



## BRIEFING PAPER

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# The new Controlling Migration Fund for England

By Melanie Gower

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## Summary

### The new Controlling Migration Fund for English local authorities

In November 2016 the Government launched a new 'Controlling Migration Fund' (CMF) for local authorities in England. A total of £140 million will be available over the four financial years from 2016-17 to 2019-20.

The Fund is split into two parts:

- **Local service impacts:** £100m over four years, "to help English local authorities and their communities experiencing high and unexpected volumes of immigration to ease pressures on local services". This part is funded and administered by the Department for Communities and Local Government and consequently is only available to English local authorities.
- **Immigration compliance and enforcement:** £40m over four years, "to direct enforcement action against people in the UK illegally in order to reduce the pressure on local areas" This part of the Fund is managed by the Home Office and is available across the UK.

Local authorities can submit proposals for CMF funding. Central government can also direct CMF funding, such as in response to "strategic priorities ... or unexpected emergencies".

### How is the Fund different to the old 'Migration Impacts Fund'?

The Fund effectively replaces the 'Migration Impacts Fund' (MIF), which was launched by Labour in 2009 to assist local communities to manage the transitional impacts of migration on the provision of public services. The MIF was abolished by the Coalition Government in 2010, as a cost-saving measure.

The CMF's total budget is the same as the MIF's, and there have been criticisms that this amount is inadequate.

The CMF places a greater emphasis on immigration enforcement and compliance activities compared to the MIF. Also, the local service impacts part is only open to local authorities in England (unlike the MIF). In many other respects the CMF appears to have more in common with the MIF than other models which have been advocated.

### What alternative models have been proposed?

In recent years, think-tanks and policy commentators from across the political spectrum have backed the idea of an immigration impacts fund. Common suggestions include financing this through a levy on immigration applications or through immigrants' tax contributions; devolving responsibility for funding decisions and priorities to local areas; and allowing money to be used to mitigate the effects of increased demand for public services and local infrastructure.

# 1. Background to the launch of the Fund

## Abolition of the Migration Impacts Fund

Soon after taking office in 2010, the Coalition Government announced that it was abolishing the DCLG-led 'Migration Impacts Fund' (MIF), "in the light of the overall fiscal position".<sup>1</sup> The Fund, which was worth £35 million per year, had been introduced by the Labour Government in 2009 in order to assist local communities to manage the transitional impacts of migration on the provision of public services.

Although the MIF was closed after two years' operation, the principle of such a funding stream continued to attract support amongst politicians and commentators, partly on the basis that it was a means of addressing public concerns about levels of immigration.<sup>2</sup>

## Conservative and Labour manifesto commitments

The Conservative Party's 2015 General Election manifesto committed to introducing a new 'Controlling Migration Fund', "To help communities experiencing high and unexpected volumes of immigration ... to ease pressures on services and to pay for additional immigration enforcement."<sup>3</sup>

The Labour Party's 2017 manifesto also contained plans for a migration fund:

For areas where immigration has placed a strain on public services we will reinstate the Migrant Impact Fund and boost it with a contributory element from the investments required for High Net Worth Individual Visas.<sup>4</sup>

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<sup>1</sup> [HL Deb 22 July 2010 cWA245](#)

<sup>2</sup> See, for example, IPPR, [A fair deal on migration for the UK](#), 6 March 2014; Brooks, Thom (2015) ['Migration Impacts Reduction Fund'](#), Durham Law School Briefing Document, Durham University; British Future, ['High net migration needs practical response, not distractions'](#), 20 May 2015; Bright Blue, [A Balanced Centre-Right Agenda on Immigration: a manifesto for immigration](#), 2015; Policy Exchange, ['Five Point Plan for Immigration Reform, Prior to Free Movement Change'](#), 7 July 2016; NIESR Blog, ['Respecting the will of the British people: immigration policy after leave'](#) 24 June 2016; British Future, [How to Talk About Immigration](#), 2014; Politicshome.com, ['Gordon Brown calls for EU fund to support migration-hit communities'](#), 25 May 2016

<sup>3</sup> Conservative Party, [The Conservative Party Manifesto 2015](#), p.31

