Migration and Employment in Wales

Key points

- Although policy on migration is not devolved, the Welsh Government has responsibility to economic migrants living in Wales under its housing, health, education, social service functions and through its community cohesion agenda.

- Since 2005 the percentage of migrant workers in the Welsh labour force has doubled to 9.2%, around 82,600 employees. The main regions of origin are Asia and Oceania (2.8%), Western Europe (2.4%) and the A8 accession countries that joined the EU in 2004. The main countries of origin are Poland, India, Germany, Ireland, the Philippines, South Africa and the United States.

- Around 22,300 migrants from central and Eastern Europe joined the Welsh labour market between May 2004 and March 2008. Over half of all migrant workers from central and eastern Europe are living in Carmarthenshire, Cardiff, Newport and Wrexham.

- The main migrant communities in North Wales have been identified as Wrexham, the Deeside industrial estate and surrounding areas, North Flintshire, Llandudno, Bangor, and factories in Llangefni and Gaerwen and in South Wales, Llanelli, Cardiff and Newport.

- Although there is a widespread belief that migration leads to higher unemployment and lower wages, there is little or no evidence to support this assertion. On the contrary recent high levels of inward migration have, on balance, been a significant advantage for the UK economy.

- There are few (if any) signs of negative impacts of migration on the Welsh labour market, rather there is evidence that migration overall represents a sizeable economic boost for Wales.

- Migrants do not increase unemployment because they often work in sectors and regions with a high level of hard-to-fill vacancies. There are zero or small negative effects on average wages.

- In some areas including Carmarthenshire, Newport and Wrexham, an increase in migrant workers has meant that services have faced increased pressure, either through additional demand or through necessary changes to the means of service delivery.

- Migrant workers refer to problems in relation to unscrupulous employers, lack of English and Welsh language skills and in some cases ill adjusted services. These issues can cause isolation and have a direct impact upon a migrant workers ability to fulfill their potential and integrate into Welsh society.

- A number of studies have identified reports of illegal practices in the employment of migrant workers in Wales.

- Refugees living in Wales are entitled to work but often experience high levels of under- and unemployment.
The policy context

Decisions about who is allowed to work in the UK are determined centrally by the UK government based in Westminster. There are two separate systems for European Economic Area (EEA) and non-EEA nationals. With the exception of Bulgarians and Romanians (until the end of 2013) and Croatians, EEA and Swiss nationals are entitled to work in the UK without seeking permission. Economic migrants from outside EEA and Switzerland who want to work in the UK require leave under the Points Based System (PBS).

Although powers relating to labour migration are not devolved, the Welsh Government has responsibility to economic migrants living in Wales under its housing, health, education, social service functions and through its community cohesion agenda. As a result the Welsh Government has a key role to play in ensuring that economic migrants to become part of Welsh society.

Policies towards economic migrants coming to Wales in order to work are developed in the context of the Welsh Government’s strategic agenda, specifically the Programme for Government (2011), and within the framework of UK, European and international legislation.

The Programme for Government sets out specific actions the Welsh Government is taking to ‘create a fair society free from discrimination, harassment and victimisation with cohesive and inclusive communities’ (Welsh Government 2011). The Government aims to do this by reducing inequality in education and skills, health, housing and employment outcomes for people with protected characteristics (including race), increasing public services satisfaction rates and reducing the incidence of hate crime.

The public sector equality duty (Equality Act 2010), also referred to as the ‘general duty’, came into force in April 2011 and aims to ensure that public authorities and those carrying out a public function consider how they can positively contribute to a fairer society in their day to day activities through paying due regard to eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations.

In order for public bodies to better perform their public sector equality duty (PSED), the Welsh Government was the first government to bring in specific equality duties as set out in Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. The regulations were approved by the National Assembly for Wales and came into force on 6 April 2011.

The specific duties are more far reaching in Wales than in England and place duties on the public sector covering engagement, equality impact assessments, pay differences, procurement, reporting arrangements, review and equality and employment information. Public authorities in Wales published their equality objectives and their Strategic Equality Plans in April 2012 which clearly laid out the actions the public sector is taking to fulfil the PSED.

The Welsh Government has produced a welcome pack for migrants, Understanding Wales (Welsh Assembly Government 2006) to ensure that people who come to Wales to live and work are made aware of their rights and responsibilities and are also provided with information on where they can obtain help and advice if they encounter problems, helping them to settle into their new communities (Welsh Assembly Government 2010).

The Welsh Government is also developing policies to eliminate unlawful discrimination, promote equality and promote good relations. The Equality Act 2010 combines previous equality legislation in England, Scotland and Wales and includes a new Public Sector Equality Duty which came into force in April 2011. All public bodies (including local councils, police forces, schools and hospitals) that are subject to the duties are legally obliged to pay ‘due regard’ to the need to take action on a range of ‘protected characteristics’ including race, disability and gender equality. They must eliminate unlawful discrimination, promote equality of opportunity and foster good relations.

