



A fairer deal on migration

Managing migration better for Britain



Introduction

At the referendum on EU membership on 23 June, a key concern expressed alike by people who voted to leave and to remain was about the level of migration into the UK due to free movement in the EU.

Of course, over the UK economy as a whole, this migration boosts growth, and produces a net contribution to the Treasury of £2bn a year. Migrants work hard in stretched public services and fill crucial jobs in manufacturing and services.

But in some areas of the UK there has been pressure on local services and on wages, particularly in areas where there have been significant levels of inward migration and a higher proportion of jobs in sectors where bad bosses exploit migrant workers. Coupled with cuts in public services, frozen public sector wages, inadequate levels of housebuilding, a long-term decline in good manufacturing jobs and little attention from local or national government to building cohesion, these pressures have left many communities feeling divided and dissatisfied.

Unscrupulous politicians have attempted to exploit these concerns to promote division, and a small minority have seen the referendum result as permission to abuse and even attack migrants from Europe and elsewhere and British black and ethnic minorities. We will challenge and oppose scapegoating whatever form it takes.

The trade union movement is clear: being concerned about the impact of migration is not racist. Worries about exploitation and undercutting at work and about pressures on public services and housing are real and need action. And the benefits of migration for the economy and the country as a whole have not been shared equitably.

We believe that a fairer distribution of the benefits of migration can help address concerns, reduce tensions in communities and provide people with more opportunities for a better life. And a properly-resourced, imaginatively deployed and popularly directed Migration Impacts Fund would go a long way to doing just that.

The case for a Migration Impacts Fund

At the Conservative party conference in October, home secretary Amber Rudd MP announced a £140m Controlling Migration Fund. Some of these funds will go towards supporting local authorities in England, similar to the £70 million Migration Impacts Fund established by the previous Labour government and abolished in 2010 as part of the coalition government cuts.¹

While it is welcome that the government has accepted the need to change course, the budget for the fund is clearly inadequate, with only £100 million of the funds being directed to local communities while £40 million will be directed to immigration enforcement activities.² And the home secretary's announcement was for a four-year term, meaning that local communities would receive just £25 million a year! This is a distance from distributing fairly the £2bn annual contribution to the exchequer that EU migrants make.³ And controlling migration is not the same as managing migration or ensuring that its benefits are fairly shared.

The TUC is calling on the Chancellor of the Exchequer to use the autumn financial statement to at least double the £140 million pledged by the Home Secretary to a locally-controlled Migration Impacts Fund. This would show communities across the UK that their concerns were being heard, and would begin to share the economic dividend of migration.

A revitalised Migration Impacts Fund would benefit those parts of the country which have experienced rapid recent increases in population. These are not necessarily those parts of the country with the highest levels of total migration. Research by Matthew Godwin and Oliver Heath shows that areas like Boston and Thurrock, which voted strongly to leave the EU and where concern about immigration is high, have a low migrant population compared to cities like London or Manchester. However they have experienced relatively high levels of migration in the past ten years at the same time as experiencing a growth in precarious employment and cuts to services. These areas now have some of the highest poverty rates in the country.⁴

This indicates the importance of directing funds from the Migration Impacts Fund not simply on the basis of absolute migration numbers but according to a funding formula that not only includes the percentage increase in the migrant population but social indicators such as levels of unemployment. Many of the areas with the highest levels of absolute migration have already been assisted by successive governments to address the challenges that migration brings, such as extra funding for schools with high levels of pupils speaking English as a second language). The Migration Impacts Fund would instead address those areas particularly affected by the pace of change in the numbers of migrants living in that community, which often voted most strongly for Leave.

¹ <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7673>

² www.gov.uk/government/uploads/system/uploads/attachment_data/file/566951/Controlling_Migration_Fund_Prospectus.pdf

³ See Dustmann and Frattini (2014) <http://www.cream-migration.org/files/FiscalEJ.pdf>

⁴ <https://app.polimapper.co.uk/?dataSetKey=72bc86358fc244dfb1135cc1205436de>

Of course, a Migration Impacts Fund is no substitute for government action on core responsibilities, such as enforcing labour standards and ensuring adequate resources for border controls. Nor should it make up for cuts to public spending by successive governments: this government should adopt a new approach to public expenditure to ensure that Britain can resource world-class public services for everyone who lives here.

How to spend the Migration Impacts Fund

The design of a better-resourced Migration Impacts Fund is crucial to its success. The TUC believes that, properly resourced, such a fund could support strong and cohesive communities, relieve the pressure on public services, provide more homes for local people, support labour market skills and enable measures to tackle particular hotspots of worker exploitation.

