucracy.
- A small proportion of businesses continue to face difficulty operating under current restrictions, which would suggest that whilst the re-opening of the economy is of course positive it doesn’t necessarily mean that this is an automatic return to normality for all businesses.

- Of those surveyed all businesses which furloughed staff indicated that these staff have since returned to their substantive roles.
- The majority of businesses are reporting facing recruitment challenges at the moment, albeit in certain areas and not all. For instance; graduate placements are proving easy to fill for some businesses and other occupational areas are proving very difficult to fill.
- The majority of businesses indicated that they have not identified any new skills needs as a result of the pandemic. A minority report emergent skills demands in the following areas:
    - Problem solving,
    - Leadership and Management Skills,
    - Computer literacy/basic IT skills,
    - Skills in new technology.
- The majority of respondents indicated that it depends what role they are recruiting for with regards to valuing practical skills/experience over formal qualifications. With this being said, the remaining 40% indicated that they do value practical skills/experience more highly than qualifications.
- Indications of future recruitment and staffing levels are variable, however the majority indicate that it is likely that they will recruit additional staff in the next six months.
- There is increasing concern amongst industry regarding the shortage of apprenticeship placements which is not meeting industry demand. There is specific concern that the incentive continues to be offered to employers but that there isn’t enough funding/placements to meet the demand generated as a result.

Food

- At the height of the pandemic effects on the food sector were variable, with evidence indicating that some companies were able to continue activity albeit as a result of significant changes to working practices, additional health and safety considerations and diversification.
- Supply chain issues are being reported as the most significant challenge facing the sector currently. This is attributed to Brexit and issues being exacerbated by challenges within the transport and logistics sector.
- The loss of skilled staff is becoming an acute challenge for the sector, with many businesses reporting that this is detrimental to income generation and wider recovery plans.
- Businesses which furloughed staff report that the majority have returned to their substantive roles following the end of the scheme. A small minority reported that the staff they had furloughed have left having acquired alternative employment.
- Positively, the RLSP received no reports of businesses having been forced to make redundancies as a result of the scheme ending, suggesting that the industry is experiencing ample demand to sustain their workforces, which was a concern for many businesses earlier during the recovery phase.
- 89% of businesses indicate that they are currently experiencing recruitment challenges. This is an issue that is reportedly being exacerbated by Brexit.

- The majority of businesses indicated that they have not identified any new skills needs as a result of the pandemic. However, a minority report emergent skills demands in the following areas:
    - Reading and understanding instructions,
    - Communication skills,
    - Leadership and management skills,
    - Food manufacturing skills.
- Furthermore, businesses continue to report that there is an acute lack of individuals with appropriate HGV/LGV driving skills within the labour market. This has previously been reported by the RLSP as a skills concern for the sector which appears to have been heightened as a result of the pandemic, Brexit and other factors such as unattractive working conditions and an ageing workforce.
- 50% of respondents reported that they value practical skills/experience more highly than formal qualifications when hiring new starters.
- The vast majority of respondents indicated that it is likely that they will be recruiting additional staff over the next six months. This is a general shift from the consensus a few months ago when the majority indicated that it is too early to tell how their workforce is likely to change over the next six months.
- Positively, a number of businesses who have not previously employed apprentices suggested that this is something they would consider in the future provided recovery went well.

Financial and Professional Services and ICT and Digital

- A higher proportion of respondents from this sector in comparison with others indicated that they have not experienced any impacts as a result of the pandemic. This has been as a result of the perceived ease at which they have been able to diversify and change their working practices. It appears that this has been easier for some businesses within this sector that for other businesses operating in other sectors.
- Evidence indicates that although the furlough rate was proportionately lower in this sector than others, more businesses have reportedly been forced to make some furloughed staff redundant and in some instances, staff have not returned to their substantive roles and sought employment elsewhere.
- A small majority of businesses are experiencing recruitment challenges currently.
- The majority of respondents highlighted that they have not identified any new skills demands as a result of the pandemic, however there is a higher proportional demand from this sector for more advanced or specialist IT skills rather than basic IT skills. Additional skills demands are reported as;
    - Coding/web development skills,
    - Skills in new technology,
    - Computer literacy/basic IT skills.
- The majority of businesses engaged with indicated that practical skills/experience are more attractive than formal qualifications when recruiting new staff. Further substantiating once again the importance of work-readiness and soft skills.
- The majority of respondents indicated that they were not aware of opportunities for re-skilling and up-skilling via Personal Learning Accounts etc.

- The majority of respondents surveyed indicated that they were not currently or planning to offer any opportunities through the Kickstart scheme.
- The majority of respondents indicated that they have no plans to recruit apprentices.

Health and Social Care

- The most pertinent challenges facing the sector currently include financial challenges which are attributed to poor funding, delayed payments and operating difficulties.
- Whilst the furlough rate has been lower generally, a larger proportion of businesses highlighted that staff that they had furloughed have not returned to their role and secured alternative employment.
- A number of businesses have seen the loss of staff at a rate not previously experienced. Staff have been lost due to early retirement, shielding or simply leaving the care sector. Brexit has been reported as a barrier to recruitment and a contributory factor to the loss of skilled staff.
- The vast majority of businesses surveyed indicated that they have and continue to experience severe recruitment challenges. A number of barriers have been highlighted to being contributory factors to this which are detailed in the sector profile.
- A number of respondents indicated that no additional skills needs have been highlighted, however skills needs that were present before have been deepened and accelerated and include:
    - Health care skills,
    - Communication skills,
    - Computer literacy/basic IT skills,
    - Skills in new technology.
- 47% of respondents reported that it depends what role they are recruiting for when balancing the need for practical skills/experience over formal qualifications. However, an equal proportion indicated that they do value practical skills/experience over formal qualifications.
- Given the severe recruitment pressures affecting the sector currently, it is no surprise that the vast majority of businesses are planning to recruit in the next six months.
- There is much variation in terms of intentions to employ apprentices in the future. A small majority of employers indicate that they plan to recruit apprentices, however many respondents still seem to have little experience or understanding of apprenticeships.

Public Services

- The over-all impact on the Public Services sector has been significant. The demand for front-line services has substantially increased and services have been under mounting pressure to meet these demands and offer support to other front-line organisations as and when the need has arisen.
- Many organisations continue to face difficulty operating under current restrictions, with large numbers of staff continuing to work remotely. Further challenges reported include; poor connectivity, bureaucracy and legislation, supply chain issues and the loss of skilled staff.

- Generally, furlough rates within the sector have been lower than other sectors throughout the pandemic. Primary evidence gathered by the RLSP substantiates this with the majority of respondents indicating that they did not furlough staff.
- Of the minority that did, they report that any furloughed employees have since returned to their substantive roles and that no forced redundancies have been made.
- A number of organisations are facing acute recruitment challenges within some departments and services. These include (but are not limited to); health and other front line services, leisure roles, digital and IT roles and apprenticeship vacancies.
- Skills demands have been highlighted in basic and specialist IT skills, problem solving, oral Welsh language skills, communication skills, leadership and management skills and HGV/LGV driving skills.
- The value that is placed on formal qualifications over practical skills/experience when recruiting new staff is highly dependent on the nature of the role being recruited.
- Positively, no organisations indicated that it is likely they will be forced to make redundancies over the next six months rather many highlighted that it is likely that they will recruit additional staff.
- A number of organisations indicated that they are currently or planning to offer placements through the Kickstart scheme. Although some organisations felt that the perceived bureaucracy surrounding the process was problematic and ultimately a barrier to offering placements.
- Some organisations feel that whilst the Kickstart scheme has been a success it has taken young people out of the labour market.
- Some organisations have reported recruitment difficulties in relation to apprentices. Furthermore, there is also concern regarding the perceived poor calibre of applicants for apprenticeship vacancies.
- There is concern that if the increased demand for apprenticeships continues then contract allocation will be exceeded.

Tourism, Hospitality and Retail

- Arguably the Tourism and Hospitality and Retail sectors were some of the most adversely affected by the pandemic, with the vast majority of businesses indicating that the impact on them had been significant.
- Businesses have since had the opportunity to re-open, however many still report that they face difficulty operating under current restrictions.
- Financial challenges are also a concern for many and are likely a result of a number of factors culminating to create an unfavourable environment in which to generate income.
- Supply chain issues have been highlighted by some which has hampered the ability for many to trade effectively.
- The majority of businesses reported having furloughed staff as a result of the pandemic. The vast majority of businesses report that the majority of staff they had furloughed have since returned to their substantive roles.
- Whilst this is the case, a number of businesses have seen the loss of staff with some employees leaving to pursue employment opportunities in other sectors which they deem more secure.

- Recruitment challenges being faced by businesses at the moment is unprecedented and will severely hamper the industry's ability to operate and recover.
- Some businesses indicated that they may be forced to close indefinitely should recruitment challenges not improve.
- A small number of businesses reported that they've been forced to make redundancies as a result of the pandemic.
- The majority of businesses indicated that they have not identified any new skills demands as a result of the pandemic.
- 57% of respondents reported that they value practical skills and experience more highly than formal qualifications which aligns with evidence previously gathered highlighting the importance of work readiness and soft skills.
- This is in line with discussions held in the cluster group whereby members feel that work experience should be made a compulsory element of the further education offer. Not only would this address issues around work-readiness but it will also serve to inspire learners and decrease the likelihood of drop-off from the industry.
- The majority of businesses indicated that it is likely that they will be recruiting staff over the next six months. This is a total shift from the situation in May whereby the majority reported that it is too early to predict how their workforce is likely to change over the next six months.

Conclusions

- Whilst restrictions have eased, and this period of recovery continues to progress well different challenges have come to the fore and continue to manifest for the majority of sectors.

- The vast majority of businesses are facing acute recruitment challenges as a result of a number of factors including the pandemic, Brexit, perceptions of sectors, workforce demographics and working conditions. These challenges are more prevalent for Transport and Logistics, Health and Social Care, Tourism and Hospitality, Food and Construction.

- Supply chain issues are a severe concern for a number of sectors, exacerbated by increasing costs and increased bureaucracy with regards to importing and exporting as a result of Brexit. This is of particular pertinence for the Manufacturing and Engineering and Construction sectors whereby these challenges are resulting in delaying work and in some instances the forced cancellation of some jobs.

- Businesses which furloughed staff report that the vast majority of these individuals have since returned to their substantive roles. Incidences of staff acquiring alternative employment is fairly small and mostly concentrated in Health and Social Care, Tourism and Hospitality, Food, Construction and Financial and Professional Services and Digital.

- The pandemic appears to have deepened and accelerated skills demands that were prevalent pre-pandemic for a number of businesses. However, there has been a general shift towards a greater demand for basic IT, specialist IT skills, communication and leadership and management skills. A number of sectors are also reporting that they are more aware of training needed around staff mental health and wellbeing.

- The vast majority of businesses are planning to recruit in the next six months and evidence received of possible redundancies has been minimal which is positive. Indications of future recruitment are across all skills levels, however there is a higher concentration of demand for low and medium skill occupations.
- A small majority of respondents indicated that it depends what role they are recruiting for with regards to valuing practical skills/experience over formal qualifications. 48% indicated that they do value practical skills/experience more highly than qualifications and only 2% of respondents reported that they value qualifications more highly.
- Employer demand for apprenticeships is very high which is being attributed to increased confidence following recovery and the Employer Incentive Scheme. However, there are growing concerns amongst industry that reductions in available placements and in some instances funding is problematic. Providers report that meeting demand is increasingly challenging.
- Anecdotal evidence suggests that there is good appetite from employers on a regional level with regards to offering positions through the Kickstart scheme. However, some report that the overly bureaucratic nature of the process has led to delays in appointment. A large proportion of those surveyed indicated that they were not currently and/or planning to offer opportunities through the scheme and many are unaware of the scheme’s existence.