Employment policy in Wales

Responsibility for employment and the labour market in Wales is divided between the Welsh Government and the UK Government. The UK Government has responsibility for macro-economic matters and taxation, for all aspects of employment legislation and for welfare benefits and return to work programmes. The Welsh Government has powers to promote the development of the economy in Wales, through supporting business growth e.g. through advice and grant aid, procurement, and marketing, and through providing advice and encouraging good practice in employment (EHRC 2009).

Under the Equality Act 2010, all listed public bodies must monitor their staff by racial group (using the categories of the 2011 census) for staff in post and applications for employment, and promotion and training. Employers with over 150 staff must also monitor for training, performance appraisals, grievances, disciplinary action and reasons for leaving their employment. These monitoring findings must be published annually.
The question of economic activity and inactivity in Wales has attracted a great deal of attention in recent years, primarily because the rates of economic activity in Wales are well below those of the rest of Britain and are a key factor in Wales’s below average Gross Value Added. However, most analysis and debate has focused on the overall rates of inactivity and have not considered the experiences of different groups within the labour market.

**Data and numbers**

The proportion of migrant workers in the UK labour market has increased significantly over the past 20 years, rising from 3.5% in 1993 to 9.2% in 2011 (Migration Observatory 2012). The proportion of migrant workers in Wales has also increased although there is significant geographical variation. Data from the Labour Force Survey indicates that the percentage of migrants in the total working age population in Wales increased from 2.9% in 1992 to 4.6% in 2005 (Dustmann et al. 2007). According to the most recent Annual Population Survey (APS) for Wales (Welsh Government 2013), the percentage of migrant workers in the Welsh labour force has doubled to 9.2% which represents around 82,600 employees.

The main regions of origin of migrant workers in Wales are Asia and Oceania (2.8% of the total workforce), the countries of Western Europe (2.4%) and the A8 accession countries that joined the EU in 2004 (discussed further below). The main countries of origin are Poland (12,100), India (8,700), Germany (6,500), Ireland (4,400), the Philippines (3,200) South Africa (3,200) and the United States (2,700).

Research suggests that around 22,300 A8 migrants joined the Welsh labour market between May 2004 and May 2008 but it is not known how many migrant workers have left since that time or arrived without registering (Shipley 2008).

Over half of all migrant workers from central and eastern Europe who are living in Wales are in Carmarthenshire (Llanelli), Cardiff, Newport and Wrexham.

There was a significant increase in the number of migrant workers following the expansion of the European Union. Since 2004 over one million workers have come to the UK from the eight central and eastern European (A8) countries that joined the EU at that time. Polish nationals are now the single largest foreign national group living in the UK – up from 13th largest in early 2004 - and the largest group of migrants living in Wales. On 31st December citizens of Bulgaria and Romania (the ‘A2’ countries) will also be entitled to work in the UK. To date these two groups have had limited rights to work in the UK. Further information on A8 and A2 migration can be found in our briefing paper on International Migrants to Wales.

**A8 migration** refers to citizens of Poland, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia who come to Wales to live and work.

**A2 migration** refers to citizens of Bulgaria and Romania who will acquire the right to work in the UK on 31st December 2013.

According to existing research based on data from the Workers Registration Scheme (WRS), around 22,300 A8 migrants joined the Welsh labour market between May 2004 and March 2008 (Shipley 2008). However it is not known how many of these migrants have since left Wales or how many came without registering (either because they did not need to e.g. because they were self-employed, or because they were not aware of the need to register). The Workers Registration Scheme is no longer in operation.

It is important to acknowledge that much of the migration from the A8 countries has been geographically concentrated in certain areas of Wales. Over half of all migrant workers from central and eastern Europe who are living in Wales are in Carmarthenshire (Llanelli), Cardiff, Newport and Wrexham. However even in these areas migrant workers account for a relatively low proportion of total employment at just over 3% (Winckler 2007).

Two thirds of A8 migrant workers in Wales come from Poland, with a further sixth from Slovakia. In Carmarthenshire, Poles made up 94% of migrant workers in 2007 (Welsh Assembly Government 2010). The number of workers from A8 countries registering since 2006 has fallen considerably but is still significant in some areas (especially Wrexham and Llanelli).

It is likely that, following the lifting of employment restrictions on nationals of Bulgaria and Romania on 31st December 2013, there will be some increase in immigration from these countries but the scale of...
There are two problems with this approach: will lead to more competition for these jobs. (the ‘lump-of-labour’ fallacy), and that immigration there are a fixed number of jobs in the economy

Impacts on the UK economy

The impacts of migration on the labour market depend critically on the skills of migrants, the skills of existing workers and the characteristics of the host economy. Research evidence on the impacts of economic migration is thus always specific to time and place (Migration Observatory 2012b).