<sup>4</sup> Labour Party, [The Labour Party Manifesto 2017](#), p.28-9

## 2. The Controlling Migration Fund: in detail

In November 2016 the Government published [a prospectus for the new 'Controlling Migration Fund'](#) (CMF). A total of £140 million in funding (equivalent to £35m each year) will be available over the four financial years from 2016-17 to 2019-20.<sup>5</sup>

The Fund is split into two parts:

- Local service impacts part: £100m over four years, “to help English local authorities and their communities experiencing high and unexpected volumes of immigration to ease pressures on local services”. This part is funded and administered by DCLG.<sup>6</sup>
- Immigration compliance and enforcement part: £40m over four years, “to direct enforcement action against people in the UK illegally in order to reduce the pressure on local areas”<sup>7</sup> This part of the Fund is managed by the Home Office.

Local authorities can submit proposals for CMF funding. Central government can also direct CMF funding decisions, for example in response to “strategic priorities ... or unexpected emergencies”.<sup>8</sup> In this way, some CMF funding has already been made available to local authorities caring for unaccompanied asylum seeking children.<sup>9</sup>

The CMF's greater emphasis on immigration enforcement and compliance activities, and the requirement for proposals to be of primary benefit to the established resident community, are points of difference with its predecessor.

### The local service impacts part

This part of the Fund is only available to local authorities in England because it comes from DCLG England-only funding. Funding for other parts of the UK has been devolved.<sup>10</sup>

Successful bids must demonstrate a benefit to the “established resident community” in the first instance. The bids can include measures to support wider community cohesion and the integration of recent legal migrants, but cannot be of direct benefit to illegal migrants.

The Fund is not intended to duplicate mainstream funding, for example in relation to health services or school places.

### The immigration compliance and enforcement part

This part of the Fund is available to local authorities across the UK.

It aims to develop existing engagement and joint working between local authorities and the Home Office's local Immigration Compliance and Enforcement (ICE) teams on issues associated with illegal immigration,

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<sup>5</sup> The prospectus does not clarify how the CMF is funded.

<sup>6</sup> Personal communication with DCLG official, 13 December 2017

<sup>7</sup> Prospectus, para 5

<sup>8</sup> Para 6

<sup>9</sup> FAQs, p.3; [Written Question 108206](#), answered 25 October 2017

<sup>10</sup> Personal communication with DCLG official, 13 December 2017

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such as rogue landlords, rough sleeping by illegal migrants and employers' non-compliance with right to work checks.

Local authorities do not need to make a formal bid to the Home Office for funds. Rather, they are encouraged to request support informally through their local ICE team. ICE support will be provided through the Fund "where evidence is presented that enforcement action is appropriate and is a priority for ICE".<sup>11</sup>

Local Government Associations across the UK also have the opportunity to influence the priorities for the work conducted under the CMF's enforcement strand, through quarterly meetings with Home Office officials.<sup>12</sup>

### Grants made so far

The first two waves of grant funding (totalling £15 million and £18 million respectively) were announced [in July](#) and [November](#) 2017.

An '[allocation table](#)' [published on GOV.UK](#) provides details of the grants made so far. According to a recent PQ, 88 out of 94 bids were approved by ministers. Most of these were related to rogue landlords, community cohesion/integration, the use of English, and data collection. More proposals are due to be considered in January 2018.<sup>13</sup>

### Reactions to the Fund

As was the case with the MIF, the size of the CMF's budget has been criticised as inadequate. The [TUC described](#) the overall size of the Fund as "little more than ministerial spare change", pointing out that it is much less than migrants' annual net contribution to UK tax receipts:

But English local authorities will have to split just £25m a year between them – a fraction of a percent (0.02%) of local authority budgets, and a tiny proportion of the net £2 billion that migrant workers bring to the UK exchequer every year.

A 2016 [comment piece](#) on the anti-Brexit In Facts website by Jonathan Carr-West, Chief Executive of the Local Government Information Unit (a think-tank for member local authorities) made a similar point about the amount of money being offered to local government:

(...) Extra money is always welcome, but it is important to see Rudd's fund in the wider local government budget context. First, given an overall [annual spend by local authorities of £94 billion](#), £140 million will barely touch the sides. Second, that as by far the fastest growing part of that expenditure is adult social care, many local authorities will be more worried about the internal migration of ageing Brits than they are by non-UK nationals

He also highlighted some potential drawbacks to the Fund's design:

Further, local government does not control many key services. Broadly speaking migration puts most pressure on housing, school places and access to primary health care. Housing is a council budget, but school places are increasingly outside council control

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<sup>11</sup> Para 14

<sup>12</sup> Para 15

<sup>13</sup> [Written Question 112813](#), answered on 22 November 2017

as more schools become academies. Primary health, such as GPs, is completely outside local government control.