Section 1 – Introduction

1.1 Purpose and Context

The COVID-19 pandemic is considered one of the most significant global events in recent history. Its effects have been felt across the world and have resulted in the most significant disruption to normal life in peace time. The nature of the virus has meant that people have been unable to exercise their fundamental rights of freedom and free movement, resulting in substantial global economic downturns.

An easing of restrictions coupled with government support mechanisms over recent months have seen the beginning of a period of economic recovery, a period which is likely to be challenging and lengthy. As national and local governments continue to respond to the needs of a recovering economy and labour market it has never been more imperative that decisions are informed by accurate and timely intelligence. This report is therefore intended to provide an update to previous reports on the effects of the pandemic on the region of South West Wales. It has been developed with the aim of providing some context on such areas as the economy and labour market, people, businesses and skills.

1.2 Process and Methodology

This report draws on several data sources of both a primary and secondary nature. The most recently available secondary labour market information has been analysed to provide information regarding the economy, labour market, people and skills. This information has mainly been accessed via an economic modelling package known as EMSI. The data provided through this package is derived from a collection of nine government sources and recognises itself as a complete, accurate and reliable source of labour market information.

Primary evidence has been acquired through extensive industry engagement. The majority of this evidence has been gathered via a survey disseminated electronically to the RLSP's extensive employer database. This activity has been bolstered through focus group sessions with the nine industry cluster groups. The cluster groups represent the following sectors:

- Advanced Materials and Manufacturing,
- Energy,
- Construction,
- Creative Industries and Financial and Professional Services,
- Digital,
- Food and Land Management,
- Health and Social Care,
- Leisure, Tourism and Retail,
- Public Services.

These sectors have been deemed a priority as they each play a pivotal role in the economic landscape of the region. Their presence in terms of growth, employment capacity and monetary contribution to the economy, places them at the forefront of the RLSP's efforts in supporting the economic recovery of South West Wales.

Section 2 – The Labour Market

2.1 Employment and Unemployment

South West Wales[2] is characterised by above average employment in six of the eight sectors being defined as 'at risk' in terms of COVID-19. These are; Construction, Motor Trades, Wholesale, Retail, Accommodation and Food Services and Education.[3] In addition, three of these sectors; Wholesale, Motor Trades and Retail are also defined as 'at risk' with regards to Brexit. This arguably places the region in a precarious position in terms of recovery given our reliance on these sectors in terms of employment.

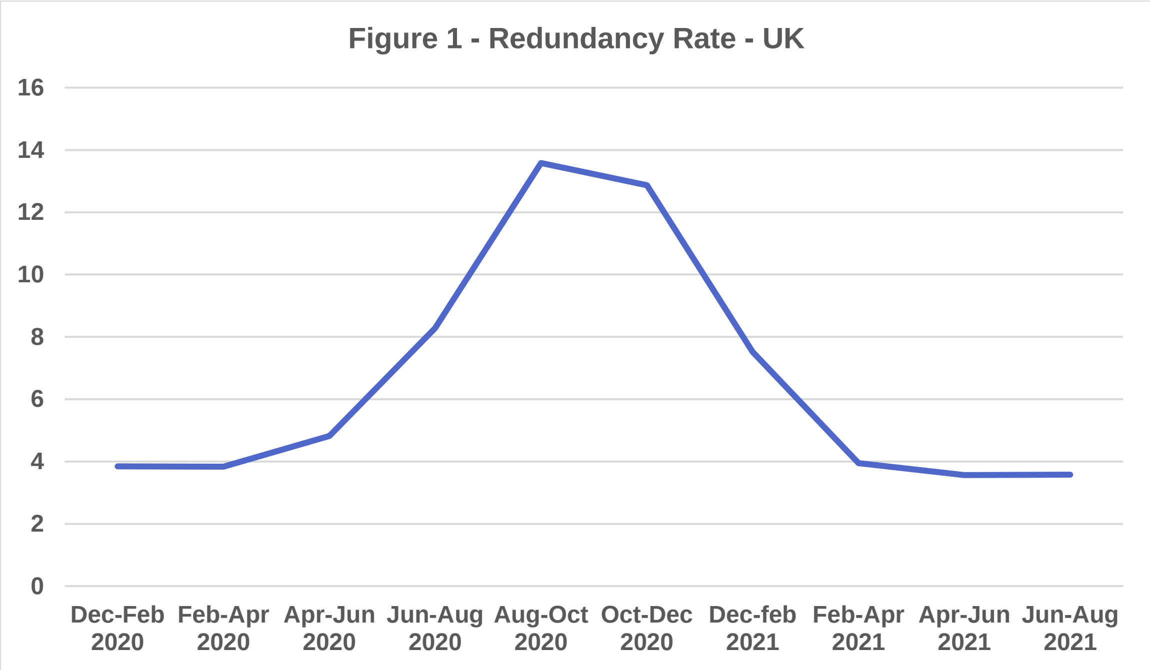
The regional picture in terms of unemployment is fragmented, with the most recent data being based on pre-pandemic population projections. The table below gives an indication of the current position for South West Wales against a Wales comparator, however this data may be revised in future and should therefore be treated with caution.[4]

Regionally the unemployment rate has increased when comparing the most recent data to pre-pandemic levels. Between 2019 and 2020 unemployment rates fell both nationally and regionally. The reasons for this could be numerous, however the range of support mechanisms introduced as a result of the pandemic may have been contributory factors to this downward trend. Regionally, unemployment levels exceed national averages, which may be indicative of the regions reliance in terms of employment on those sectors most vulnerable to the pandemic.

Unemployment Rate (Aged 16-64)[5]			
	Year Ending 30 June 2019	**Year Ending 30 June 2020**	**Year Ending 30 June 2021**
South West Wales	4.5	4.2	4.8
Wales	4.4	3.7	4.4
Employment Rate (Aged 16-64)			
South West Wales	71.1	71.3	71.3
Wales	73.2	73.8	72.0

[2] Carmarthenshire, Swansea, Neath Port Talbot and Pembrokeshire
[3] WLGA – Local Authority Exposure Dashboards – Swansea Bay City Region - https://www.wlga.wales/resources-eu-transition-exposure-dashboards
[4] https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/ILO-Unemployment/ilounemploymentrates-by-welshlocalareas-year
[5] https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/ILO-Unemployment/ilounemploymentrates-by-welshlocalareas-year

2.1.1 Redundancies[6]



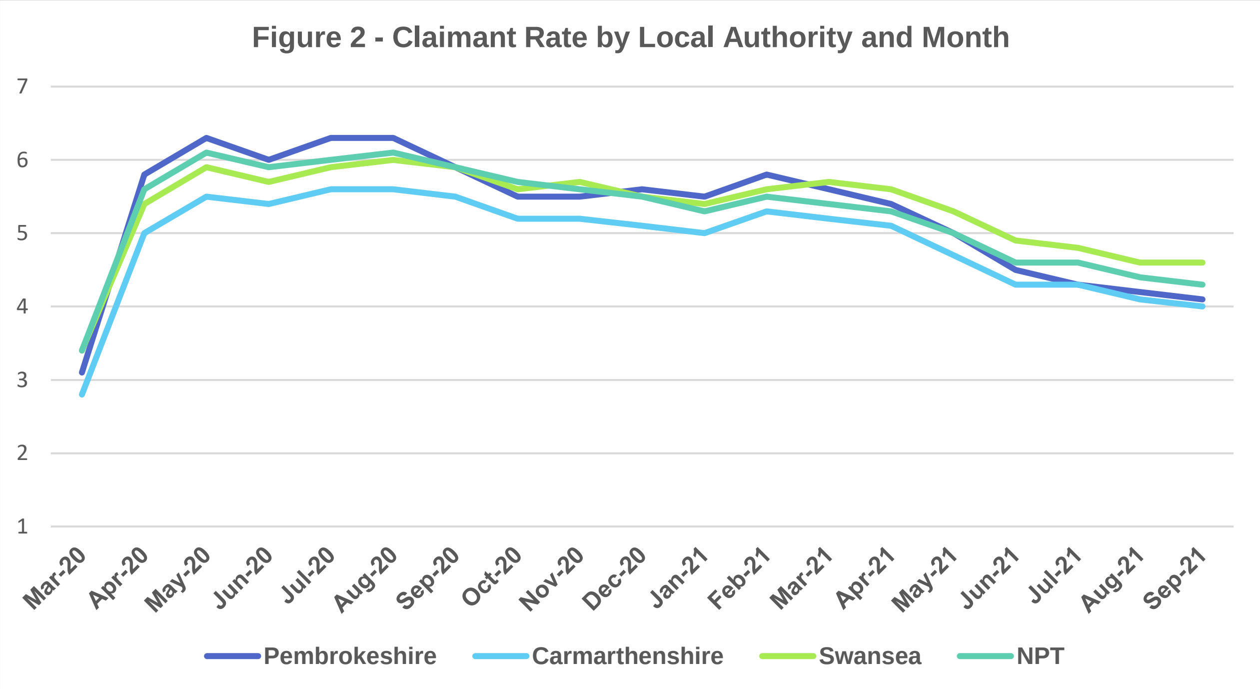
The redundancy rate at a UK level has decreased quarterly from November 2020. In June to August 2021, reports of redundancies in the three months prior to interview decreased by 0.2 per thousand employees on the quarter to 3.6 per thousand employees, similar to pre-pandemic levels.

[6] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest

2.1.2 Claimant Count

An analysis of the number of people claiming unemployment-related benefits in Wales show that there were 86,075 claimants[7] as of September this year compared with 115,920 for the same time period last year.

Figure 2[8] provides a breakdown of the claimant rate at a local authority level.



Claimant level trends have been changeable since the onset of the pandemic in March 2020. With an overall significant increase in levels for all counties, a general downward trajectory since August 2020 has been characterised by small periods of increase coinciding with the reintroduction of some restrictions. Levels have not yet returned to pre-pandemic averages, however there are some signs of stabilisation in recent months.[9] These increases are a stark indicator of the socio-economic effects of the pandemic.

2.1.3 Furloughed Workers

The most recently available statistics indicate that at a Wales level;

- ‘As at 31 July 2021, 54,700 employments in Wales were furloughed under the Coronavirus Job Retention Scheme (CJRS), a take up rate of 4%; similar to the take up rate across the UK (5%).
- There was a 21% decrease in the number of furloughed employments in Wales between 30 June and 31 July 2021, and the number of furloughed employments are at the lowest level since the time series began on 1 July 2020.

