



## Managing the welfare impact of migration during the recession

The British Academy, 1 December 2009

### Speech by John Denham, Labour MP for Southampton Itchen and secretary of state for communities and local government

I am delighted to be here this afternoon – the session you have asked me to address is both important and relevant.

Recent speeches by both the Prime Minister and Alan Johnson have helped bring a more sensible tenor to the debate about migration.

Today, my contention will be that while a discussion about the number of migration is important, it is even more important to appreciate the localised impact of migration.

Most of the national discussion is dominated by numbers of migrants: how many in, how many going where, how many employed in different sectors of the economy.

It is, of course, crucial that we get that right.

It is important to be able to say to people – you can have confidence in the system; and second, to ensure that only those who will benefit our economy and society. That means only those with the skills that employers need, those who are prepared to accept the responsibilities as well as the rights that come with living in the UK – obeying the law, speaking English, making a contribution and so on

The tighter controls that we now have on non-EU migration, the tough but fair points-based system, is the right way to achieve that.

It gives us the control we want but also the flexibility that we need. Compare with the alternative view – that there should be an inflexible, arbitrary cap or quota for immigration. That would fail to provide the flexibility necessary to support the British economy.

Indeed, partly as a result of that tougher approach, and partly because of the broader economic context, latest figures from the ONS indicate that net migration in to the UK is actually falling - mostly due to an increase in the number of A8 migrants leaving.

But the point of this discussion is to recognise that the overall figures only tell a part of the story. Because while those statistics and figures paint a picture of what is happening at the macro-level, what that doesn't do is tell you much about the micro-level. How, in particular, immigration is experienced differently, by different communities: or even by different people within the same communities.

Because the impact is experienced so differently at a local level, it is vital to have an effective local response, which acknowledges people's concerns and addresses them head on.

One of the reasons why migration is such a contested and hotly debated issue is the complexity of issues involved in the responses that people have

Some people understandably have worries and fears about migration – whether it will undermine their wages, their job prospects and their chance of finding a decent home. That may be particularly true if they feel that their community is already under pressure from wider forces – economic trends; deprivation; worklessness.

There are also important questions about fairness.

In the UK, entitlements to public services are based on residency and citizenship, paying taxes, and playing by the rules – people have a strong sense that these entitlements are 'earned'.

If people believe that others are benefiting from jobs, homes, training – things that we and our families have to wait for and work for – that understandably fosters a sense of unfairness.

If the perception is that certain groups are not only able to jump the queue but actually benefit from privileged treatment then that problem is magnified. The problem here is one of perception, but we shouldn't dismiss it – because it is a problem.

Those of us who feel culturally enriched by the benefits of migration and who are insulated from the competition for jobs, housing and public services that is potentially posed by migrants, often find the views difficult to appreciate.

The affluent often are able to see opportunities within change and uncertainty: whereas those who are less insulated from potential drawbacks may see the same change as a risk or a threat.

The crucial point is to understand and appreciate that people's differing perspective is based on their experience and position within society: not as is sometimes said because people 'don't understand the benefits'.

It might be possible to imagine a wholly altruistic society where these complicated attitudes didn't exist. Some people – often those who feel the least personal impact from migration – would like to pretend that we already live there. I don't think this refusal to acknowledge that there might be anything to these concerns is at all helpful. They would prefer to sweep the issues under the carpet and put all the worries down to closed-minded attitudes.

And sometimes, the ugly truth is that sheer racism *can* be involved – born out of ignorance and prejudice.

But for the most part the reality is much more complex. These fears are often rooted in understandable, practical concerns – and are unlikely to be resolved quickly or simply. They will continue to influence the political debate for some time to come.

So it is essential that the overall level of migration does not exceed what common sense levels of fairness will bear.

That means having clear immigration criteria: ensuring that it is limited to those with clear and genuine needs, such as refugees, and to those who can make an immediate and valuable contribution to the wider society. As I have said, the points-based system is the right way to achieve that.

But even with these tighter controls, it is likely that countries like Britain and other prosperous countries within the EU will continue to see significant movements of people over the coming years.

Some of that is provided for by the EU itself – a free market inevitably means free movement of labour. And because that movement will include relatively newly established residents - such as, for example, that part of the Somali community which has gained EU status in Scandinavia and which is now moving elsewhere - what is not technically new migration can still feel like it. That is particularly difficult in areas which have not traditionally experienced the rapid change of recent years.

It is essential to remember that the impact of these trends is felt most acutely at a local, not a national level. In fact, what may make complete economic sense nationally may feel uncomfortable for some people locally.

