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SCOTTISH GOVERNMENT RESPONSE TO THE MIGRATION ADVISORY COMMITTEE CALL FOR EVIDENCE ON THE SHORTAGE OCCUPATION LIST



Scottish Government
Riaghaltas na h-Alba
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Ministerial Forward



Scotland is an open, outward-looking and welcoming country. We recognise and highly value the remarkable contributions that people from around the world have made and continue to make to Scotland. As this paper makes clear, individuals who have made Scotland home make significant contributions in key roles across the breadth of our economy and public services, including in the front-line response to the COVID-19 pandemic. Migration is part of Scotland's story and remains vital for both our shared economic prosperity and tackling our demographic challenges.

Our previous responses to the Migration Advisory Committee (MAC) have clearly outlined the positive contributions of migrants - to our economy, our public services, our culture and the enrichment of society as a whole. In March 2019 our response on the MAC's previous review of the Shortage Occupation List set out the vital contributions and positive impact that people from EEA and non-EEA countries make to Scotland, across the economy. Similarly, our response to the most recent call for evidence on the proposed Salary Threshold and Points-Based Immigration System in December 2019 outlined that a salary-selective system would disproportionately negatively affect Scotland.

We are therefore very disappointed with the proposals set out this year by the UK Government.

Whilst we welcome the extension of roles at RQF 3-5 for the Shortage Occupation List, this does not go far enough. The UK Government's new immigration policy plans fail to address Scotland's distinct demographic and economic needs, and disregards key sectors that we have relied upon during this pandemic, including social care workers. Moreover, we are dismayed that within their immigration policy proposals the UK Government continues to inappropriately and inaccurately label several key sectors as "low-skilled", which is offensive and does not recognise the UK's reliance on people fulfilling these crucial roles.

The COVID-19 pandemic has dramatically reshaped our economy and it is vital that any future immigration system adequately addresses our future needs as a society. As we face the biggest economic crisis in decades, I urge the UK Government to take the time necessary to work with the Devolved Administrations and ensure their proposals can be adapted to work for us all. Pushing ahead regardless of concerns and the changing circumstances would be reckless and unnecessary.

This paper provides detailed evidence on recruitment needs across the Scottish economy, as well as outlining how the Shortage Occupation List could be made more flexible and responsive to the needs of the Scottish economy, our communities and public service delivery.

The evidence is clear that Scotland's needs are distinct from much of the rest of the UK. We need an approach to migration that recognises those differential needs and enables us to create tailored solutions.

Mr Ben Macpherson
Minister for Public Finance and Migration

Introduction

Our Position

1. Scotland is a progressive, outward-looking nation. We recognise that migration strengthens our society and our nation benefits from the skills, the experience and the expertise of those individuals who have chosen to live, work and study in Scotland. Inward migration, including from across the European Union (EU), has made an overwhelmingly positive contribution to Scotland's economy and society. Migrants play a vital part in ensuring that we remain a diverse and outward-looking country that is open to the world. We welcome those who come to Scotland and make a positive contribution to our communities, our economy and our public services.
2. The UK Government is committed to ending freedom of movement. Yet inward migration has helped to turn Scotland from a nation of emigration with a declining population into a culturally diverse, outward-looking nation with a growing population. It has also brought benefits and opportunities for people born in Scotland. The Scottish Government is clear that maintaining free movement of persons would have been in the best interests of Scotland and of the UK as a whole.
3. The proposals to end free movement and to restrict immigration to a single route as set out in the Immigration and Social Security Bill and the UK Government policy statement¹ on the future points-based immigration system would significantly disrupt patterns of mobility and settlement across Scotland. A proliferation of smaller groups of migrants from a wider range of countries, a predominance of shorter stays, and changes to gender, age and family profiles will have implications for integration.
4. More broadly, shrinking the number of those granted entry to live, work, and study in Scotland will only serve to reduce our working age population and our much needed population growth. The UK Government have announced their intention to reduce levels of migration overall through the new system. Restricted routes for EU migration alone will be particularly disruptive for rural and remote areas of Scotland where the age structure means that inward migration is the only means of countering depopulation. The economic conditions in rural and remote areas suggest that a salary threshold, even at the reduced level of £25,600, will make it very difficult to recruit workers through existing migration routes.
5. In February 2019, the independent Expert Advisory Group on Migration and Population (EAG) published a report on the impact of the UK Government's Immigration White Paper proposals in Scotland². They estimated that migration to Scotland over the next two decades would fall by between 30% and 50%, causing the working age population to decline by up to 5%; but that even with reduced migration to the UK as a whole, the working age population in the rest of the UK would continue to grow.