[7] Claimant level indicates the number of people claiming Job Seeker’s Allowance plus those who claim Universal Credit and are out of work.
[8] https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Unemployment/Claimant-Count/claimantcount-by-welshlocalareas-variable-month
[9] Figures for September 2021 are provisional and are therefore subject to change

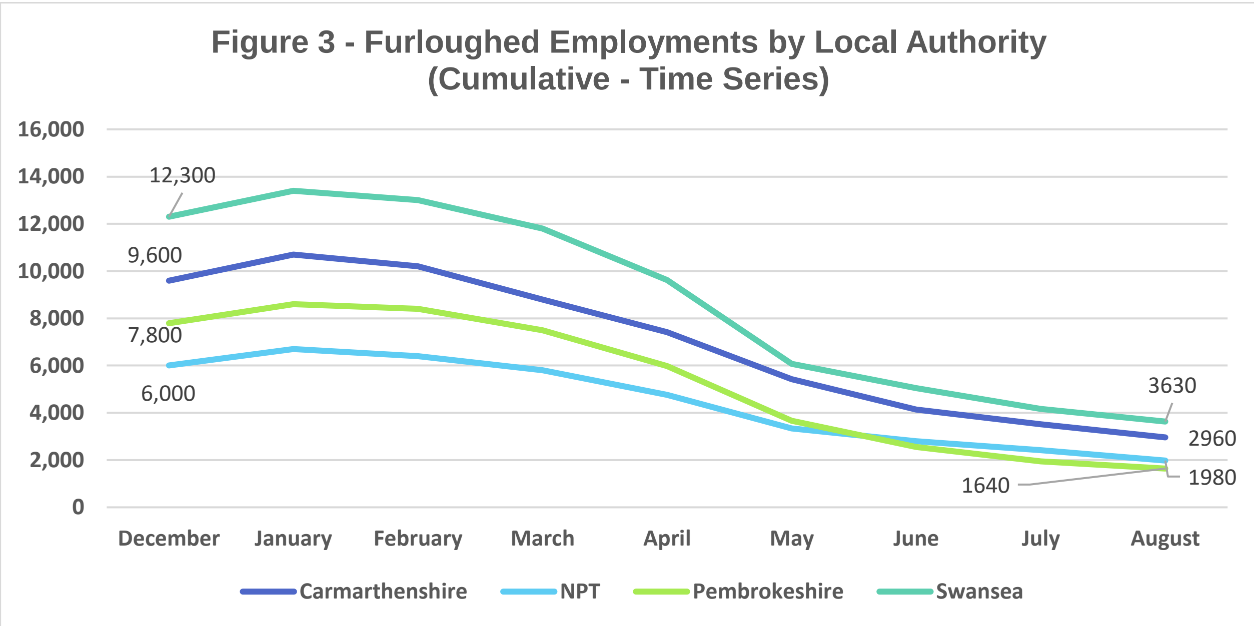
- Arts, entertainment and recreation had the highest take-up rate in Wales at 16%, followed by other service activities at 14%. These take-up rates are much higher than the take-up rate for Wales as a whole.
- 25,900 females and 28,700 males in Wales were furloughed under the CJRS as at 31 July 2021.
- There was little variation in the take up rate of furloughed employments across local authorities in Wales.'[10]

Number of Furloughed Workers by Local Authority[11]

Since the start of the scheme a cumulative total of 98,300 jobs across the region have been supported by the CJRS at various times. This is across all claims submitted by 14 September 2021. The table below shows the cumulative totals at a county level:

County	Furloughed Employments (Cumulative total)
Carmarthenshire	26,900
Neath Port Talbot	18,600
Pembrokeshire	18,700
Swansea	34,100
Total	**98,300**

At a regional level the furlough rate has decreased month on month since January coinciding with the easing of restrictions. Regionally there were still 10,210 individuals on furlough at the end of August, this is a decrease of 74% on highs seen in January. Levels remain highest in Swansea and as of June lowest in Pembrokeshire. A time-series is depicted in figure 3 below;



[10] https://gov.wales/coronavirus-job-retention-scheme-statistics-9-september-2021
[11] HMRC – Coronavirus Job Retention Scheme Statistics – https://gov.wales/coronavirus-job-retention-scheme-statistics-9-september-2021 - Experimental Statistics which have been calculated using data from HMRC's Real Time Information (RTI) system which has been matched with Coronavirus Job Retention Scheme data

Employments on Furlough by Sector – South West Wales

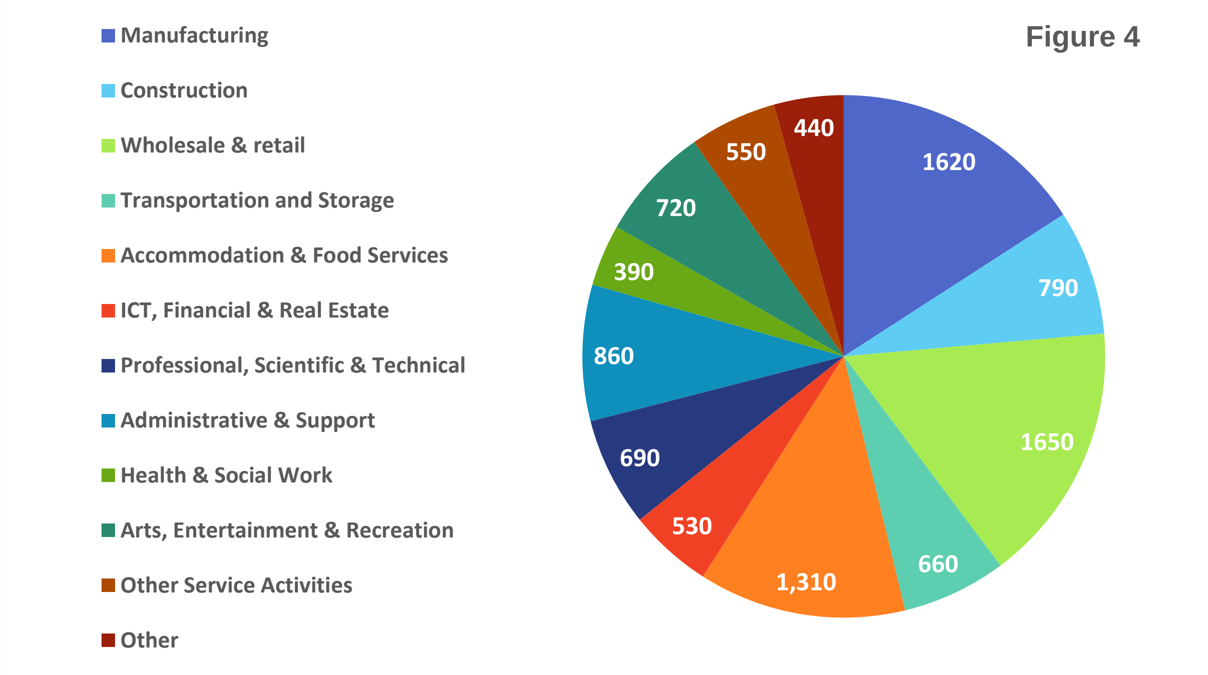


Figure 4

It is evident from the sector breakdown provided in figure 4 above that the sectors which have seen the highest incidence of furlough mostly coincide with those sectors identified as most 'at risk' in relation to the pandemic. The furlough scheme worked well to support jobs which simply could not take place due to the restrictions, protecting long-term viable jobs. These include; Accommodation and Food Services and Wholesale and Retail. The exception to this is the high furlough rate within the manufacturing industry which is in line with national level trends. The reasons for this are unclear, however there is concern that there will be no further improvements to the economy which will allow the further opening up this sector. This would suggest that it is a possibility that employers were continuing to use the scheme to protect unviable jobs.[12]

'But now less than half (of furloughed employments) are in the worst affected sectors, with the remainder in relatively unaffected sectors like manufacturing. In those sectors that are relatively unaffected, it is unclear what will change in future to allow these jobs to return full-time. It is therefore probable that a greater share of the jobs supported by the furlough scheme are now not viable than was the case when the scheme was supporting more jobs – that is, they probably have no long-term future.'[13]

Primary evidence gathered by the RLSP indicates that 60% of respondents were forced to furlough staff as a result of the pandemic. A significant 95% of these respondents reported that the employees they had furloughed have since returned to work. 6% of respondents indicated that they had to make furloughed staff redundant and 11% indicated that the staff they had furloughed had found employment elsewhere.

[12] https://gov.wales/coronavirus-job-retention-scheme-statistics-9-september-2021
[13] https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwj06Oq6scLzAhVPhlwKHaRDXwQFnoECAYQAQ&url=https%3A%2F%2Fwww.instituteforgovernment.org.uk%2Fsites%2Fdefault%2Ffiles%2Fpublications%2Fcoronavirus-job-retention-scheme-success.pdf&usg=AOvVaw1Tz7Og2z--2cxbngSAVF3L

2.1.4 Apprentices Furloughed

At a Wales level;

- ‘285 apprentices were fully furloughed on 24 September 2021.
- The number of apprentices still furloughed fell steeply; less than half as many apprentices were fully furloughed in September compared to August (350 fewer overall).
- One week before the end of the furlough scheme (24th September) the number of apprentices furloughed was 96% smaller than at its peak.
- Less than 0.5% of apprenticeships have been terminated due to redundancy over the past year.
- Another 55 apprentices (less than 0.5%) had been made redundant but remain in learning whilst their provider tries to source an alternative employer.
- Fewer apprenticeships have ended, successfully or unsuccessfully, compared to previous years.
- Only 36% of apprentices have completed their apprenticeship or gone into employment, compared to an average of 44% by this point in past years.’

‘The apprentices who were still furloughed as the scheme came to an end were more likely to be:

- Young,
- Male,
- White,
- studying level 2 apprenticeships,
- working for companies with less than 10 employees,
- living in South West Wales.’[14]

At a regional level the highest incidences of furloughed apprentices occurred at the height of the pandemic in May 2020, where at a regional level 1,700 were fully furloughed. Levels have consistently fallen throughout subsequent months, reaching their lowest point most recently in September with 135 apprentices being fully furloughed in the region.

37% of individuals completed their programmes between September 2020 and September 2021, which is below the pre-pandemic 3 year average of 44%. This trend is in line with those seen in other regions and at a national level.

A total of 20 apprentices have seen their programme end through redundancy in the region.

2.1.5 Self-Employment Income Support Scheme

The region as a whole is characterised by above average levels of self-employment, with the most recent data indicating that the Swansea Bay City Region has the second highest

[14] https://gov.wales/apprentices-furloughed-or-made-redundant-during-coronavirus-covid-19-pandemic-24-september-2021

proportion (16.1%) of self-employed people in the UK behind the Greater London Authority (18.6%).[15]

The statistics below set out information on the fifth grant of the Self Employment Income Support Scheme (SEISS) which opened for claims on the 29 July 2021 and closed on 30 September 2021.

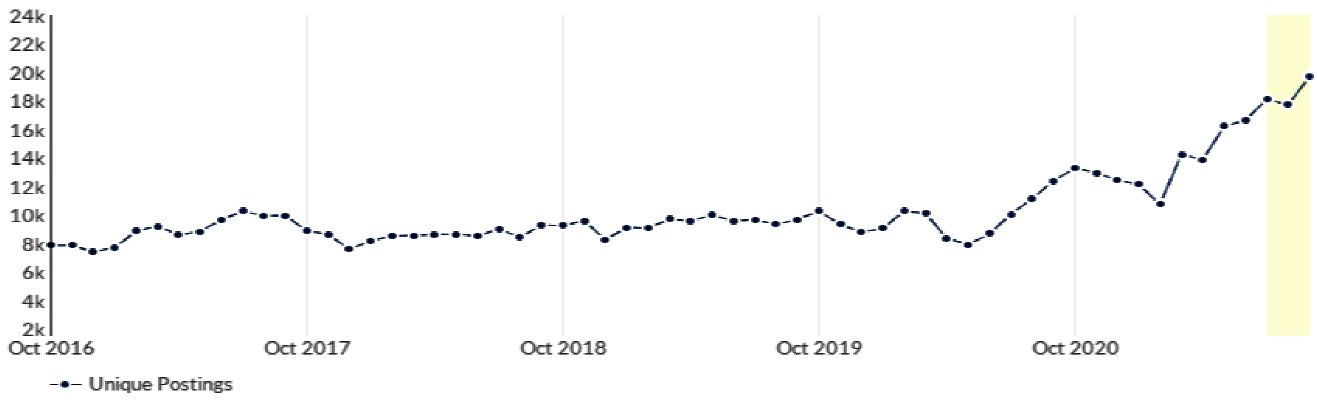
- Up to 15 September 2021, there have been 39,000 successful claims for the fifth SEISS in Wales, which is 28% of those who are eligible for the scheme.
- The take up so far has been lower than the fourth grant, and data shows a declining trend in take up from the first SEISS grant to the fifth.
- The value up to 15 September 2021 of all claims made in Wales under the fifth grant was £82 million.
- Self-employed people working in construction in Wales accounted for by far the largest share of all claims (33%).[16]

Data to the 15th of September indicates that a total of 88,200 claims have been made at a regional level since the inception of the scheme at the onset of the pandemic. A total of 26,400 individuals have been supported, with Carmarthenshire seeing the highest take-up rates of the four counties of South West Wales.