(...) An effective migration fund must be part of a broader reform of how public service budgets join up within local areas and how local government funding is driven by local circumstances (...)

### 3. Other suggested models for a Fund

In recent years, think-tanks and policy commentators from across the political spectrum have backed the idea of a fund to alleviate the local impacts of immigration.<sup>14</sup> The CMF appears to have more in common with its predecessor (the MIF), in terms of its budget, design and scope, than many of the other models which have been suggested.

Common themes in the literature on migration impact funds include:

- The need for a significant increase in the amount of funding available.
- Suggestions to finance a fund through a levy on immigration applications, to be paid by immigrants or their employers, or through immigrants' tax contributions.
- The need for more responsive mechanisms for allocating funding to local areas, such as by automatically channelling it to areas most in need (underpinned by better data collection and monitoring of local population changes).
- Greater local involvement and influence over funding decisions and priorities.
- Allowing money to be used to mitigate the effects of increased demand for public services and local infrastructure, such as schools, healthcare and housing.
- The importance of attracting widespread publicity for the Fund and local funding decisions.

Writing for **Policy Exchange** after the EU referendum, David Goodhart identified a new migration fund with a significantly larger budget as one of the ways that immigration policy should respond to the referendum result:

(...). At the heart of the new department should be a beefed up Migration Impacts Fund (MIF). (...). In its earlier incarnation it had a tiny budget of around 35m a year. That should be increased ten-fold. And local authorities (and others) should bid for funds—after providing solid evidence of infrastructure pinch points—to smooth the rapid expansion of school places, for GPs surgeries and A&E departments under particular pressure and even for

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<sup>14</sup> See, for example, IPPR, [A fair deal on migration for the UK](#), 6 March 2014; Brooks, Thom (2015) ['Migration Impacts Reduction Fund'](#), Durham Law School Briefing Document, Durham University; British Future, ['High net migration needs practical response, not distractions'](#), 20 May 2015; Bright Blue, [A Balanced Centre-Right Agenda on Immigration: a manifesto for immigration](#), 2015; Policy Exchange, ['Five Point Plan for Immigration Reform, Prior to Free Movement Change'](#), 7 July 2016; NIESR Blog, ['Respecting the will of the British people: immigration policy after leave'](#), 24 June 2016; British Future, [How to Talk About Immigration](#), 2014; PoliticsHome.com, ['Gordon Brown calls for EU fund to support migration-hit communities'](#), 25 May 2016

public housing. And the MIF needs a good PR chief, every grant should be plastered all over the local media.<sup>15</sup>

Jonathan Portes, writing around the same time for the **NIESR**, made a similar point:

[The Government] needs to take immediate action to address legitimate local concerns over the impact of migration on public services. (...). This should include the establishment of a proper, and properly funded, Migration Impact Fund (MIF). The earlier MIF (ended after the 2010 election) was both underfunded and underpublicised, and hence did little to address legitimate public concerns. A new MIF should be quasi-automatic, channelling funds to the NHS, schools and councils at a local level, based on timely local data on the scale of migration (using, for example, National Insurance numbers and GP registrations). Its existence and the flow of money should be well publicised.<sup>16</sup>

## Recent proposals

The [TUC is advocating](#) a 'revitalised Migration Impacts Fund' with a budget at least twice the size of the CMF. It argues that local funding allocations should not be simply based on overall levels of immigration, but also include:

... 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 ... 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.

It endorses giving a variety of actors at local level responsibility to make funding decisions, based on their own identified priorities. These priorities could include providing support for local public services, housebuilding and housing enforcement, enforcing employment law and supporting measures to boost local employment and training.