¹ <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>

² <https://www.gov.scot/publications/uk-immigration-policy-leaving-eu-impacts-scotlands-economy-population-society/>

6. The EAG have since produced an update which considers the proposed lower salary threshold of £25,600³. Taking into account the expansion of the skilled worker route (Tier 2) with the lowered salary threshold and the consideration of inclusion of some Regulated Qualifications Framework (RQF) 3 roles on the Shortage Occupation List (SOL); together with the contrasting steady decline of EEA migration since 2015; the EAG retained their estimates of a reduction in migration of 30-50%.

7. Additionally, the Group note, however, that a key issue is how the changes will affect the occupational, geographic and gender distribution of migration to Scotland. Their analysis of differences in income across Scotland showed that in 2019, 52.5% of employees in Scotland (both UK and non-UK nationals) earn less than £25,600. In contrast, 60.9% of jobs pay less than the original threshold of £30,000: only an additional 8.4% of jobs would therefore be available to migrants. Thus even a salary threshold at the new level of £25,600 would dramatically constrain Scottish employers' access to skills and the workers they need to thrive.

8. The overall reduction in EU immigration would be especially challenging for those sectors most reliant on lower-paid, non-UK workers, including occupations in agriculture, textiles, social care, leisure and travel, sales, and elementary occupations. Many of these sectors would be unable to adjust by increasing investment in skills or capital.

9. Existing gaps in the current system have necessitated the creation of a range of seasonal or temporary programmes. While there is already evidence that these schemes are insufficient, they do at least provide marginal support to these sectors. However, the UK Government proposes to remove these schemes completely without a replacement.

10. The EAG also found a significant gender differential in the distribution of salaries, with a lower proportion of women earning over £25,600 in almost all sectors, implying that such a threshold would create a gender disparity in the supply of future migrants. 63.3% of jobs currently employing females would not be available to migrants. There was also a striking divergence in the distribution of salary levels across areas of Scotland.

11. Not only then, will reducing migration to Scotland harm our economy, it will also significantly constrain our ability to deal with our pressing demographic challenges and will undoubtedly disrupt the effective functioning of public services across our communities.

12. Implementing an excessively high salary threshold would restrict the ability of employers to attract the international talent they need in all sectors of the economy, including social care, construction, agriculture and new growth industries in creative, digital and fin-tech. Therefore while we welcome the MAC's recommendation to reduce the threshold to £25,600, without consideration of differentiated regional thresholds, this will still exclude key roles in Scotland.

³ www.gov.scot/isbn/9781839608360

13. In 2018, Theresa May's Government launched a White Paper on Immigration, following this with a consultation process with Devolved Administrations (DAs) and businesses. However the change of administration and proposals for a new 'Australian-style' points-based immigration system represents a significant change to these proposals, for which there has been no consultation process.

14. We urge the Home Office to ensure a full engagement process with businesses and particularly with the DAs. It is important to ensure that we have an immigration policy in place which enables our economy and our public services to recruit individuals with the skills that they need; which allows our communities to prosper and is fair and transparent to individuals and employers seeking to navigate the system.

About this paper

This paper sets out the Scottish Government's response to the call for evidence launched by the UK MAC 2020 review of the SOL.

In responding to this call for evidence, the Scottish Government and businesses across Scotland have found the MAC's deadline significantly challenging which has given very limited time for the appropriate analysis of shortages.

The timing of this consultation during an unprecedented period of change and uncertainty, with organisations focused on mitigating the challenges of Brexit, preparing for the implementation of a new immigration system and responding to the rapidly unfolding COVID-19 pandemic would be pushing organisations' capacity even without the time pressure of a 6 week consultation.

The robustness of the economy and the capacity of firms to engage with plans for a radically changed migration system by January 2021 are highly questionable assumptions at this time.