Debates around the impacts of economic migration centre around two key issues: the impact on employment for native workers and the impact on wage levels. The effect of labour migration on jobs and wages is central to the wider debate on migration to the UK.

The belief that migration leads to higher unemployment and lower wages is widespread, popular and endlessly repeated as if it is fact. Yet hard evidence is scarce and there is very little either in economic theory or in recent empirical work to suggest that migration is having a significant negative impact on the UK labour market. On the contrary, it appears that recent high levels of inwards migration have, on balance, been a significant advantage for the UK economy in the context of the global economic downturn (Coats 2008).

The public debate is led by a perception that there are a fixed number of jobs in the economy (the ‘lump-of-labour’ fallacy), and that immigration will lead to more competition for these jobs. There are two problems with this approach:

- Migrants come from a wide range of backgrounds and are not only employed in jobs that nationals are reluctant to do, but are also high-value activities which fill labour market gaps. In other words, migrants are not always in competition for jobs with native workers;

- Migration creates dynamism in the labour market and in the economy more generally. There is a widely held view that in the absence of migration the UK would have experienced slower growth, higher inflation and higher interest rates (Coats 2008).

Research and economic analysis shows that, overall, A8 migrants coming to the UK after 2004 have made a net fiscal contribution to the UK with no negative impact on the UK welfare system. A8 migrants have been primarily young with high levels of education and skills, relative to the native population. As a result they have a higher labour force participation rate, pay proportionately more in indirect taxes and make much less use of benefits and public services (Dustmann et al. 2010).

In terms of employment levels, existing evidence suggests that migrants are not taking jobs from UK workers. On the contrary, migrants often work in sectors and regions with a high level of hard-to-fill vacancies. In Wales, the meat processing plant at Llanybydder is often cited as an example.

There is some evidence which suggests that immigration from outside the EU could have a negative impact on the employment of UK-born workers, especially during an economic downturn (Migration Observatory 2012b) However none of the available research evidence in the UK analyses has analysed the labour market effects of immigration during the current economic downturn.

The empirical evidence overwhelmingly suggests that there are zero or small negative effects of immigration on average wages (Dustmann et al 2007). In some studies migrants were found to increase wages at the top of the UK wage distribution and to lower wages at the bottom by a small percentage due to the greater concentration of recent migrants in these jobs (MAC 2012; Migration Observatory 2012b).

IPPR’s regression model, for example, suggests that a 1% increase in the share of migrants in the UK working age population would reduce wages by around 0.3%, a very small effect which is most likely offset by the reduction in costs of other goods and services (Reed and Lattore 2009).

Impacts in Wales

Migrant workers have settled in all local authorities in Wales, but there are considerable local and regional differences. In some cases migration has taken place on a relatively small scale whilst other authorities had experienced profound demographic change. The main migrant communities in North Wales have been identified as Wrexham, the Deeside industrial estate and surrounding areas, North Flintshire, Llandudno, Bangor, and factories in Llangefni and Gaerwen and in South Wales, Llanelli, Cardiff and Newport (House of Commons Welsh Affairs Committee 2009). Although the scale and local impacts of migration are complex and difficult to predict, existing evidence suggests that overall there are few (if any) signs of negative impacts of migration on the Welsh labour market. The House of Commons Welsh Affairs Committee (2009) gathered evidence on recent migration to Wales from a wide range of organisations during its inquiry into the impacts of
that the arrival of migrant workers in Wales has posed a threat to local services. Rather migration overall represents a sizeable economic boost for Wales. It is important to bear in mind that Wales already has the oldest population in the UK with 17% of people over 65 and this trend is set to increase dramatically. More information on these demographic trends can be found in the briefing on Migration to Wales. The Committee also concluded that there has been no discernible effect of A8 migration on claimant unemployment or the employment outcomes of non-migrants in Wales. The primary impact appears to have been to increase total employment.

Lemos (2010) has similarly examined the impact of economic migration on the labour market in Wales and has found little evidence that the increase in migrants to Wales from the A8 countries led to either a fall in wages or a rise in unemployment between 2004 and 2006. The study found no evidence of an adverse impact on young, female or low-skilled claimant unemployment and no evidence of adverse impact on the wages of the low-paid. If anything there is a positive effect on the wages of higher paid workers and some evidence, albeit weak, of a potentially favourable impact on rates of unemployment.