At a national level the Construction sector accounted for the highest proportion of total claims made, followed by the Transportation and Storage, Other Service Activities and Administrative and Support Service Activity sectors.[17]

2.2 Recruitment Patterns[18]

Figure 5 below details how job posting trends have changed over the last five years in the region.



[15] Percentage of self-employed people by city regions – Annual Population Survey, 2019. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/coronavirusandselfemploymentintheuk/2020-04-24
[16] https://gov.wales/coronavirus-job-retention-scheme-and-self-employment-income-support-scheme-statistics-7-october-2021
[17] https://gov.wales/coronavirus-job-retention-scheme-and-self-employment-income-support-scheme-statistics-7-october-2021
[18] RLSP analysis of EMSI data

It is clear to see the effect that imposed restrictions had on recruitment demand between December 2020 and January, however overall recruitment levels remained higher than the lows seen during the first rounds of imposed restrictions in 2020.

In terms of 2021, the decline in recruitment activity reached its lowest level of unique postings in February at 10,742 postings. It is evident that in recent months recruitment demand is far exceeding pre-pandemic levels, with posting numbers in September reaching a high of 19,681.

A number of sectors are reporting acute recruitment challenges at the moment, namely; Transport and Logistics, Health and Social Care and Tourism and Hospitality. A number of external factors have culminated to create a difficult landscape in which to recruit suitably skilled staff. Challenges presented by the pandemic, Brexit and the poor perceptions of these sectors (amongst other factors) are reported to be some of the primary causes.

2.2.1 Occupational Demand[19]

The table below depicts the top posted occupations between the months of July and September for the last two years. This provides an indication of what occupational areas are driving some of the increased recruitment levels exhibited above. Green figures represent an increase in demand.

Occupation (SOC)	Unique no. of Postings (July – Sept. 2020)	Unique no. of Postings (July – Sept. 2021)	Change
Care workers and home carers	1,248	2,121	+873
Nurses	1,519	1,605	+86
Other administrative occupations n.e.c[20]	417	887	+470
Van Drivers	507	952	+445
Sales accounts and business development managers	325	768	+443
Cleaners and domestics	473	796	+323
Elementary storage occupations	640	870	+230
Primary & nursery education teaching professionals	372	381	+9
Nursing auxiliaries & assistants	296	472	+176
Medical practitioners	441	404	-37

[19] RLSP analysis of EMSI data
[20] n.e.c – not elsewhere classified

In comparison to the same time last year there is greater demand for roles allied to the Health and Social Care sector. This is not surprising given the increased pressure that has been placed on the National Health Service and allied organisations. The demand for these roles has increased significantly in some cases i.e. Care Workers and Home Carers. The sector is reporting significant recruitment challenges at the moment with most vacancies proving hard to fill.

There is also increased demand for Van Drivers. The transportation and logistics sector is facing an unprecedented recruitment crisis at the moment, with Brexit, unattractive working conditions and a loss of skilled labour being cited as the most common reasons.

Occupations allied to cleaning have also seen an increase which is to be expected given the importance of sanitising and deep-cleaning protocols to stem the spread of the virus.

Primary evidence gathered by the RLSP suggests that 66% of businesses are currently facing recruitment challenges a view substantiated within the industry focus group sessions conducted. In addition, 74% of employers indicated that it's likely they will be recruiting additional staff over the next six months.

This projected recruitment is reported to be within the following occupational areas:

- Administrative and Secretarial occupations,
- Process, plant and machine operatives,
- Skilled metal, electrical and electronic trades,
- Customer service occupations,
- Skilled construction and building trades.

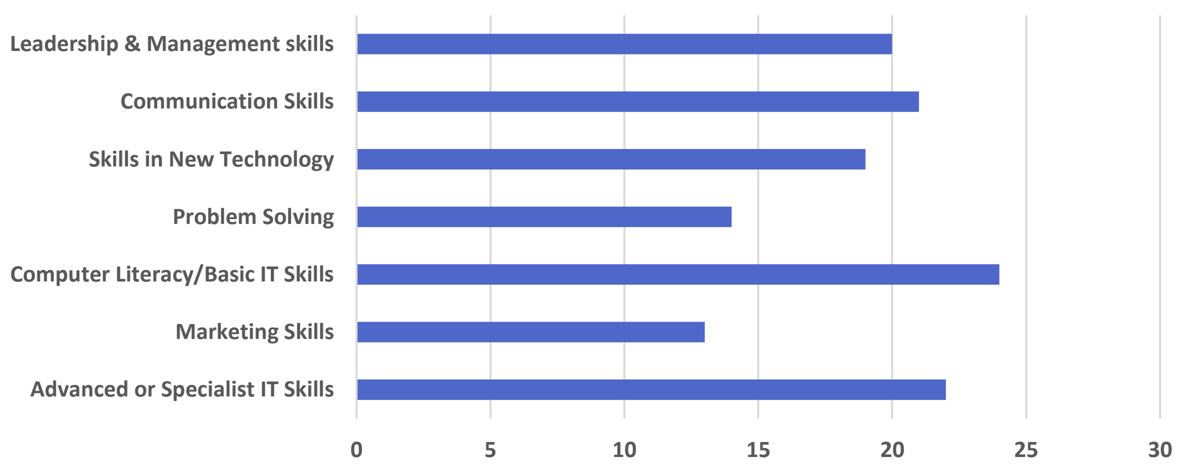
Positively, only 2% of respondents indicated that they are likely to make redundancies in the next six months. This figure has decreased since May.

2.3 Skills Demands

A large proportion of respondents (62) indicated that they have identified no new skills demands as a result of the pandemic. This aligns to evidence previously gathered by the RLSP indicating that the pandemic has deepened, and accelerated skills needs that were prevalent pre-pandemic for many businesses.

A breakdown is provided in figure 6 below of the top reported skills demands.

Figure 6: Top Reported Skills Needs - Cross-sector and Regional



2.3.1 Future Skills Demands

Employers reported that they feel the following skills needs (in order of popularity) will be most prevalent in the next 5 to 10 years;

- Skills in new technology,
- Advanced or specialist IT skills,
- Renewable energy skills,
- Specialist engineering skills,
- Smart manufacturing skills,
- Coding/Web development skills,
- HGV/LGV driving skills,
- Retrofit construction skills,
- Oral Welsh language skills,
- Written Welsh language skills.

2.4 Brexit

Brexit is having varying effects on businesses which appears to be in direct correlation to the sector that they are operating in.

45% of businesses report that they are experiencing supply chain issues as a direct result. The majority of these businesses are aligned to the Construction or Manufacturing sectors and report that the cost of materials have increased exponentially which is affecting income generation.

A further 27% indicate that they are experiencing recruitment challenges as a result and a further 11% highlight that they have lost staff. The majority of businesses are aligned to the Health and Social Care, Food Manufacturing, Tourism and Construction sectors.

2.5 Provider Perspective

Further Education

Some providers indicate that enrolment numbers are down slightly compared with previous years. This could be attributed to a greater proportion of students deciding to remain in their respective schools post GCSE. There is also some anecdotal evidence to suggest that numbers could be down for certain subject areas due to an increased offer of vocational courses within school.

Generally, concern has been expressed that some learners are looking to progress onto courses which they are not suitably qualified for. This is as a result of the differing assessment processes undertaken as a result of the pandemic.

There are some delays in certain subject areas with regards to completion and workplace restrictions are proving to be barriers for progression for some Health and Social Care students.

Following the easing of restrictions employer demand is significantly higher than levels previously seen. This is causing challenge for providers and many are concerned that demand will not be met.

The wellbeing and mental health of students is of paramount concern for providers and all are providing increased learner support.

Work-based Learning

Evidence provided via the National Training Federation for Wales indicates that the apprenticeships market appears very buoyant, with leads up an average of 113% when comparing current figures with those for the same time last year. From a regional perspective, leads appear to be up 145% in comparison to the same time period last year.[21] The most significant increases have been seen in;

- Construction and Building Services,
- Engineering,
- Agriculture and Environment.

The Employer Incentive Scheme is proving popular with employers and could be one of the contributing factors to this increase. However, there is growing concern amongst industry and providers that this demand will not be met due to funding constraints and skills issues with regards to assessors and educators.

[21] NTfW – Business Wales Skills Gateway Apprenticeship Data

Section 3 - Sector Analysis

3.1 Construction[22]

SBCR	GVA, £	*£897 million (2018)*	# Employed	*15,487 (2020)*	% regional employment	*5.7%*	% regional GVA	8.5%

Executive Summary

Sector description	The Construction sector is defined as being engaged in the preparation of land and the construction, alteration and repair of buildings, structures and other property.
General business impact of Covid-19	• At the height of the pandemic the impacts on the Construction sector were varied, with evidence indicating some companies were able to continue activity throughout the lockdown period and others saw their operations cease. By now, the vast majority are now fully or mostly operational. • In the earlier stages of the pandemic many businesses had seen a decline in demand for their services with reduced client commitment, a drop in contract awarding and a general lack of trade culminating in increased difficulty in securing work. By now, demand appears to have largely recovered, however external challenges and factors are inhibiting businesses from fully capitalising on these opportunities. • Currently, supply chain issues are being reported as the primary challenge for businesses and difficulty procuring materials remains apparent with the increasing costs of supplies not being conducive to recovery or allowing for the required forward planning. A number of companies have reported having to delay jobs due to a lack of materials. At a national level, 82% of companies have delayed jobs due to a lack of materials and 8% have been forced to completely cancel jobs.[23] • Financial challenges have been reported by some which could be as a result of the culmination of supply chain issues, increased costs, recruitment challenges and a difficulty in securing work.

[22] SIC codes analysed align with Welsh Government Priority Sector definition
[23] https://www.fmb.org.uk/resource/state-of-trade-survey-q3-2021.html

Current impact of Covid-19	

Impact on staffing levels & recruitment	• The vast majority of businesses engaged with report that they furloughed staff as a result of the pandemic.
	• Of workers furloughed, the vast majority have since returned to their substantive roles, with a very small proportion of businesses indicating that staff they had furloughed have found alternative employment elsewhere.
	• Positively, no businesses reported that they had to make any furloughed staff redundant.
	• Currently, the loss of skilled staff is a key concern for many businesses. This substantiates previous evidence gathered which suggested that workforce retention is a key consideration for many.
	• A lack of skilled tradespeople within the labour market has forced some companies to delay jobs. The Federation of Master Builders report that at a national level 60% have delayed activity due to this and 12% have been forced to completely cancel jobs.[24]
	• The majority of businesses surveyed indicated that they are currently experiencing recruitment challenges. The following roles are proving hard to fill:
	  ○ Surveyors,
	  ○ Skilled construction trade occupations,
	  ○ Scaffolders,
	  ○ Architectural roles,
	  ○ Pipefitters and welders,
	  ○ Civil and structural engineers,
	  ○ Window fitters,
	  ○ Electricians,
	  ○ Carpenters,
	  ○ Plumbers.

Impact on skills demand & mismatch	• The Construction sector is one that has historically experienced skills challenges around work-readiness and practical on-site skills and there is no indication that the incidence of these skills demands has changed as a result of the pandemic. This is also true for communication skills, problem solving and manual dexterity. If anything, covid has compounded this situation. • The majority of businesses surveyed indicated that they have not identified any new skills needs as a result of the pandemic.

[24] https://www.fmb.org.uk/resource/state-of-trade-survey-q3-2021.html

	• However, some reference has been made to the need for workforces to improve computer literacy and basic IT skills, which is to be expected given the growing prevalence and reliance on digital communication methods in light of the pandemic. Some employers feel that this is less of an issue for the younger workforce and that focus should be placed on developing face to face communication skills on-site which would promote cooperation and transparency, especially with regard to workplace or personal issues.
	• There is also a need to have a greater awareness of mental health issues within the workplace as this is an increasing issue.
	• Some reference has been made to the need for improved skills in relation to renewable energy.
	• 48% of respondents reported that it depends what role they are recruiting for when balancing the need for practical skills/experience over formal qualifications. An equal proportion indicated that they value practical skills/experience over formal qualifications.
	• Highly rated formal qualifications include:
	    ○ Carpentry NVQ Level 3,
	    ○ CISRS qualified scaffolders,
	    ○ Degree level provision for some roles,
	    ○ Plant Machinery,
	    ○ Site Supervision Safety Training Scheme,
	    ○ Site Management Safety Training Scheme,
	    ○ Manual Handling,
	    ○ Working at Height Health.