The [final report](#) of the **APPG on Social Integration's** inquiry into the integration of immigrants called for the creation of an 'Integration Impact Fund', "to finance integration policy actions in areas whose population includes large numbers of new immigrants or which are characterised by pronounced ethnic division". This fund would incorporate the CMF (and money raised through the Immigration Health Surcharge applied to visa applications):

This fund should be amalgamated with and absorb the government's Controlling Migration Fund – in part to avoid the duplication of labour within government, but also to provide a less politically charged name for a funding stream which should exist, first and foremost, to strengthen communities. This combined fund should, furthermore, encompass revenue and capital expenditure – as some effects of immigration can only be addressed through capital funding – and, in contrast to the system currently used in the case of Controlling Migration Fund, be apportioned chiefly on the basis of need rather than through a competitive bidding system. As immigrants make national and

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<sup>15</sup> Policy Exchange, '[Five Point Plan for Immigration Reform, Prior to Free Movement Change](#)', 7 July 2016

<sup>16</sup> NIESR Blog, '[Respecting the will of the British people: immigration policy after leave](#)' 24 June 2016

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local tax contributions that are roughly comparable to the cost of the services and benefits they receive, this would in any case reflect a proportionate approach to determining funding priorities. The government should, on a related note, take care to present this funding boost as a re-investment of the financial contribution to the UK economy made by immigrants so as to counter the pernicious and fallacious stereotype that immigrants are a drain on public services.

It also backed the idea of allocating funding proactively, in advance of anticipated increases in demand:

This APPG believes, moreover, that serious consideration should be given to David Goodhart's suggestion that the government should conduct an 'immigration audit' on any and all public service cuts made in future, and would suggest that policymakers should additionally consider investing in integration measures so as to offset any negative impacts identified. In this scenario, a proportionate financial contribution might be made by the Treasury to the Integration Impact Fund. The scrapping of the nursing bursary is, for example, very likely to lead to the NHS being more reliant on immigrant nurses in the short to medium term. The same can be said for paramedics, care workers and teaching staff in shortage subjects.

This proposal touches on a broader point – to the extent that the Integration Impact Fund might be designed so as to proactively direct funding to local authorities prior to expected population growth and change, rather than to react to instances of underfunding and cohesion challenges as these arise, this effect should be maximised. In this respect, policymakers might look to the example of the Canadian Federal Government's Welcoming Communities initiatives, through which provincial and local government bodies were supported to enact strategic infrastructural improvements and run initiatives promoting positive attitudes towards cultural diversity in advance of anticipated (indeed, hoped for) waves of immigration.<sup>17</sup>

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<sup>17</sup> APPG on Social Integration, [Integration not Demonisation](#), August 2017

## 4. Labour's Migration Impacts Fund

### Why was the Fund introduced?

The then Labour Government first announced plans for a Migration Impacts Fund (MIF) in 2008.<sup>18</sup> The purpose of the Fund was to assist local communities to manage the transitional impacts of migration on the provision of public services. For some time, and particularly since the expansion of the EU in 2004, local authorities had been voicing concerns that funding formulae and national statistics were failing to accurately reflect changes in population patterns at local level, especially where change had been particularly fast.

### How was it financed and how much money was made available?

The fund was financed by non-EEA migrants: a compulsory £50 levy was applied to most types of immigration application fee.<sup>19</sup>

£35million was available through the Fund for each of the financial years 2009-10 and 2010-11.<sup>20</sup> More specific details about the Fund were announced on 19 March 2009 in a cross-government strategy for managing the impacts of migration:

We are creating the migration impacts fund which will be made available to public services to promote innovative ways of managing these pressures and support their local communities. Local authorities and schools, colleges, police and the NHS will all be eligible to receive funding.

The fund will be paid for by increases to migrant fees and will operate for the next two years. It will provide £35 million for 2009/10 and – subject to a review in the autumn of the economic position and the migrant fees being received – a similar amount in 2010/11. The fund will be targeted at migration-related pressures identified by local areas through their local strategic partnership (LSP) and by their regional government office.

All regions of England will receive a proportion of the fund, with the amount each receives weighted towards regions where international migration has had the greatest impact. These weightings are based on ONS population projections showing levels of inward migration to each region as a proxy for the impact of international migration, with consideration also given to the experience a region has in dealing with migration.

(...)