Fairer funding for public services

Cuts to government spending mean that schools, hospitals and other public services are all under pressure across the UK. Local councils have had to make £20 billion of savings since 2010. They have had their funding on public health cut by 6.2% - a reduction imposed across the board with no tailoring to the needs of a particular area.⁵ In education, the National Union of Teachers has estimated that cuts in government funding to schools amount to a loss of £578 per pupil in the most deprived primary schools and £780 per pupil in the most deprived secondary schools.⁶

In parts of the country with high levels of recent immigration, local people often perceive immigration as adding to pressure on already-stretched public services, leading to resentment. In an atmosphere of continued pressure on resources, increases in population are harder to manage whilst maintaining service quality.

Increased levels of migration are often associated with an increase in the size of the local economy. More jobs means more wages and therefore more taxes and more spending on goods and services. But often the wealth produced by that increase in economic growth has not been retained in the areas where the growth is generated. A Migration Impacts Fund would allow the net benefits of migration to be redirected to the areas which need it most, providing more hospital beds, more GPs, more school classes and teachers.

A better deal for housing

The UK continues to be in the grip of a housing crisis – which manifests in terms of accessibility, affordability and inadequate conditions. Nationally, the government is not taking the actions necessary to solve the housing crisis, primarily through building more homes. The UK needs more genuinely affordable housing - current government plans to increase the housing stock by 120,000-150,000 are inadequate. The TUC has called for an extra 100,000 homes to be built every year.

In areas of fast population growth, housing problems are more acute, compounded by rogue landlords who exploit recent migrants by putting them in overcrowded and sometimes unsafe accommodation. In some areas, rogue landlords buy up significant numbers of properties to house newly arrived migrants, exacerbating the shortage of housing.

⁵ <http://nhsfunding.info/symptoms/10-effects-of-underfunding/cuts-to-frontline-services/>

⁶ www.schoolcuts.org.uk/

Contrary to perceptions, there is no evidence that recent migrants are jumping the queue for social housing, and recent changes to allocation rules as well as a scarcity of stock mean that migrants securing a social tenancy would be the exception.

A Migration Impacts Fund could direct housebuilding funds into those areas where the population has grown fastest and could enable local councils to re-employ inspectors to ensure that all rented properties meet legal standards, and adopt an active enforcement policy against rogue landlords.

Better jobs for everyone

The TUC is calling for better jobs for everyone, over the economy as a whole. Whilst many people work in a job that pays a decent wage, many struggle to achieve that stability in today's increasingly casualised labour market.

Almost a million workers are employed on zero-hours contracts⁷ where the median hourly rate is £7.25 whereas it is £11.23 for permanent workers.⁸ 4.8 million people are now self-employed⁹ – and these people have no right to a minimum wage, sick or holiday pay. The Social Market Foundation estimate that 45% of self-employed workers were paid below £7.20 an hour.¹⁰

The rise of such precarious employment has been felt particularly keenly in those parts of the country which have been blighted by the collapse of manufacturing industries over the last few decades. In some areas there have been years of industrial decline, and full-time, permanent manufacturing jobs have been replaced too often by low skill, insecure, zero hour contract, temporary agency work.

These areas have also had less access to skills and training that would enable communities to access decent jobs. Further education has suffered significant cuts in funding, with a 24% reduction in spending on non-apprenticeship related training in 2015 in England. The UK lags behind other developed countries in terms of its skills and funding for skills training. The OECD estimates 48% of 16-34 year olds in England have qualifications that are lower than GCSE level.

Research from the Joseph Rowntree Foundation and the Resolution Foundation indicates that low levels of skill were the strongest determinant of the Leave vote in the referendum in these former industrial areas.¹¹ And anxiety about migration has grown in

⁷www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/september2016

⁸www.tuc.org.uk/economic-issues/labour-market/zero-hours-contracts-have-become-easy-way-employ-staff-cheap-says-tuc

⁹www.ons.gov.uk/releases/uklabourmarketstatisticsnov2016

¹⁰www.smf.co.uk/wp-content/uploads/2016/10/Social-Market-Foundation-SMF-Tough-Gig-Tackling-low-paid-self-employment-in-London-and-the-UK-October-2016.pdf

¹¹www.resolutionfoundation.org/media/blog/why-did-we-vote-to-leave-what-an-analysis-of-place-can-tell-us-about-brexit/

and www.jrf.org.uk/report/brexit-vote-explained-poverty-low-skills-and-lack-opportunities

communities where skill levels in the local labour market are not high, and so workers find themselves competing for low skill jobs with migrant workers.