Class still matters in Britain. That is self-evident, but not always acknowledged. And that is particularly clear when we consider who benefits most from immigration.

If you work in a high-tech, highly-skilled multinational organisation, you are likely to be working with the most talented, most sought after migrants, and will see them as a positive asset to your business. If immigration makes it easier for you to find a plumber. Or if it makes it cheaper for you to hire a cleaner. Then you clearly and directly benefit.

But in other communities, migration is more likely to be perceived as intensifying the competition for scarce resources – whether jobs or housing. And in those communities, migration is taking place against a backdrop of wider social change.

The continuing decline of unskilled jobs. New jobs and new businesses being created which people lack the skills to access. More recent migration has been to parts of the country which have not had a history of migration, and have sometimes found it difficult to respond.

It all adds up to a broader sense of being under pressure; of lacking certainty or control in a rapidly changing world.

Left unchecked, we know that this can have a damaging impact – particularly on community cohesion.

It is important to note that the perception is not necessarily reality. But sometimes it is. Too much public policy debate has been polarised between two fixed positions. Either, it is all beneficial. Or 'they are taking all our jobs'. The reality is somewhere in between. When we first saw the impact of EU migration,

in some instances, new migrants filled vacancies in jobs which no one else would do. But in others, such as construction, self-employment rates dropped sharply.

Take housing as a general example. We have always had very clear policies about who should get priority for social housing. Migrants have never been identified among those groups.

Yet despite innumerable studies and reports which have not found any bias towards migrants in the allocation process, there is still a persistent belief that the system is unfairly favours migrants.

Sometimes, we can explain what is really happening. For example, it is not unusual to find migrants living in the private rented sector in homes which used to belong to the council, but which were sold long ago through the right to buy: but which looks the same as all the other council housing in the street. The perception – that they are living in council housing – is not the reality, but if you leave the perception unchecked, it becomes a problem. And that is not something which cannot be addressed nationally – it has to be done locally.

To take another example from my own constituency. There is a relatively deprived estate with entrenched problems of worklessness where new shops have recently opened, creating new job opportunities.

But one fast food franchise chose to hire staff from an agency which provided Polish workers instead of local people. This resentment threatened to outweigh the other opportunities being created in the area – including a much larger number of jobs at another retail store. It was vital to step in and make sure this issue was not left to fester and become a focus of resentment.

So we have worked with the fast food store, which has now agreed to seek local recruits and offer them appropriate training so they have got the skills they need.

It means we are taking on both the concrete material issues – connecting local people to jobs that they need – and the perception of unfairness through proactive and targeted conversations.

As these examples show, coherent local responses, supported by effective national policy, is essential to managing these challenges effectively.

You are only able to do that if people have an opportunity to discuss those concerns: without politicians or leaders of public agencies dismissing them or appearing to sweep them under the carpet. We can only tackle these issues head on if people can say in public what they would say in private.

We need to respond quickly to challenges which, left unchecked, could result in tension.

And we need to make sure that communities themselves are involved in shaping the local response.

Both so that action is tailored in ways which make sense for them, and so that residents have a sense of being in control.

This suggests our response should be three-fold.

First, we need to make sure that sufficient resources are available, in the right place, at the right time. We know that some local authorities have sometimes found it difficult to cope with sudden and unexpected inflows of migrants.

The three year finance settlement – which local government wanted – has given councils greater certainty and stability in planning ahead. But it does mean that some have found it harder to respond flexibly to this challenge.

In the short-term, the £70 million Migration Impacts Fund - an additional contribution paid by migrants themselves to help the communities they are joining - has helped to bridge this gap. I hope to confirm the second year MIF funding in the near future.

But for the longer term, the Office of National Statistics began consulting this week on a new more accurate way of calculating likely population trends and therefore the likely future migration. I very much welcome this consultation and I believe local authorities will too.

It means we should have the most up-to-date, most robust figures available to feed into the next local government finance settlement – so that councils can be confident they will have the resources they need.

These will also, obviously, be equally useful for other public services like health and the police.

And second, we need to make sure that when the ‘rubbing points’ arise – like those I described in Southampton – are properly dealt with, that there is a quick and visible response which defuses the issue before it escalates.

This is what the Migration Impacts Fund is designed to achieve. A sense of fairness. Because migrants themselves pay to help address the problems which cause tensions locally and give rise to a sense of migrants ‘competing’ with the established population.