Impact on employer provided training	• The priority for the majority of businesses is maintaining the competence of their existing workforce. • A small proportion of businesses indicated that internal training plans have been delayed. • In line with skills demands previously mentioned it is apparent that there has been a change in the types of training employers are having to provide. This includes training in computer literacy and digital communication methods, which have been addressed through e-learning. • The need to retrain employees in terms of health and safety procedures has been prevalent, however it is not possible to determine whether this has been done remotely/ on site or a combination of both. • While the construction industry has been asked to work, site safety checks with relation to apprenticeships have been conducted over the phone, which is not conducive to effective delivery.
Impact on Apprenticeships/other Work based learning	• Whilst further education institutions have continued delivering courses remotely there is a concern regarding how the practical elements of training will be delivered and subsequently assessed.

	• Practical challenges have arisen for some employers with apprentices having not been able to attend sites due to health and safety restrictions. The concern is that apprentices will not develop the desired on-site skills. • With this being said, confidence is high amongst providers and employers that current apprentices will complete their programmes. • It is felt that onsite mentors for apprentices would improve the quality and competency of apprentices in the long-term. This would be welcomed by employers as the quality of learning and competency achieved has been a concern for a long period of time. • Industry have expressed significant concern around the lack of funding or placements for apprenticeships in 2021, and claim that a large number of young people have been unable to get apprenticeships due to this lack of funding or placements due to a shortage of lecturers in colleges. This will exacerbate recruitment challenges already being faced by the industry.

Future impact of Covid-19 & recovery	

Staffing levels & recruitment	• Indications of future recruitment and staffing levels are variable, however the majority indicate that it is likely that they will recruit additional staff in the next six months.
	• Roles in demand in terms of recruitment are reported as;
	    o Skilled construction and building trades,
	    o Administrative and secretarial occupations,
	    o Other managers and proprietors,
	    o Skilled metal, electrical and electronic trades,
	    o Transport and mobile machine drivers and operatives.

Skills demand & mismatch	• Respondents highlighted the following areas as being skills needs likely to be prevalent in the next 5-10 years:
	    o Specialist engineering skills,
	    o Advanced or specialist IT skills,
	    o Skills in new technology,
	    o Smart manufacturing skills,
	    o Renewable energy skills.

	• In addition, employers would like to see targeted investment for the training and upskilling of individuals with regards to the installation of solar panels, battery charging points and heat pumps to meet future demand around the Green agenda. • There is a need to prioritise the insulation of buildings with an improved understanding of the connection between becoming carbon neutral and insulating buildings. Appropriate training is needed in this area to ensure workforces are properly skilled to undertake this work. • Furthermore, employers are calling for clear policy decisions to be made and communicated to industry in a timely manner to allow for the appropriate upskilling of the workforce with regards to retrofitting. This needs to be targeted to allow for informed decisions to be made about the skills mix required in the labour market.
Expectations about Training	• The practical and dextrous nature of the sector's activity causes concern for some employers around training. An increased prevalence of online training raises concerns for some that the development of crucial practical skills will suffer. • Employers recognise however, that the most appropriate training delivery method is highly dependent on the type of training needed, therefore many are keen to take advantage of blended and online learning if it is suitable, i.e. for CSCS cards. • The preferred delivery method for the majority is face to face training by external providers and apprenticeships. • This is in line with continued demand from the sector for current employees and new entrants to develop the practical and 'hands on' skills that they desire. • A further consideration is the requirement for compliance and accredited training, which many feel is best taught in person and by the relevant accrediting bodies. • A small proportion of businesses reported that they have taken advantage of funding available i.e. Skills for Industry and Personal Learning Accounts to up-skill or retrain their workforce. However, the majority were unaware of the availability of any such funding and concern has been raised regarding how much investment has been placed on such schemes.
Apprenticeships/other Work based learning	• The majority of employers indicated that they would be keen to support additional apprentices in the future which is positive. However, issues with regards to a lack of individuals pursuing apprenticeships need to be addressed and adequate funding needs to be pumped into the sector to support those wishing to purse programmes. • Anecdotal evidence received via the cluster group suggests that some further education providers are facing recruitment challenges in relation to teaching staff and are therefore unable to deliver the required courses. Industry would like to see an intervention developed whereby the private sector are incentivised

by way of funding to provide training/mentoring/assessment of apprentices. This would alleviate pressures placed on providers and provide learners with the opportunity to gain practical on-site experience.

- There is a feeling among people who take on apprentices regularly, a register of capable apprenticeship employers would be beneficial to the system establishing some form of safety threshold for young apprentices, and a standard of mentoring needed to improve the industry which is in a very poor place.
- Evidence indicates that a small proportion of those surveyed have offered placements via the Kickstart scheme. Below are examples of the roles that some of these placements align to:
    - Trainee property maintenance technician,
    - Timber yard operative,
    - Scaffolders,
    - Site managers,
    - Electricians,
    - Various other suitable trades.

3.2 Engineering, Manufacturing[25] and Energy[26]

SBCR	GVA, £	*£2.3 billion (2018)*	# Employed	*44,880 (2020)*	% regional employment	*16.4%*	% regional GVA	*22%*

Executive Summary

Sector description	The Engineering, Manufacturing and Energy sectors are of significant importance to the regional economy both in terms of employment and GVA creation. The sectors are broad and are categorised by the following sub-sectors: aerospace, automotive, electronics, medical, defence, rail, technology, materials and energy supply and production.
General business impact of Covid-19	• At the height of the Covid19-related measures, the overall impacts on the Engineering, Manufacturing and Energy sectors were varied, with evidence indicating some companies were able to continue activity throughout the lockdown period and others saw their operations cease. By now, following a period of partial recovery and a general re-opening of the economy a different set of challenges have been accelerated and come to the fore for many businesses. • Severe supply chain issues experienced worldwide have been cited as the most acute challenge for many. This has placed pressure on sourcing materials which continue to increase in cost this obviously has a detrimental impact on business activity and is not conducive to income generation. These issues extend to exporting out of the UK also. Brexit has of course caused difficulties for some businesses due to the increased bureaucracy. • Financial challenges have been reported, which are likely attributable to the supply chain issues mentioned above, increased costs worldwide and delayed contract awarding, largely from various government imposed Covid-19 measures adopted in Wales, the UK and abroad.

[25] In line with Welsh Government definition for priority sector – Advanced Materials and Manufacturing
[26] In line with Welsh Government definition for priority sector – Energy and Environment with exception of those SIC codes that appear in Advanced Materials and Manufacturing and SIC code 9104 – Botanical and Zoological and nature reserve activities.

- A small proportion of businesses continue to face difficulty operating under current restrictions, which would suggest that whilst the re-opening of the economy is of course positive it doesn't necessarily mean that this is an automatic return to normality for all businesses.

<table>
<tr><th colspan="2">Current impact of Covid-19</th></tr>
<tr><td>Impact staffing levels & recruitment</td><td>

The majority of businesses report having furloughed staff at the height of lockdowns. This was particularly the case between the months of March and May 2020 when lockdown was at its most severe and some businesses were completely shut down.
The types of roles that were furloughed varied from business to business i.e. operational roles, administrative roles and production roles.
Of those surveyed all businesses which furloughed staff indicated that these staff have since returned to their substantive roles.
As of the end of August the furlough rate for the manufacturing sector was one of the highest across all sectors. There is concern that some employers have utilised the scheme to protect unviable jobs. This could be due to lockdown-related operating difficulties, or the jobs are simply not required.
Generally, the loss of skilled staff has been reported as one of the most significant challenges being faced by businesses in this sector.
However, a small proportion operating within the energy sector report that they feel the effect of lockdowns in metropolitan areas has been beneficial to attracting people back to the region however, although well paid jobs exist within the area a lack of appropriate and affordable housing is proving a barrier to long-term commitment.
The majority of businesses are reporting facing recruitment challenges at the moment, albeit in certain areas and not all. For instance; graduate placements are proving easy to fill for some businesses and other occupational areas are proving very difficult to fill, such as;

Manufacturing Operatives,
Welders,
Fabricators,
Steel erectors,
Forklift drivers,
Electricians,

</td></tr>
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<table>
<tr><td></td><td>Hazardous area electrical inspectors,
Mechanical Engineers.</td></tr>
<tr><td>Impact on skills demand & mismatch</td><td>The majority of businesses indicated that they have not identified any new skills needs as a result of the pandemic. A minority report emergent skills demands in the following areas:
Problem solving,
Leadership and Management Skills,
Computer literacy/basic IT skills,
Skills in new technology.
Manufacturers whose operations rely heavily on exporting/importing face skills challenges with regards to expertise surrounding the new regulations introduced as a result of Brexit. Employers are reporting that there is a need to assist businesses with appropriate training in which to be able to competently deal with these changed regulations. Currently, some businesses are having to source this expertise from external organisations which is costly and unsustainable.
Businesses representing the energy sector indicate that the engineering skills mix within the labour market at a regional level has been largely affected by developments at Hinkley.
The majority of respondents indicated that it depends what role they are recruiting for with regards to valuing practical skills/experience over formal qualifications. With this being said, the remaining 40% indicated that they do value practical skills/experience more highly than qualifications.
Highly rated formal qualifications include:
Degree/HND/HNC (dependent on roles),
NVQ 3 or equivalent,
CompEx Certified Ex01-Ex04 HNC/HND,
BEng Electrical & Electronic Engineering,
NVQ Level 3 Electrician or Instrument Technician Apprenticeship.</td></tr>
<tr><td>Impact on employer provided training</td><td>During the lockdowns traditional course delivery has been replaced with more e-learning and remotely accessed provision. This has caused challenge for some with respect to developing practical, dextrous skills and competencies.
It is apparent that a number of businesses who have been able to diversify their product or approach in response to the lockdowns have been able to utilise internal training mechanisms to ready their staff for any additional or differing skills needed.
Some businesses reported that their internal training plans have been hindered due to logistics in terms of social distancing. Many businesses noted that they have had to finance any additional training that has</td></tr>
</table>

	been required and this has placed additional pressure on their business during a period of reduced income generation.
Impact on Apprenticeships/other Work based learning	• Many apprentices have been furloughed but this varies depending on the actions of their employer. A major employer in the region indicates that all of their apprentices have been furloughed with no training providers permitted on site. One employer reported that they were unfortunately forced to make an apprentice redundant. • Evidence suggests that efforts are continuing to ensure that provision is being offered through distance learning and on-campus delivery (where possible) and this is working well with the majority of learners being on schedule to finish their respective qualifications. • There is concern amongst employers that the various lockdown and distancing measures have had detrimental effects on the ability of new entrants to gain practical experience due to reduced access to sites etc. • There is increasing concern amongst industry regarding the perceived lack of funding for apprenticeship placements which is not meeting industry demand. There is specific concern that the incentive continues to be offered to employers but that there isn't enough funding to meet the demand generated as a result.

Future impact of Covid-19 & recovery	

Staffing levels & recruitment	• Indications of future recruitment and staffing levels are variable, however the majority indicate that it is likely that they will recruit additional staff in the next six months.
	• Roles in demand in terms of recruitment are reported as;
	  o Process, plant and machine operatives,
	  o Skilled metal, electrical and electronic trades,
	  o Science, research, engineering and technology professionals,
	  o Other managers and proprietors,
	  o Administrative and secretarial occupations.