A better job is a productive job, usually requiring skills, and paying a decent wage in return. Such jobs are secure, safe and healthy, and do not require excessive hours as a matter of course. A Migration Impacts Fund could help local communities identify how to attract better jobs, including by identifying local skills gaps and providing training for local young people to fill them. It could also offer incentives and support local employment, for example by enabling reductions in business rates, offering start-up funding or subsidising public transport to employment sites.

Tackling workplace exploitation

Decent rights at work need to be ensured and enforced nationally. But there is a particular need to focus on those areas of the country with high levels of recent immigration as this is where precarious forms of employment, often linked with services, food processing and distribution, have replaced decent jobs in industry. Migrant workers have been employed in significant numbers in such jobs, particularly those from poorer countries who need to secure an income, even if on precarious terms.

The lack of trade union recognition in such sectors means that workers often lack the power to resist low pay or poor conditions. The fact that there is also inadequate enforcement by government agencies of employment regulations – such as those around the National Minimum Wage - has meant too many employers have been able to use migrants (and other vulnerable workers such as young people) to undercut other workers, which in some cases has fuelled division.

A Migration Impacts Fund could direct enforcement of fair employment rights to the exploitation hotspots - in consultation with the new director of labour market enforcement - assisting unions and advice agencies to protect rights and ensure that migrant workers know and take advantage of their rights at work, as well as preventing undercutting.

Strong and cohesive communities

In addition to economic concerns, the Migration Impacts Fund should support efforts to overcome local concerns about the perceived impact of migration on the character and cohesion of communities. This must be led by local councils and community and civic organisations, and always advocate local and community pride and acceptance of difference alongside the benefits of diverse communities and the rejection of prejudice.

A key issue is access to English language skills for speakers of other languages. People without good English are unlikely to secure jobs which reflect their skills and qualifications, so may compete for jobs with local people who have lower levels of qualification. Migrants who are not fluent in English are less likely to know or be able to insist on their rights at work or in housing, leaving them more vulnerable to exploitation, and less able to access public services. And they are less likely to be able to play a full part in their local communities.

The benefits of everyone being able to speak English are widely supported. Yet this government has overseen cuts of £45 million to English courses for speakers of other languages. A Migration Impacts Fund could provide funding for English language training. And unions are a great route to reach working people - in the last three years, UnionLearn has delivered English language training for more than 10,000 migrant workers. Wider access to English would reduce the scope for exploitation and undercutting, and make it more likely that people would be able to mix more and develop more common approaches to local problems.

The Migration Impacts Fund could also support measures to build community cohesion. Local authorities and community groups should take the lead in running events that offer opportunities for communities to mix, to learn about different cultures and to celebrate shared local pride, volunteering and service, and shared interests. This could include promoting cross-cultural activities locally – such as local commemorations or festivals, community events like street parties, inclusive religious celebrations, sporting occasions and Remembrance.

Giving local people a voice

Key to the success of a Migration Impacts Fund is reassuring local communities that their concerns have been heard, and returning a sense of control.

Not every area will pick the same measures to address local concerns. But a flexible Migration Impacts Fund, where decisions are taken locally, will enable a more equitable distribution of the benefits of migration for the economy and society as a whole.

No one is better placed to decide what measures are necessary in a local area than the people who live there. Their views should determine the mix of measures that the Migration Impacts Fund should fund in their area. The funding should be allocated in a mix of ways, rather than just being handed to local government. Some should be allocated by local councillors, and some through existing community bodies such as trade unions, chambers of commerce, churches and community and tenants' associations. Local areas should also be able to allocate funding on local priorities through more innovative methods such as citizen juries and local referendums. Areas should also be able to experiment with devolving some of the spending to smaller areas: a proportion of the fund in each area could be set aside for small grants to community organisations.

The rules for distributing the Migration Impacts Fund should be clear and transparent, and as free from bureaucracy as possible. That is important to ensure local people can make an impact on how it is spent, and are also confident that it is being spent properly, in accordance with their wishes, and that it will have a real impact on the area where they live.

Conclusion

The chancellor has an opportunity in the autumn statement to channel resources into addressing the real concerns of people living in areas affected high levels of recent migration. But the Migration Impacts Fund must be adequately resourced to offer real change, and reflect the views of local people.

Trades Union Congress
Congress House
Great Russell Street
London WC1B 3LS

www.tuc.org.uk

November 2016