Given the importance of this issue we would encourage the UK Government to pause and reconsider the design and implementation of the new immigration system to ensure that businesses can be genuinely engaged in the development process and properly prepared for its introduction. This is inclusive of the evidence being sought for this review of the SOL to ensure appropriate consideration of all shortages and a truly evidence based approach.

There must be a significant risk that there isn't sufficient time for the UK Government to be able to properly test and implement the system by January 2021 nor time for businesses to prepare for what, for many, will be a very different approach to securing the skills they require.

In compiling this evidence we have been mindful that this consultation is taking place in a rapidly shifting and unpredictable context.

Despite these constraints and caveats, this paper provides evidence as set out below:

Section one outlines the general Scottish Government position in relation to the UK Government's proposals for the Future Border and Immigration System.

Section two focuses specifically on the SOL for Scotland (SSOL) and details proposals to make that List more flexible and responsive to the needs of the Scottish economy, whilst also providing a specific role for the Scottish Government in commissioning and determining what occupations are in shortage in Scotland.

Section three outlines general evidence on recruitment, salaries and skills in Scotland.

Section four provides sector-specific evidence across the Scottish economy, highlighting key sectors including tourism and hospitality, culture and creative industries, manufacturing and construction, and health and social care.

Section five discusses the current context of both Brexit and COVID-19 as well as shifting public attitudes to migration.

A points-based approach to migration

15. With the change in Prime Minister in 2019, the UK Government announced their revised plans for an ‘Australian-style’ points-based immigration system and confirmed the ending of freedom of movement from 1 January 2021. The Home Secretary then commissioned the MAC⁴ to consider how points could be awarded to prospective migrants and to review the salary threshold for the new system.

16. The UK Government did previously have a points-based visa route from 2008 to 2012. This was closed to new applicants in 2012 in response to what the UK Government perceived as ‘abuse’ of the route. This highlights a broader issue relating to the lack of engagement and consultation before the announcement of significant shifts in immigration policy.

17. Immigration policy should be based on evidence and full engagement with stakeholders to develop proposals and policies which meet the needs of all parts of the UK. Starting with a policy position and then gathering evidence to support that policy position, particularly within a constrained timetable, while limiting the opportunities for debate, risks flawed outcomes.

18. A points-based approach to selecting migrants can be an effective way to broaden the range of criteria for eligibility, allowing migrants to score points across multiple human capital characteristics. It is typically not tied to a migrant having a job offer, although that could be one of the criteria for which points are awarded. Migrants are able therefore to enter the labour market and seek work in the same way as migrant workers.

19. Such a system should therefore not require a salary threshold, and this approach would address many of the concerns arising from the White Paper proposals. Points could be awarded for earnings or for skills or experience in a particular sector. An approach focusing on skills or experience in key sectors could also help to address gaps in sectors of high social value but where the qualifications and salary levels would not meet the thresholds set by the current Tier 2 Visa route.

20. Our response⁵ to this commission on the salary threshold and a new ‘Australian-style’ points-based Immigration System in December 2019 expressed concern about the impact of a salary threshold at all, and in particular, that the proposed £30,000 threshold would be actively damaging for Scotland’s economic, social and demographic prosperity. It would disadvantage women, young people and part-time workers, and our rural and remote communities.

⁴ <https://www.gov.uk/government/publications/home-secretary-tasks-mac-on-australian-style-points-based-immigration-system>

⁵ <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2019/12/salary-thresholds-australian-style-points-based-immigration-system-response/documents/scottish-government-response-call-evidence-salary-thresholds-australian-style-points-based-immigration-system/scottish-government-response-call-evidence-salary-thresholds-australian-style-points-based-immigration-system/govscot%3Adocument/scottish-government-response-call-evidence-salary-thresholds-australian-style-points-based-immigration-system.pdf>

21. The response further outlined how a true, human-capital points-based selection approach, designed carefully and in full collaboration with businesses and devolved administrations, could be appropriate in meeting the needs of the whole of the UK. We highlighted examples of points-based systems in, for example, Australia and Canada, where schemes have increased migration to rural and remote areas previously facing depopulation. A wide-range of criteria that did not focus solely on high earnings or advanced qualifications (as the UK Government has proposed), but which captured the social value or wider contribution a person or family could make to life in Scotland and the rest of the UK, could go some way to meet the distinct needs of Scotland.