Scotland, Wales and Northern Ireland will receive £2.973 million, £1.727 million and £0.978 million respectively from the Migration Impacts Fund. This allocation has been determined according to

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<sup>18</sup> Border and Immigration Agency, *The Path to Citizenship: Next steps in reforming the immigration system*, February 2008, p.35

<sup>19</sup> Separate contributions had to be made for each dependant on an application.

<sup>20</sup> [HC Deb 2 March 2010 c1148W](#)

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Barnett principles and the devolved administrations will determine how these amounts are allocated.<sup>21</sup>

The Scottish Government received £2.973 million from the Fund in 2009-10 and £1.18 million in 2010-11.<sup>22</sup>

### What types of projects were eligible for funding?

Projects bidding for money were required "to demonstrate that they are directly targeted at managing pressures on public services, to the benefit of the settled community where those pressures relate to the transitional impacts of migration."<sup>23</sup> At the time of launch, the Department for Communities and Local Government (DCLG) suggested some examples of the types of project which may be eligible for funding. These included the provision of ESOL services, local authority enforcement activities in relation to private rented sector landlords, campaigns to increase GP registration amongst migrants to avoid unnecessary use of emergency services, and the provision of support teachers.

Funding bids were submitted by Local Strategic Partnerships and assessed by Regional Government Offices. The final funding decisions were taken by the Secretary of State for Communities and Local Government.<sup>24</sup>

Details of the projects in receipt of MIF funding were published in a deposited paper ([DEP 2010-0565](#)).

A PQ answered in March 2010 provided a breakdown of payments made to local authorities in 2009-10 and 2010-11 ([HC Deb 2 March 2010 c1148-51W](#)).

### Summer 2010: The Fund is abolished

The Coalition Government confirmed that it was abolishing the Fund in an answer to a PQ in July 2010:

The purpose of the Migration Impacts Fund was to alleviate the impacts of immigration on local public services, rather than to support migrants themselves.

In the light of the overall fiscal position and the need for urgent action to tackle the deficit the Government concluded that it was not a priority funding stream.

At the same time, the Government have protected core local government spending, reduced ringfencing and ended costly central reporting requirements. These changes mean local authorities themselves will be able in future to decide how best to address the impacts of immigration on their areas.<sup>25</sup>

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<sup>21</sup> Department for Communities and Local Government, *Managing the Impacts of Migration: Improvements and Innovations*, 19 March 2009, p.37 - 38

<sup>22</sup> [HC Deb 27 January 2011 c434W](#)

<sup>23</sup> Department for Communities and Local Government, *Managing the Impacts of Migration: Improvements and Innovations*, 19 March 2009, p.39

<sup>24</sup> [HC Deb 2 March 2010 c1148 -51W](#)

<sup>25</sup> [HL Deb 22 July 2010 cWA245](#)

The Fund closed on 1 October 2010.<sup>26</sup> According to an article in *The Guardian*, DCLG officials had described the Fund as “ineffective”, and said that abolishing it would save £16.25m.<sup>27</sup>

A PQ answered in 2013 reiterated these arguments, and said that the Coalition Government was pursuing “an alternative approach of introducing stronger controls on immigration and addressing the “pull” factors that previously led to unsustainable impacts on this country”, as well as an integration strategy to bring together disparate communities.<sup>28</sup>

Unsurprisingly, some migrants’ rights organisations criticised the decision to close the Fund, arguing that it was self-financing.<sup>29</sup> There was no subsequent reduction in immigration application fees.<sup>30</sup>

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<sup>26</sup> [HC Deb 14 October 2010 c405W](#)

<sup>27</sup> *The Guardian*, “[Fund to ease impact of immigration scrapped by stealth](#)”, 6 August 2010. Projects reportedly received funding from the Fund for the first six months of 2010-11.

<sup>28</sup> [HL Deb 11 December 2013 cWA126](#)

<sup>29</sup> See, for example, TUC Touchstone blog, “[CutsWatch#197. £50m Migration Impacts Fund](#)”, 12 August 2010

<sup>30</sup> [HC Deb 9 September 2010 c23 – 28WS](#). *The Immigration and Nationality (Cost Recovery Fees) (No.2) Regulations 2010*, [SI 2010/2226](#) and *The Immigration and Nationality (Fees) (No.2) Regulations) 2010*

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