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SUMMARY

The government's proposals to end freedom of movement will have different consequences for different parts of the UK. This paper explores how the proposals could impact on the economy of Bristol and the wider city region.

Bristol offers an interesting case study, because it is a highly skilled economy with several burgeoning industries, from advanced engineering and aerospace to the digital and creative sectors. But it is also a city with notably stark inequalities of opportunity across place, class, and ethnicity. This has led Bristol to place 'inclusive growth' as a key element of its wider economic agenda. The paper explores how the government's new immigration proposals, as set out in its 2018 white paper, will interact with the specific dynamics of Bristol's labour market.

Our research finds that the number of migrants in Bristol – and EU migrants in particular – has increased significantly over recent decades. Migrants now make up 16 per cent of Bristol's population – higher than the national average. New arrivals are particularly likely to be from the EU, including countries such as Spain, Romania and Italy.

Using data from the Annual Population Survey (APS), we build up a picture of the labour market profile of migrants in the west of England region, which has Bristol at its heart. Our analysis suggests that EU migrants are likely to be young, highly qualified, and in employment. However, there is a key difference between EU migrants from the 'old' member states and EU migrants from the 'new' member states that joined the EU from 2004 onwards. Old member state migrants tend to be in highly-skilled jobs, while new member state migrants tend to be in lower-skilled jobs and are paid below average. Our analysis of Bristol's labour market from the 2011 census confirms this: new member state migrants tended to be far more concentrated in sectors such as hotels and restaurants and manufacturing, while old member state migrants were particularly likely to be concentrated in the education sector.

We also use the APS to estimate the impact of the government's proposals in its immigration white paper – the suggested salary and skills thresholds in particular – on the west of England region. We find that around 75 per cent of EU employees currently living in the region would be ineligible under the proposed thresholds. This suggests that the rules would have a dramatic impact on future immigration from the EU to the region. As a result, we would expect major implications for business growth in Bristol and the wider west of England region.

In addition, the paper summarises interviews with employers in Bristol and the surrounding region on the government's immigration proposals, covering a number of key sectors – from advanced engineering to the creative industries. The employers interviewed express concerns over how they will adapt to the restrictions on immigration, given that many currently rely on recruiting EU citizens without impediments under the EU's free movement rules, and given the South West region's low unemployment rate. Employers were especially concerned about the £30,000 threshold, which they saw as unrealistic, and the proposed 12-month temporary work route, which they warned would discourage investment in training. Employers in social care raised particular concerns around existing staff shortages and the growing demand for care. The evidence from employers highlights that the government's immigration proposals could significantly limit the growth of sectors in Bristol and the west of England which are critical to the region's industrial strategy, including aerospace, digital, and the creative industries.

The government is currently undergoing a process of engagement on the immigration white paper, and the Migration Advisory Committee is consulting on the proposed salary threshold and the Australian-style points-based system. In light of these ongoing discussions on the future immigration system, this paper makes a number of recommendations for how the government's immigration proposals could align with Bristol's economic ambitions, as well as recommendations for how Bristol City Council could prepare the city for the proposed reforms to the immigration rules.

RECOMMENDATIONS FOR THE HOME OFFICE

1. Provide a forum for local and combined authorities to directly input into immigration policymaking.

A forum for local and regional stakeholders would give cities such as Bristol a formal process for feeding their perspectives on local ambitions and priorities into the development of the new immigration system.

2. Reconsider the salary and skills thresholds, particularly for key strategic sectors such as social care.

A lower salary threshold and new exemptions for key sectors could help to mitigate short-term economic disruption and support sectors in Bristol that are particularly critical to the region's industrial strategy and public services.

3. Encourage businesses to support inclusive growth and tackle inequality in the city through the migration system.

By using the immigration system to incentivise better employment practices – through providing visa benefits to those employers who pay the real living wage, for example – the government could complement local efforts to tackle labour market inequalities in the city.

RECOMMENDATIONS FOR BRISTOL CITY COUNCIL

1. Support existing residents to fill skills shortages in the local economy.

To prepare for potential skills shortages after Brexit, the council could equip residents currently excluded from labour market opportunities with the right skills to meet these shortages. This could involve enhancing careers provision, strengthening links between education and training providers and local employers, and ensuring that education and apprenticeship opportunities are aligned with the skills shortages most likely to emerge due to reductions in EU migration.

2. Encourage the labour market integration of existing migrants.

Improving the integration of migrants already resident in Bristol – by, for instance, expanding English language provision – could help to mitigate the impacts of future restrictions on freedom of movement for the city.

3. Improve the working conditions of employees in low-paid sectors currently reliant on EU migrants.

To help sectors currently reliant on EU workers to adapt to the end of freedom of movement, the council could work towards enhancing their attractiveness for Bristol's residents. For instance, sectors such as hospitality could be selected as the focal point for efforts to guarantee a real living wage across the city.

The progressive policy think tank

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