22. Notably, however, this is not the approach the UK Government intends to take. The proposed new system, operational by 2021, does not have 'tradeable' characteristics in the sense that any migrant must meet the skills and salary threshold, as well as have a job offer from a sponsored employer (exceptions include roles on the SOL).

23. The Scottish Government has engaged proactively with each of the MAC's calls for evidence and provided detailed evidence of Scotland's distinct challenges: challenges which are a consequence of Scotland's historical legacy as a nation of emigration. Scotland is now a nation of net immigration but that legacy means that many of our communities still need to replace those lost generations.

24. Migration is crucial to growing Scotland's population and specifically the working age population. It is crucial to our economy and to economic growth. Changes to migration policy have a greater impact in Scotland than in the UK as a whole, as evidenced in the figures published in the UK Government White Paper, given the greater significance of migration to Scotland's population growth. The economic modelling that we set out in our 2017 evidence to the MAC and in our February discussion paper showed that real GDP in Scotland will be 4.5% lower by 2040 as a result of lower migration whereas the comparative figure for the UK is 3.7% lower.

25. The Australian system does include regional flexibilities within its points-based system. The Australian Government works with state and territory governments to offer a range of State Specific and Regional Migration initiatives which include varying criteria that recognise the specific needs of rural and regional areas and are designed inter alia to address regional skill shortages, and to ensure that the intake of skilled migrants into Australia is spread across the country. These initiatives are designed to encourage migrants to settle in regions of low population density or economic growth.

26. There is some commonality here with Scotland's situation in relation to the rest of the UK. We need people to settle in Scotland, to make their homes here, to bring their families and to contribute to our long term future prosperity. The demographic pressures in the rest of the UK are less pronounced, and many communities, particularly in England, have larger migrant populations than are typically found in Scotland, or have experienced more rapid growth in migrant populations than typically experienced in Scotland. That has led to different requirements for, and perspectives towards, migration across the UK.

27. The establishment of the Scottish Parliament reflected an acceptance of the need for a differentiated approach to policy making in Scotland across a range of key issues. It allows for tailored approaches to specific challenges. As the Migration Observatory notes in the 2017 report on regional migration policy, Australia and Canada have full federal structures with democratically elected legislatures and executives to manage such regional differentiation. It is therefore easier to envisage such an approach in areas that already have devolved powers over other policy areas, such as Scotland, Wales and Northern Ireland. The existence of the Scottish Government and the Scottish Parliament ensures that there are existing governance and accountability mechanisms to manage such policy differentiation.

28. The evidence provided by the Scottish Government to previous MAC consultations, the reports from the EAG and future population projections clearly illustrate Scotland's distinctive challenges in relation to demography and the age structure of the population, the fragility of rural communities and the role of migration in helping to mitigate these challenges. These differences therefore require a different policy response in Scotland than elsewhere in the UK. Policies and systems that might be appropriate for other parts of the UK are not appropriate for Scotland. Any move to an Australian points-based immigration system must therefore include a commitment to regional differentiation and a tailored approach to migration policy for Scotland.

29. The Scottish Government recognise that there is no single, unique solution to our population challenge. We have therefore established a Ministerial Population Task Force⁶ which brings together a wide range of Ministerial portfolios to deliver an integrated response to Scotland's demographic and population challenges and ensure population supports the needs of communities and sustainable economic growth.

30. Critically, inward migration is an element of this integrated response; a point that the MAC themselves accepted hence their recommendation for the establishment of a pilot scheme to attract and retain migrants in rural areas.

31. The UK Government accepted this recommendation in a written statement to the House of Commons on 23 July 2019⁷. Scottish Ministers have written to UK Ministers welcoming this proposal and offering to work in partnership with the UK Government to develop a proposal for a pilot. We are still awaiting a response to that offer but wish to reiterate our commitment to working collaboratively to develop and deliver solutions that work for Scotland's communities.