Skills demand & mismatch	• Respondents highlighted the following areas as being skills needs likely to be prevalent in the next 5-10 years:
	  ○ Specialist engineering skills,
	  ○ Advanced or specialist IT skills,
	  ○ Skills in new technology,
	  ○ Smart manufacturing skills,
	  ○ Renewable energy skills.
	• A more pressing and future skills issue which needs to be addressed now has been identified as those allied to the nuclear sector and the zero-carbon agenda.
	• Furthermore, the current 'black skills' held by the workforce will need to be recognised as key contributors to the green agenda in the future. These established skills will still be required and will underpin the new, innovative technology introduced through the green skills environment.

Expectations about Training	• The majority of respondents indicated that they would like to make use of e-learning and online learning to cover elements such as; manual handling, fraud awareness, GDPR, DSE. However, there is also appetite to continue face to face training whether it be internal or through a college or university.
	• Many employers feel that the dextrous and practical nature of much of the sectors activities lends itself better to in-person training and feel that much of those elements would not be sufficiently covered through online learning.
	• Evidence of training priorities in the following areas has been acquired through consultation;
	  ○ Welding,
	  ○ Forklift operation,
	  ○ Elevated work platform operation,
	  ○ Telescopic handler operator,
	  ○ Slinger signaller,
	  ○ Marine crane operation,
	  ○ CCNSG safety passport,
	  ○ Confined space entry.
	• Positively, a high proportion of businesses have accessed funding for upskilling via personal learning accounts or skills for industry. A small proportion indicated that they are unaware of any such schemes available.

Apprenticeships/other Work based learning	• Positively, the vast majority of businesses indicated that they are planning to recruit additional apprentices in the future. However, a small proportion remain unsure with current uncertainty proving a barrier.
	• A number of businesses confirmed that they have offered placements through the Kickstart scheme, below are examples of the roles that some of these placements align to:
	  ○ Factory operatives and assembly line
	  ○ Precision engineering
	  ○ Customer advisors
	  ○ Process technicians.
	• The RLSP has also received evidence relating to the need for the development of apprenticeship opportunities within Marine Engineering, shipwright skills and marine renewables to support the growing industry along the coast of South and West Wales.
	• Further investment is needed in fabrication and welding that sits outside the traditional apprenticeship framework. Industry states that employers are not utilising the apprenticeship framework to upskill the workforce which is resulting in drafting in a skilled workforce from overseas.
	• There is increasing concern amongst industry regarding the perceived lack of funding for apprenticeship placements which is not meeting industry demand. There is specific concern that the incentive continues to be offered to employers but that there isn't enough funding to meet the demand generated as a result.

3.3 Food[27]

SBCR	GVA, £	*£738.3 million (2018)*	# Employed	*32,598 (2020)*	% regional employment	*12%*	% regional GVA	7%

Executive Summary	
Sector description	The Food sector is a significant part of the Welsh economy encompassing a large part of the food and drink supply chain and includes primary production and wholesale as well as the manufacturing and preparation of food and drink. This is an area where traditionally the region has a strong presence and has a number of established brands and producers.
General business impact of Covid-19	• At the height of the pandemic effects on the food sector were variable, with evidence indicating that some companies were able to continue activity albeit as a result of significant changes to working practices, additional health and safety considerations and diversification. • Supply chain issues are being reported as the most significant challenge facing the sector currently. This is attributed to Brexit and issues being exacerbated by challenges within the transport and logistics sector. • The loss of skilled staff is becoming an acute challenge for the sector, with many businesses reporting that this is detrimental to income generation and wider recovery plans.

Current impact of Covid-19	
Impact staffing levels & recruitment	• The majority of businesses engaged with indicated that they were forced to furlough staff as a result of the pandemic. Examples of the types of roles furloughed are provided below: ○ Production roles, ○ Factory Operatives, ○ Administrative roles.

[27] In line with Welsh Government priority sector definition – Food and Farming.

	• These businesses report that the majority have returned to their substantive roles following the end of the scheme. A small minority reported that the staff they had furloughed have left having acquired alternative employment.
	• Positively, the RLSP received no reports of businesses having been forced to make redundancies as a result of the scheme ending, suggesting that the industry is experiencing ample demand to sustain their workforces, which was a concern for many businesses earlier within the recovery phase.
	• Recruitment is a concern for many businesses operating within the industry. Some report that whilst applications received for vacancies are ample, following the successful appointment some individuals then fail to turn up for work.
	• Furthermore, some feel that the attitudes of jobseekers to work have changed since the onset of the pandemic, with work preferences dictating the movement of labour within the market. In addition, it is felt that a lack of public transport is a significant barrier to jobseekers searching for work, with some business locations not being conducive to easy recruitment.
	• 89% of businesses indicate that they are experiencing recruitment challenges at the moment. This is an issue that is being reportedly being exacerbated by Brexit.
	• The following roles have been reported as being hard to fill:
	    o Production staff,
	    o Butchers,
	    o Factory and machine operatives,
	    o Warehouse assistant,
	    o Forklift drivers,
	    o Engineering roles.

Impact on skills demand & mismatch	• The majority of businesses indicated that they have not identified any new skills needs as a result of the pandemic. However, a minority, report emergent skills demands in the following areas:
	    o Reading and understanding instructions,
	    o Communication skills,
	    o Leadership and management skills,
	    o Food manufacturing skills.
	• Furthermore, businesses continue to report that there is an acute lack of individuals with appropriate HGV/LGV driving skills within the labour market. This has previously been reported by the RLSP as a skills concern for the sector which appears to have been heightened as a result of the pandemic, Brexit and other factors such as unattractive working conditions and an ageing workforce.

	• 50% of respondents reported that they value practical skills/experience more highly than formal qualifications when hiring new starters.
Impact on employer provided training	• The priority for many employers has been ensuring that their staff are able to fully comply with the new health and safety requirements that have materialised as a result of the pandemic. • New legislation introduced as a result of Brexit. • Training that is essential to the day-to-day operation of enterprises has taken precedence. • Some businesses have indicated that training plans have been delayed.
Impact on Apprenticeships/other Work based learning	• The majority of respondents indicated that they do not employ apprentices, however effects have been minimal for those that do. • The minority that reported their apprentices had been adversely affected attributed this to a lack of college attendance which has since improved. • Anecdotal evidence received via cluster group representatives indicate that there has been an increase in demand for food manufacturing apprenticeships which is partly being driven by Brexit. • Positively, a Food and Drink maintenance apprenticeship is increasing in popularity and is now being delivered across Wales from a regional provider.

Future impact of Covid-19 & recovery	
Staffing levels & recruitment	• The vast majority of respondents indicated that it is likely that they will be recruiting additional staff over the next six months. This is a general shift from the consensus a few months ago when the majority indicated that it is too early to tell how their workforce is likely to change over the next six months. • Recruitment is likely to be within the following occupational areas; ○ Process, plant and machine operatives, ○ Skilled metal, electrical and electronic trades, ○ Science, research, engineering and technology professionals, ○ Transport and mobile machine drivers and operatives.

Skills demand & mismatch	• Respondents indicated that the following skills needs are likely to be prevalent in the next 5-10 years:
	  ○ Smart manufacturing skills,
	  ○ Renewable energy skills,
	  ○ HGV/LGV driving skills,
	  ○ Specialist engineering skills,
	  ○ Advanced or specialist IT skills,
	  ○ Skills in new technology,
	  ○ Brexit documentation training to support businesses.
	• Some also referred to the need for continued training in health and safety, food hygiene and food safety.

Expectations about Training	• Some businesses referred to the fact that online training may be preferred as it will be less costly i.e. less travel costs, less staff time etc. • Finances are a major consideration for all businesses moving forward and therefore any training would have to be cost effective. • A number also highlighted that internal face to face training for practical elements is commonplace and will continue. • It appears that many employers will continue to access training from external providers with regard to compliance and legislative requirements. • A small majority of respondents indicated that they have taken advantage of funding schemes such as Skills for Industry or Personal Learning Accounts. However, some employers are still unaware of the existence of such schemes.
Apprenticeships/other Work based learning	• Positively, a number of businesses who have not previously employed apprentices suggested that this is something they would consider in the future provided recovery went well. • The majority of respondents indicated that they are offering placements via the Kickstart scheme. The majority of these placements are aligned to production or factory operative roles.

3.4 Financial and Professional Services[28] and Digital and ICT[29]

SBCR	GVA, £	*£1.9 billion (2018)*	# Employed	*29,590 (2020)*	% regional employment	*11%*	% regional GVA	*18%*

Executive Summary

Sector description

The Financial and Professional Services and Digital and ICT sectors have a healthy presence in the region which is continuing to grow in terms of employment and economic contribution. The Financial and Professional Services sector encompasses the sub-sectors of; FinTech, Banking and Credit, Insurance, Shared Services and Outsourcing and Legal Services.
The Digital and ICT sectors are a particular priority for the Swansea Bay City Region given its alignment to the Swansea Bay City Deal. The sector encompasses e-commerce/e-business and supporting infrastructure i.e. hardware, software and telecoms.

General business impact of Covid-19

- A higher proportion of respondents from this sector in comparison with others indicated that they have not experienced any impacts as a result of the pandemic. This has been as a result of the perceived ease at which they have been able to diversify and change their working practices. It appears that this has been easier for some businesses within this sector that for other businesses operating in other sectors.
- Poor connectivity has been cited as a challenge for a small proportion of respondents, indicating that this is hampering their ability to work remotely.
- Financial challenges have been cited by a number of respondents which is associated with a reported lack of trade or difficulty in securing work.
- Recruitment challenges are being experienced by some with a lack of skilled staff within the labour market being cited as the main reason for this.

[28] In line with Welsh Government definition for priority sector – Financial and Professional Services
[29] In line with Welsh Government definition for priority sector - ICT

Current impact of Covid-19	

Impact staffing levels & recruitment	• A smaller proportion of employers in this sector were forced to furlough staff as a result of the pandemic in comparison to other sectors. This is likely as a result of the accelerated rate at which some businesses were able to facilitate remote working and diversify their working practices.
	• Of those that did furlough staff, rates were highest amongst the following roles and occupational areas:
	    ○ Marketing staff,
	    ○ Production staff,
	    ○ Sales roles,
	    ○ Tech roles,
	    ○ Administrative roles.
	• Evidence indicates that although the furlough rate was proportionately lower in this sector than others, more businesses have reportedly been forced to make some furloughed staff redundant and in some instances staff have not returned to their substantive roles and sought employment elsewhere.
	• A small majority of businesses are experiencing recruitment challenges currently. The following roles have been reported as being hard to fill:
	    ○ Project managers,
	    ○ Developers,
	    ○ Business development roles,
	    ○ Application engineers,
	    ○ Trained staff in artificial intelligence and robotics,
	    ○ Individuals trained in salesforce,
	    ○ Data analysts,
	    ○ Business change roles.
	• Businesses agreed that the movement of some major companies from Wales across the border was detrimental to the development of the digital sector in Wales. Larger salaries and more opportunities in cities are drawing local, young talent out of Wales.
	• Good practice from larger cities i.e. Bristol and London with regards to ‘meet ups’ should be replicated in cities in Wales. This would encourage the development of skills in a holistic way and allow senior staff to meet potential recruits. This would promote the development of a much better tech eco-system.

Impact on skills demand & mismatch	• The majority of respondents highlighted that they have not identified any new skills demands as a result of the pandemic, however there is a higher proportional demand from this sector for more advanced or specialist IT skills rather than basic IT skills.
	• Additional skills demands are reported as;
	    ○ Coding/web development skills,
	    ○ Skills in new technology,
	    ○ Computer literacy/basic IT skills.
	• The majority of businesses engaged with indicated that practical skills/experience are more attractive than formal qualifications when recruiting new staff. Further substantiating once again the importance of work-readiness and soft skills.