It is helping to address those ‘rubbing points’ like unscrupulous employers who exploit migrants by risking their health and safety, and undercut the minimum wage. Or rogue landlords in the private sector who turn a blind eye to over crowded and poorly maintained housing.

Not only are these situations potentially dangerous for migrants themselves. They are also possible flash points for residents who are likely to blame the migrants rather than those really responsible.

We have increased the penalties for employing illegal workers; and for those who flout the laws. And the Migration Impacts Fund is helping enforce those laws – on the minimum wage, regulating gangmasters and improving health and safety.

The rest of the Fund is being spent on relieving pressures on front line services. For example, making sure schools which are suddenly faced with pupils speaking different languages can recruit teaching assistants to support them.

Or to make sure that migrants are signing up with GPs and know when to use them, so they don’t rely on more expensive A and E departments.

More recently, my Department has set up the Connecting Communities programme to make sure local people have a fair say over the resources being invested through the Real Help Now programme – whether in new housing, new jobs or new training opportunities.

The sheer scale of these resources - £1.5 billion through the housing pledge, £1 billion through the Future Jobs Fund – gives us an unprecedented chance to tackle some of these issues head on and to demonstrate we are responding to issues of local concern.

It is vital that as growth returns, we need to make sure that people with low skills and poor job prospects are helped into work. New apprenticeships and training places will help overcome skills shortages so that employers don't have to look to workers from abroad.

Connecting Communities will give participating areas the resources to face the local problems frankly. To let people set out their concerns and priorities openly. And to work out how over the coming months and years those problems need to be tackled.

It is a package of support which enables local people to influence, shape and change policies on the issues which really matter in their community. These are not always, or by any means exclusively to do with migrants: they may, for example be tangled up with problems of anti-social behaviour, or the environment, which have nothing to do with migration.

And it is particularly designed to address the point I was making before about fairness. In areas where either new migration or separation between established communities are seen as issues, it will mean we can both address the real problems and bust the myths.

It will help ensure that all communities feel that they are treated fairly. So that those who feel their areas are changing feel at home with, part of, and not threatened by these changes.

Third, because the challenges are experienced locally, local leadership is absolutely critical.

If leadership is not obvious, visible, active and capable of responding, the vacuum may be filled by an apathetic acceptance that nothing can change.

By a resentment - or worse - at those who are seen to be better treated. Or by those who want to exploit it for destructive and divisive reasons.

We are taking action on all the issues that matter to people: from tough migration controls to investing in skills and jobs. But these national initiatives will not achieve their potential if they remain national initiatives. Something people may read or hear about but don't experience. Or if these national initiatives are delivered in a remote and 'top down' way, and don't clearly respond to local concerns.

So councils have got to have the freedom and flexibility to make sure that national objectives make sense locally.

We have had several examples of that in recent years. So as Secretary of State for DIUS, I put councils in control of £300 million worth of spending on provision for English as a second language. In my view, councils – much more so than national Government – are best placed to identify those groups whose poor English acts as a barrier to integration. And to make sure funding is going to those are committed to staying and contributing to the UK.

More recently, John Healey has taken steps which will give councils a greater ability to shape housing allocations policy locally. A chance to discuss how best to meet local needs but also to tackle head on the myths about who currently gets social housing, so that the system is more transparent and seen as fairer.

We also know that concentrations of homes of multiple occupation can sometimes give rise to tensions. We have been consulting on proposals which would enable councils to manage this better, through the planning system.

The most effective councils recognise the importance of that proactive response. Peterborough has been particularly effective at heading off problems before they emerge through their “new link” mediation programme. They have been among the first to apply for a new license to regulate smaller homes with multiple occupants, which can inflict misery on the whole community if poorly and irresponsibly managed.

In conclusion, we cannot properly manage the impact of migration without fully appreciating the depth and complexity of the issues involved in how people respond. But the debate generally overlooks all the subtleties and is too often polarised between extreme positions.

Some refuse to acknowledge the concerns and worries that different people have: reducing the complexity of the issues and simply asserting that these communities must be blind to the benefits of migration at best, racist at worst. Others seek to exploit those concerns: and ignore the constructive ways in which central and local government can manage any negative consequences.

The sensible response steers clear of both extremes. We need to acknowledge that there is much more involved in people’s responses to migration than a simple rational calculation. Emotions, history, economics, class, all play a role.

That may not seem logical to commentators analysing the issues from a comfortable distance and position of privilege, but it is both legitimate and understandable. Our response has to be clearly directed at those concerns – with resources targeted at the issues which can exacerbate people’s worries. And our actions have to be open, transparent, tangible and visible.