32. It is clear that current UK policy on migration does not meet Scotland's needs. In February 2018, the Scottish Government published a discussion paper *Scotland's Population Needs and Migration Policy*⁸ setting out options for a future migration system tailored to Scotland's needs. This paper recommended that the UK Government should:

⁶ <https://www.gov.scot/publications/population-taskforce-terms-of-reference/>

⁷ HC Deb (23 July 2019) vol. 663 col. 118WS, available at: <https://questions-statements.parliament.uk/written-statements/detail/2019-07-23/HCWS1803>

⁸ <https://www.gov.scot/publications/scotlands-population-needs-migration-policy/>

- Abolish the net migration target, or at least migration to Scotland should not be counted in it;
- Take a different approach to family migration, and improve the rights of people in Scotland to bring close family into the country with them;
- Review the immigration skills charge, which is an unhelpful burden on employers;
- Give Scottish Ministers a formal role in deciding on the SSOL; and
- Reintroduce the post study work visa as recommended by the Smith Commission.

33. In January 2020, the Scottish Government then published our follow up paper, *Scotland: Helping Migration Prosper*⁹. This added further detail and evidence to our proposals for a Scottish visa within a devolved framework. Regrettably the UK Government dismissed this paper immediately without engaging with the Scottish Government on the substance of the proposals.

⁹<https://www.gov.scot/binaries/content/documents/govscot/publications/publication/2020/01/migration-helping-scotland-prosper/documents/migration-helping-scotland-prosper/migration-helping-scotland-prosper/govscot%3Adocument/migration-helping-scotland-prosper.pdf>

Increasing Scotland's Input Into UK Immigration Decision-Making

34. The Scottish Government's response to the MAC's previous call for evidence on the Shortage Occupation List (SOL)¹⁰ provided detailed evidence in relation to a number of sectors of the Scottish economy while also providing detail on how the SOL could operate in future and how a differentiated approach for Scotland could work.

35. Whilst this call for evidence is only focusing on the UK-wide SOL it is worth reinforcing that the SOL is the only element of the UK immigration system where there is an attempt to consider the different occupational needs of Scotland relative to the rest of the UK.

36. While the UK Government has repeated the suggestion that Scotland does not have different migration needs it is notable that not only is there significant evidence of Scotland's distinct needs, but the immigration system already acknowledges this fact, albeit ineffectually, through the SSOL. Our desire is to ensure that this element of the immigration system is more effective in reflecting the needs of the Scotland's employers. There is a strong argument to expand and improve the effectiveness and impact of the SSOL, by adding more jobs to the vacancies list in consultation with Scottish industry stakeholders, to take account of Scotland's skills shortages and dynamic economy.

37. Immigration is reserved to the UK Government under the Scotland Act 1998 and Scotland currently has no influence over UK decision-making on migration flows. Within the current UK immigration rules, the SOL is the only element of the points-based system (PBS) where there is any attempt to consider the different occupational needs of Scotland relative to the rest of the UK.

38. However, the SOL is not a devolved competence – the Scottish Government has no formal role in determining what occupations are considered in shortage in Scotland. Scottish Ministers cannot currently commission the MAC to consider changes to the Scottish SOL and the Scottish Government is only able to contribute to MAC calls for evidence as a stakeholder in the same way as any other individual or body can respond.

39. As outlined in our submission to the MAC on the contribution of EEA citizens to Scotland¹¹ and our discussion paper Scotland's Place in Europe: People, Jobs & Investment¹², the UK Government's drastic migration reduction strategies have the potential to seriously harm Scotland's prosperity. The contribution of migration to Scotland's economy and demographic profile is crucial, and relatively more important than it is to other parts of the UK. Data published by the National Records of Scotland (NRS) shows that 7% of Scotland's population is made up of non-

¹⁰ <https://www.gov.scot/publications/scottish-government-response-migration-advisory-committee-2018-19-call-evidence-shortage-occupation-list/pages/4/>

¹¹ <https://www.gov.scot/publications/contribution-eea-citizens-scotland-scottish-governments-response-migration-advisory-committee-9781788514057/pages/7/>

¹² <https://www.gov.scot/publications/scotlands-place-europe-people-jobs-investment/>

UK nationals¹³, many of whom fulfil vital roles in sectors integral to Scotland's economy, including the NHS.

40. It is increasingly clear the UK Government's immigration policy does not address our economic, demographic and social needs and our 2018 discussion paper *Scotland's population needs and migration policy*¹⁴ outlines how differentiation within the current framework could mitigate some of the impact. A key recommendation in that paper was to give Scottish Ministers a formal role in deciding on the SSOL.