The Welsh Assembly Government (2010) has considered the social impacts of economic migration to Wales in three areas: Carmarthenshire, Newport and Wrexham. The research finds that an increase in migrant workers has meant that certain elements of services have faced increased pressure, either through additional demand or through necessary changes to the means of service delivery. Although migrant workers’ requirements for services do not differ greatly from those of the host society, the delivery of services does require some adaptation for example providing literature in other languages or employing translators. There has been little additional funding or resources in the public and voluntary sectors to address the needs of migrant workers. Services are developing slowly and in a reactive way, seeking funding from various sources on an ad hoc basis

Experiences of migrant workers

A number of recent studies explore the experiences of migrant workers living in Wales. Research commissioned by the Welsh Assembly Government (2010) found that migrant workers tend to live in socially disadvantaged areas within Carmarthenshire, Wrexham and Newport as these are more likely than other areas to contain low cost rental accommodation. The host communities in these neighbourhoods often have low levels of skills and qualifications, and high levels of unemployment, and with the exception of Pill, in Newport, little previous experience of large scale immigration. Language barriers and cultural differences may exacerbate problems for migrant workers moving into these areas.

There are mixed opinions about how well the migrant worker population has been received by the host society. Whilst representatives from the private, public and voluntary sectors spoke about misconceptions based on media generalisations, migrant workers themselves did not express any major concerns of being unsafe or not welcome in Wales. Furthermore, interviews showed mixed opinions on levels of racism or racial conflict in each of the areas.

Drawing from limited anecdotal evidence available from Race Equality Councils in Wales, migrant workers refer to problems in relation to unscrupulous employers, lack of English and Welsh language skills and in some cases ill adjusted services. These issues can cause isolation and have a direct impact upon migrant workers ability to fulfill their potential and integrate into Welsh society (Welsh Assembly Government 2010).

A number of studies have identified reports of illegal practices in the employment of migrant workers in Wales, as well as practices which are legal but generally considered unacceptable, although all studies rely on third party accounts rather than direct evidence (Winckler, 2007; Hold et al, 2005; Turunen et al, 2005). Contractual issues such as hours worked, variable hours, enforced overtime and lack of overtime pay and payment per shift rather than actual hours worked were also reported, along with lack of proper rest periods and contracts being signed under duress.

Cam (2007) estimates that migrant workers in Wales earn 17.7% less than the rest of the workforce as measured by weekly earnings, and 21.7% less when measured by hourly earnings. The gap between migrant workers and the rest of the workforce is larger in Wales than elsewhere in the UK. Further analysis suggests that more than 26% of migrant workers earn the National Minimum Wage (NMW) or below, compared with about 14% of the rest of the workforce in Wales. Research by Winckler (2007, Turunen et al (2005) and Hold et al (2005) have found anecdotal evidence of migrant workers being paid below the legal minimum.

Although it remains underreported, racism in employment has been documented in some areas of Wales (Crawley 2012).
Experiences of refugees

Asylum seekers are not allowed to work in the UK while their asylum applications are being considered. Those who have been granted refugee status are entitled to work but often experience high levels of under- and unemployment despite arriving in Wales with good qualifications and previous work experience in their countries of origin. Obtaining recognition and accreditation of overseas qualifications can be a significant barrier to employment.

An audit of refugee skills and qualifications undertaken by the Welsh Refugee Council in 2007 found that nearly two thirds (64%) of refugees in Wales were unemployed compared with just 22% in the country of origin. The five greatest barriers to employment identified were: lack of language and or computer skills, difficulties in applying for jobs and attending interviews, a lack of recognition of overseas qualifications, difficulties in finding job vacancies and a lack of references.

A survey of refugees living in Wales similarly found that whilst nearly two thirds of respondents were employed in a variety of professions before coming to the UK, less than a third (31.7%) had a job in Wales (Crawley and Crimes 2009). Of those refugees who were employed, most were in administrative or clerical positions, cleaning or factory work. Nearly half of those who are employed did not feel that their job was appropriate for their qualifications, skills and experience.

Many refugees commented that they had experienced racism and discrimination both in terms of finding employment and in their experiences in the workplace. Issues of skin colour, religion and dress codes (particularly headscarves) were raised as causes of discrimination. Many respondents believe that they are not selected for job interviews because they do not have an English (or Welsh) name.

References and further information


About the briefing paper series

This briefing paper is one of a series produced by Professor Heaven Crawley, Director of the Centre for Migration Policy Research (CMPR) at Swansea University to improve knowledge and understanding of migration issues in Wales. The papers set out the evidence on migration to Wales in relation to key issues and themes that are of public and policy concern and provide up-to-date information about the composition and experiences of migrant, asylum seeking and refugee populations living in Wales.

The briefing papers can be downloaded at [www.wmp.org.uk](http://www.wmp.org.uk)

Additional data and resources can be downloaded from the Wales Migration Portal [http://wmp.infobasecymru.net/IAS](http://wmp.infobasecymru.net/IAS)

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