Impact on employer provided training	• There has been little evidence to suggest that employer led training has been affected by the pandemic. Although training has very much been dictated by needs presented as a result of the pandemic. • A major employer has indicated that a need for training in health and safety at home and GDPR at home has been identified.
Impact on Apprenticeships/other Work based learning	• The vast majority of employers that were consulted reported that they do not employ apprentices, therefore evidence relating to impacts is minimal. • A major employer in the financial sector indicated that they have experienced difficulty in identifying the appropriate contacts to develop apprenticeship schemes. • There has been increased demand for digital marketing training through work-based learning. • 30 digital degree apprenticeship positions were not filled across the region this year, it is not clear if this was due to lack of appetite from employers, disillusionment with the learning material, geography, or the pandemic.

Future impact of Covid-19 & recovery	

Staffing levels & recruitment	• The majority of businesses have indicated that they plan to recruit additional staff over the next six months, this recruitment is indicated to be for the following roles:
	    ○ Science, research, engineering and technology professionals,
	    ○ Administrative and secretarial occupations,
	    ○ Customer service occupations.

	• One major employer indicated that the pandemic has resulted in the consideration of the future of home-working and how this may affect the organisation. On one hand it will provide opportunity to recruit highly skilled individuals from outside the immediate area. Though, on the contrary it may increase the likelihood of poaching skilled staff by other companies/organisations from further afield.
Skills demand & mismatch	• Respondents indicated that the following skills needs are likely to be prevalent in the next 5-10 years: ○ Advanced or specialist IT skills, ○ Coding/web development skills, ○ Skills in new technology, ○ Smart manufacturing skills, ○ Renewable energy skills, ○ Specialist engineering skills.
Expectations about Training	• Employers are keen to take advantage of blended and online learning in the future. • The majority of respondents indicated that they were not aware of opportunities for re-skilling and up-skilling via Personal Learning Accounts etc.
Apprenticeships/other Work based learning	• The majority of respondents surveyed indicated that they were not currently or planning to offer any opportunities through the Kickstart scheme. • The majority of respondents indicated that they have no plans to recruit apprentices.

3.5 Health and Social Care[30]

SBCR	GVA, £	*£1.3 billion (2018)*	# Employed	*47,172 (2020)*	% regional employment	*17%*	% regional GVA	*12%*

Executive Summary	
Sector description	The Health and Social Care sector is an important element of the foundational economy, supporting health and wellbeing across all age groups as well as being a significant sized sector in employment terms. The sector has been identified as an area of significant growth for the region due to a rapidly ageing population.
General business impact of Covid-19	• The most pertinent challenges facing the sector currently include financial challenges which are attributed to poor funding, delayed payments and operating difficulties. • The loss of skilled staff is reported as being a significant concern which is being exacerbated by severe recruitment challenges. • Many indicated that they were forced to make changes to access arrangements for customers and/or suppliers and adapt their business operating arrangements. These changes are more than likely attributed to the adoption of more stringent hygiene measures and changing processes in relation to the use of PPE.

Current impact of Covid-19	
Impact staffing levels & recruitment	• Throughout the pandemic the furlough rate for this sector has been generally lower than other sectors, this is a trend substantiated by primary intelligence gathered by the RLSP where the majority of businesses reported that they did not furlough staff. • Whilst the furlough rate has been lower generally, a larger proportion of businesses highlighted that staff that they had furloughed have not returned to their role and secured alternative employment.

[30] Defined as section Q of Standard Industrial Classification Codes – Human Health and Social Work Activities

	• As a result of the pandemic a number of businesses have seen the loss of staff at a rate not previously experienced. Staff have been lost due to early retirement, shielding or simply leaving the care sector. Brexit has been reported as a barrier to recruitment and a contributory factor to the loss of skilled staff.
	• A major barrier to recruitment and retention has been reported as a sector-wide issue whereby staff are only paid for the time they spend on visits and not for the drive time between visits. This is a significant issue given the geographic landscape of much of the region and subsequent transportation links which are not conducive to short drive times. This places additional pressure on the employer and translates to a unattractive working condition to the prospective employee.
	• A further barrier to recruitment and retention is the requirement for all new entrants to undertake the AWIF qualification which some find challenging. On completion new entrants then have to pay £30 per annum to register and undertake a level 2 NVQ qualification for which they don't get compensated. Employers feel that there are simply too many barriers to entry which is not conducive to addressing recruitment challenges.
	• In addition, a further barrier has been noted as a lack of financial support for those wanting to pass their drivers test. If this were addressed, then employers believe that this could increase numbers entering the sector.
	• The vast majority of businesses surveyed indicated that they have and continue to experience severe recruitment challenges. The following roles are proving hard to fill:
	  ○ Care assistants,
	  ○ Support workers,
	  ○ Care co-ordinators,
	  ○ Registered managers,
	  ○ Domiciliary care workers.

Impact on skills demand & mismatch	• A number of respondents indicated that no additional skills needs have been highlighted as a result of the pandemic.
	• However, skills needs that were present before have been deepened and accelerated and include:
	  ○ Health care skills,
	  ○ Communication skills,
	  ○ Computer literacy/basic IT skills,
	  ○ Skills in new technology.
	• The pandemic has highlighted the need for the development of advanced digital skills and skills in new technology. This in turn has resulted in increased demand for more sophisticated training in remote access

	digital platforms/technology. This has come to the forefront through an increased reliance on care consultations and appointments being done over skype.
	• There is also demand from employers to see a variation to current and traditional mechanisms available to support new entrants in gaining the required basic skills and numeracy and literacy skills needed. The traditional GCSE route is a barrier to entry to the sector for many.
	• 47% of respondents reported that it depends what role they are recruiting for when balancing the need for practical skills/experience over formal qualifications. However, an equal proportion indicated that they do value practical skills/experience over formal qualifications.
	• Highly rated formal qualifications include:
	    ○ NVQ Social Care,
	    ○ Degrees i.e. nursing, medicine,
	    ○ QCF Level 2+.

Impact on employer provided training	• The need to recruit large volumes of people quickly resulted in the adaptation of usual training practices. These included delivering training and inductions in a condensed manner making the process as swift as possible. • Training was also impacted by the need to socially distance which presented additional challenges. Some organisations utilised a ‘buddy system’ whereby training was done through shadowing. • A number of businesses reported that internal training plans have been delayed.
Impact on Apprenticeships/other Work based learning	• Anecdotal evidence suggests that the majority of apprentices in the sector have continued working in a similar vein to pre-pandemic levels and have not been furloughed. This is largely due to the increased pressure placed on the sector in recent months. • Apprenticeships continue to be delivered remotely and engagement remains positive. There are however, concerns around the ability to complete practical elements of qualifications and additional concerns over reductions in funding. • A number of employers indicate that the pandemic has placed an unprecedented level of pressure on apprentices.

Future impact of Covid-19 & recovery	

Staffing levels & recruitment	• Given the severe recruitment pressures affecting the sector currently, it is no surprise that the vast majority of businesses are planning to recruit in the next six months. Recruitment is likely to be within the following occupational areas;
	  ○ Caring and personal service occupations,
	  ○ Health professionals,
	  ○ Administrative and secretarial occupations,
	  ○ Elementary administration and service occupations.
	• There was no indication from businesses that any redundancies were likely to occur.

Skills demand & mismatch	• Respondents highlighted the following areas as being skills needs likely to be prevalent in the next 5-10 years:
	  ○ Skills in new technology,
	  ○ Oral Welsh language skills,
	  ○ Advanced or specialist IT skills,
	  ○ Written Welsh language skills.
	• In correlation with other sectors, the growing prevalence and increasing reliance on technology during the pandemic has resulted in industry representatives questioning whether there will be the emergence of new roles specialising in digital health care.
	• Furthermore, it is felt that there will be a greater emphasis on decontamination and hygiene moving forward.

Expectations about Training	• The sector shows an awareness that there will be a need to focus on ICT and digital skills. It would appear that a blended learning approach would be welcomed by the sector, including elements of online and work-based learning. • A change in the qualification from a BTEC means that the traditional level 3 is no longer recognised by HE as valid progression. As a result, FE providers have added a medical science module to the level 3 qualification to ensure progression for learners. • Awareness of funding schemes available for upskilling and reskilling has increased amongst the sector since the submission of the last iteration of this report. A larger proportion have indicated that they have accessed funding through Skills for Industry or Personal Learning Accounts.

Apprenticeships/other Work based learning	• Reference was made to the level 3 clinical coding apprenticeships being delivered in England. There is an appetite for these to be offered in Wales. • Specific reference has been made to the need to support the data arm of the sector. A higher apprenticeship in this field would be welcomed. • Positively, nursing apprenticeships for nursing associates are being developed to bridge a perceived gap. • Evidence indicates that there has been appetite from businesses within the sector to offer positions through the Kickstart scheme in the following roles; administrative support, care assistants, adult support worker, trainee support workers. • There is much variation in terms of intentions to employ apprentices in the future. A small majority of employers indicate that they plan to recruit apprentices, however many respondents still seem to have little experience or understanding of apprenticeships.

3.6 Public Services[31]

SBCR	GVA, £	*£2.6 billion (2018)*	# Employed	*81,270 (2020)*	% regional employment	*30%*	% regional GVA	*25%*

Executive Summary	
Sector description	This sector has been defined by the RLSP to include, the four local authority councils, the compulsory education sector, health boards and 'blue light' services.
General business impact of Covid-19	• The over-all impact on the Public Services sector has been significant. The demand for front-line services has substantially increased and services have been under mounting pressure to meet these demands and offer support to other front-line organisations as and when the need has arisen. • Many organisations continue to face difficulty operating under current restrictions, with large numbers of staff continuing to work remotely. Further challenges reported include; poor connectivity, bureaucracy and legislation, supply chain issues and the loss of skilled staff.
Current impact of Covid-19	
Impact staffing levels & recruitment	• Generally, furlough rates within the sector have been lower than other sectors throughout the pandemic. Primary evidence gathered by the RLSP substantiates this with the majority of respondents indicating that they did not furlough staff. • Of the minority that did, they report that any furloughed employees have since returned to their substantive roles and that no forced redundancies have been made. • The sector has seen significant changes to working practices in light of the pandemic. For the majority this has meant the movement of non- front-line service staff to work from home.

[31] Defined as sections O, P and sub-section 86 of Q of Standard Industrial Classification Codes

	• A number of organisations are facing acute recruitment challenges within some departments and services. These include (but are not limited to); health and other front line services, leisure roles, digital and IT roles and apprenticeship vacancies. • Some organisations report that the nature of some employment contracts i.e. low number of hours are worsening recruitment challenges.

Impact on skills demand & mismatch	• The following skills demands have been highlighted during consultation:
	  ○ Computer literacy/basic IT skills,
	  ○ Advanced or specialist IT skills,
	  ○ Problem solving,
	  ○ Oral Welsh language skills,
	  ○ Communication skills,
	  ○ Leadership and Management skills,
	  ○ HGV/LGV driving skills.
	• The Ambulance service has indicated that increased pressure as a result of the pandemic has exacerbated issues with the driving qualifications (C1) and competencies for Paramedics. This is a key concern for the sector and the nature of the qualification is causing recruitment challenges.
	• The value that is placed on formal qualifications over practical skills/experience when recruiting new staff is highly dependent on the nature of the role being recruited.

Impact on employer provided training	• Employer led training is being delivered online and via internal systems in many instances. There has been a shift towards ensuring staff are upskilled to meet the needs of a greater reliance on digital technologies and ICT. Specific areas noted include; Digital Learning Design and Delivery. • There has been an increase in online training around mental health and wellbeing i.e. personal resilience, working effectively from home. There is a continued and increased demand for this, as large portions of the workforce remain working from home. • Some businesses reported that they have experienced delays to internal training plans.
Impact on Apprenticeships/other Work based learning	• Some apprentices have been forced to work from home which has resulted in the development of different support mechanisms. • There has been perceived limited scope for some apprentices to complete all aspects of their programme which has resulted in some organisations making amendments to their planned recruitment programmes. • The recruitment of apprentices in some authorities is a current issue, as well as a future one. Certainly, some service areas which are more office based, are reluctant to recruit because of the practical issues attached to how they would support younger apprentices if they are having to work from home and the

	assurance of providing them with an appropriate induction. This is not the case with those frontline service areas such as Highways, Street Lighting, etc. who are working as near to normal as possible. • Some organisations report that the current calibre of applicants for apprenticeship positions are very poor which is exacerbating recruitment challenges.

Future impact of Covid-19 & recovery	
Staffing levels & recruitment	• It is more than likely that the majority of organisations will continue with home working arrangements for the majority of their staff for the foreseeable future. • Positively, no organisations indicated that it is likely they will be forced to make redundancies over the next six months. • Many highlighted that it is likely that they will recruit additional staff over the next six months. Recruitment is likely to take place within the following occupational areas and roles: o Business, media and public service professionals, o Administrative and secretarial occupations, o Science, research, engineering and technology professionals, o Health professionals, o Teaching and other educational professionals, o Police constables, police community support officers and detectives, o Roles within planning and environmental health.
Skills demand & mismatch	• Respondents highlighted the following areas as being skills needs likely to be prevalent in the next 5-10 years: o Coding/web development skills, o Skills in new technology, o HGV/LGV driving skills, o Advanced or specialist IT skills, o Oral Welsh language skills, o Renewable energy skills, o Retrofit construction skills, o Smart manufacturing skills.

Expectations about Training	• There is an indication that the majority of training will be done remotely for the foreseeable. • A number of organisations indicated that they are taking advantage of the support available for training through personal learning accounts etc. • Some organisations are considering adopting shorter and more informal training practices for new recruits. • There needs to be an increased focus on developing the essential skills of adults in the workplace. Decreased literacy and numeracy levels are proving a barrier for some individuals. • Organisations would like to see an increased capacity for digital skills development through the personal learning account scheme.
Apprenticeships/other Work based learning	• There is much variation in relation to the planned recruitment of apprentices in the future, with some organisations indicating that recruitment will continue as planned and others indicating that planned recruitment is likely to be reduced. • Some organisations have reported recruitment difficulties in relation to apprentices. Furthermore, as previously mentioned, there is also concern regarding the perceived poor calibre of applicants for apprenticeship vacancies. • There is concern that if the increased demand for apprenticeships continues then contract allocation will be exceeded. • A number of organisations indicated that they are currently or planning to offer placements through the Kickstart scheme. Although some organisations felt that the perceived bureaucracy surrounding the process was problematic and ultimately a barrier to offering placements. • Some organisations feel that whilst the Kickstart scheme has been a success it has taken young people out of the labour market. • There needs to be a focus on developing an apprenticeship route for call handlers through to the nursing degree. This will provide individuals with the opportunity to up-skill or re-skill to meet the demand that the wider developments surrounding the 111 service will inevitably bring. The demand for qualified nurses to become clinical advisers will ultimately take them away from the front-line and exacerbate recruitment challenges, therefore creating an alternative route for other suitable individuals will alleviate some of this.

3.7 Tourism, Hospitality[32] and Retail[33]

SBCR	GVA, £	*£1.5 billion (2018)*	# Employed	*66,292 (2020)*	% regional employment	*24%*	% regional GVA	*14%*

Executive Summary

Sector description

The Tourism, Hospitality and Retail sectors are of significant importance to the region both in terms of the numbers employed as well as the ability to attract inward investment and expenditure.

General business impact of Covid-19

- Arguably the Tourism and Hospitality and Retail sectors were some of the most adversely affected by the pandemic, with the vast majority of businesses indicating that the impact on them had been significant. Restrictions on movement meant that the vast majority of establishments were forced to completely shut down their operations at the height of the pandemic.
- The loss of skilled staff has been reported as the most significant challenge for the sector. This staffing shortage is resulting in some businesses having to operate at a reduced capacity.
- Businesses have since had the opportunity to re-open, however many still report that they face difficulty operating under current restrictions.
- Financial challenges are also a concern for many and are likely a result of a number of factors culminating to create an unfavourable environment in which to generate income.
- Supply chain issues have been highlighted by some which has hampered the ability for many to trade effectively.

[32] In line with Welsh Government definition for priority sector – Tourism
[33] In line with section G of Standard Industrial Classification Codes

Current impact of Covid-19	

Impact staffing levels & recruitment	• The majority of businesses reported having furloughed staff as a result of the pandemic. The vast majority of businesses report that the majority of staff they had furloughed have since returned to their substantive roles.
	• Whilst this is the case, a number of businesses have seen the loss of staff with some employees leaving to pursue employment opportunities in other sectors which they deem more secure. Some businesses report that staff-turnover has been very high as a result of experiencing a lack of respect from customers and service users. This is a matter of concern as the sector have made positive steps to improve the perception of the industry as a whole to increase recruitment in recent years.
	• Businesses report facing challenges in recruiting suitable staff, which is placing increased pressure on current workforces. The following roles are proving particularly hard to fill:
	    ○ Housekeeping roles,
	    ○ Cleaners,
	    ○ Chefs,
	    ○ Front of house staff,
	    ○ Spa staff.
	• Some businesses indicated that they may be forced to close indefinitely should recruitment challenges not improve.
	• A small number of businesses reported that they've been forced to make redundancies as a result of the pandemic.

Impact on skills demand & mismatch	• The majority of businesses indicated that they have not identified any new skills demands as a result of the pandemic.
	• However, a broad range of skills demands were reported by a minority, the top reported are indicated below;
	    ○ Marketing skills,
	    ○ Chef/kitchen skills,
	    ○ Writing instructions, guidelines, manuals or reports,
	    ○ Computer literacy/basic IT skills,
	    ○ Advanced or specialist IT skills,
	    ○ Coding/Web development.

	• 57% of respondents reported that they value practical skills and experience more highly than formal qualifications which aligns with evidence previously gathered highlighting the importance of work readiness and soft skills.
	• This is in line with discussions held in the cluster group whereby members feel that work experience should be made a compulsory element of the further education offer. Not only would this address issues around work-readiness but it will also serve to inspire learners and decrease the likelihood of drop-off from the industry.
	• Of those that rate qualifications more highly over experience, the following were highlighted as being particularly sought after:
	    ○ Food safety and hygiene,
	    ○ WSET 2,3,
	    ○ Diploma Master of Wine,
	    ○ Master Sommelier,
	    ○ Master of the Culinary Arts Level 3,
	    ○ Hospitality and Catering Level 2,
	    ○ Hospitality and Catering Hospitality and Leisure Management Degree,
	    ○ Hotel Management Degree,
	    ○ MBA Hotel Management.

Impact on employer provided training	• Furloughed staff are being trained via zoom and other digital communication methods by some businesses, this is to instil confidence in staff and ensure that they are fully prepared to return to work when they are able to. • There has been a shift towards ensuring that staff are adequately trained in new processes relating to cleaning, decontamination and providing customer service in a safe way.
Impact on Apprenticeships/other Work based learning	• Apprentices aligned to the sector were furloughed with their academic studies being undertaken at home via distance learning online.

Future impact of Covid-19 & recovery	
Staffing levels & recruitment	• The majority of businesses indicated that it is likely that they will be recruiting staff over the next six months. This is a total shift from the situation in May whereby the majority reported that it is too early to predict how their workforce is likely to change over the next six months. Recruitment is indicated within the following occupational areas: o Leisure, travel and related service occupations, o Customer service occupations, o Sales occupations. • The pandemic has resulted in large proportion of the European workforce returning home and choosing not to return to the UK. This means that certain specialist roles where the industry relies heavily on European skills are particularly short. These include professional Sommeliers, Bartenders/ Mixologists and Pastry Chefs who have historically predominantly come from the continent.
Skills demand & mismatch	• The main skills considerations for the sector moving forward are those aligned to operating in a post-covid world. This is of particular pertinence for a service-based industry where communication is so important. • Noted possible skills challenges include; customer service skills in a post-covid-19 environment, IT and digital skills and upskilling staff to meet the needs of a reduced workforce, therefore being multi-skilled in several areas. • Marketing and Social media skills are becoming increasingly important. Industry would welcome if more hospitality students had an appreciation of what great digital marketing looks like. Modern hospitality management is much more than welcoming guests and serving customers. • Further skills developments for those entering the sector should include a basic appreciation of success factors and metrics so that new entrants have a greater appreciation and are more empathetic to the overall business challenge. • Respondents also highlighted the following areas as being skills needs likely to be prevalent in the next 5-10 years: o Advanced or Specialist IT Skills, o Skills in new technology, o Written Welsh language skills.
Expectations about Training	• There is appetite for courses related to housekeeping and food and beverage preparation and serving which is covid secure.

	• Preferred delivery methods in terms of training vary, however there is a general consensus that practical and face to face training is a requirement for some elements, this is in line with the practical and public facing nature of the sector. • In view of the recruitment challenges being experienced by the sector, businesses have indicated that they are unable to allow time away from work for training. • A number of businesses reported that they have taken advantage of funded support mechanisms in terms of up-skilling and re-skilling i.e. Personal Learning Accounts and Skills for Industry etc.
Apprenticeships/other Work based learning	• The RLSP have however, received evidence to suggest that there is appetite for adventure tourism apprenticeships linking through to personal learning accounts and the introduction of specialist vendor qualifications. • The majority of businesses indicated that they are not currently nor planning to offer placements via the Kickstart scheme. Furthermore, a small number are unaware of the scheme’s existence. • Evidence indicates that of those that are currently offering positions through the Kickstart scheme, these are aligned to the following roles; bartender, receptionist, trainee instructors, marketing assistants, trainee events planning assistant, front of house roles, trainee chefs.

Section 4 – Conclusions

There are a number of main conclusions which can de deduced from the information gathered, these are;

- Whilst restrictions have eased, and this period of recovery continues to progress well different challenges have come to the fore and continue to manifest for the majority of sectors.

- The vast majority of businesses are facing acute recruitment challenges as a result of a number of factors including the pandemic, Brexit, perceptions of sectors, workforce demographics and working conditions. These challenges are more prevalent for Transport and Logistics, Health and Social Care, Tourism and Hospitality, Food and Construction.

- Supply chain issues are a severe concern for a number of sectors, exacerbated by increasing costs and increased bureaucracy with regards to importing and exporting as a result of Brexit. This is of particular pertinence for the Manufacturing and Engineering and Construction sectors whereby these challenges are resulting in delaying work and in some instances the forced cancellation of some jobs.

- Businesses which furloughed staff report that the vast majority of these individuals have since returned to their substantive roles. Incidences of staff acquiring alternative employment is fairly small and mostly concentrated in Health and Social Care, Tourism and Hospitality, Food, Construction and Financial and Professional Services and Digital.

- The pandemic appears to have deepened and accelerated skills demands that were prevalent pre-pandemic for a number of businesses. However, there has been a general shift towards a greater demand for basic IT, specialist IT skills, communication and leadership and management skills. A number of sectors are also reporting that they are more aware of training needed around staff mental health and wellbeing.

- The vast majority of businesses are planning to recruit in the next six months and evidence received of possible redundancies has been minimal which is positive. Indications of future recruitment are across all skills levels, however there is a higher concentration of demand for low and medium skill occupations.

- A small majority of respondents indicated that it depends what role they are recruiting for with regards to valuing practical skills/experience over formal qualifications. 48% indicated that they do value practical skills/experience more highly than qualifications and only 2% of respondents reported that they value qualifications more highly.

- Employer demand for apprenticeships is very high which is being attributed to increased confidence following recovery and the Employer Incentive Scheme. However, there are growing concerns amongst industry that reductions in available placements, lack of lecturers and assessors and in some instances reduced funding is problematic. Providers report that meeting demand is becoming increasingly challenging.

- Anecdotal evidence suggests that there is good appetite from employers on a regional level with regards to offering positions through the Kickstart scheme. However, some report that the overly bureaucratic nature of the process has led to delays in appointment. A large proportion of those surveyed indicated that they were not currently and/or planning to offer opportunities through the scheme and many are unaware of the scheme's existence.