41. The idea of regional differentiation on migration within the UK framework is not novel. In the first years of the new Scottish Parliament immigration being a reserved power did not stop a cross-party consensus emerging that, because the migration needs of Scotland were distinct from those of the rest of the UK, the policy solutions for Scotland should be distinct as well. This difference led to the Scottish Executive of the time working to introduce Fresh Talent, a post-study work visa scheme that allowed international students to stay in Scotland after they had completed their studies in order to seek work and make a contribution to Scotland's economy. This differentiation of migration policy for Scotland was intended to both support economic growth and mitigate demographic pressure. Fresh Talent recognised that different parts of the UK had different needs and expectations of migration.

42. Whilst the current Scotland SOL has also attempted to allow for differentiation, it is insufficient in its current form to fully accommodate Scotland's distinct labour-market needs. To address this failing, a collaborative assessment and restructuring of the current mechanism and scope of the list is urgently required to be more accurate and responsive to Scotland's distinct needs.

43. In 2008 the MAC produced a report titled 'Skilled, Shortage, Sensible: The recommended SOLs for the UK and Scotland'¹⁵. Chapter 11 of this report, titled The Scotland List, outlined the request for a Scottish specific SOL and referenced the UK Border Agency's (UKBA) consultation document on the points-based system (2005) which set out Scotland's specific need for managed migration.

44. The UKBA report cited a need for Scotland to address its predicted population decline and change its demographic profile for reasons of economic growth and social development. They highlighted Scotland's ageing population and shrinking working age population as detrimental for public services as well as long term economic development.

45. The MAC report highlighted that, due to the smaller population in Scotland and the resultant difficulties with sample sizes, top down approaches to investigating skills shortages would not be possible, as is undertaken for the UK SOL. They therefore highlighted that bottom up evidence, meeting with stakeholders in Scotland, was necessary. The Scottish Government believes that the period of one

¹³ <https://www.nrscotland.gov.uk/news/2018/non-british-population-of-scotland-continues-to-increase>

¹⁴ <https://www.gov.scot/publications/scotlands-population-needs-migration-policy/pages/2/>

¹⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/257245/shortageoccupationlistreport.pdf

day to one week that is spent by the MAC in Scotland during a review period is not adequate to appropriately assess the shortages present across the entire nation. We would therefore propose that a defined role for Scottish Ministers and Scottish Government in the review process would enable a more comprehensive review of need and a stronger evidence base for the SOL and Scottish SOL.

46. Shortly after the outcome of the EU referendum, the Scottish Parliament's Committee for Culture, Tourism, Europe and External Affairs commissioned Dr Eve Hepburn to write a paper on the options for differentiating the UK's immigration system¹⁶. Dr Hepburn's independent findings were published in April 2017 and determined that increasing Scotland's input into UK immigration decision-making would better ensure that the current Points-Based System (PBS) is taking Scottish labour market and demographic needs into account.

47. Specifically, the report recommended increasing Scotland's representation and influence in UK advisory and decision-making bodies. Evaluating case studies on Quebec, Prince Edward Island, South Australia and Vaud, Dr Hepburn determined three areas where Scotland could have a greater 'voice' in UK decision-making on immigration:

- Sub-state representation on the MAC, in order to advise on labour shortages and skills gaps in Scotland (and other regions);
- Revising and expanding the SOL for Scotland, in order to make it more flexible to take account of current and future labour shortages; and
- Increasing bilateral relations between the Home Office and Scottish Government, for instance through a Joint Ministerial Committee (JMC) on immigration and regular meetings of civil servants.

48. The Scotland-only SOL is designed to enable Scottish employers facing labour shortages to fill these jobs with skilled third-country nationals. However, this list is currently very short, containing just two additional occupation fields to the UK-list (physical scientists and medical practitioners).

49. The London First report on *a fair and managed immigration system fit for the post-Brexit economy*¹⁷ has highlighted the issue of the List's responsiveness to shifting market requirements. It notes that lack of skills shortages can easily get out of step with real labour market need and are often based on evidence that is one or two years out of date and, inevitably, have a public sector administrative approach rather than an employer-led one. The report's key recommendations largely align with the Scottish Government's view that:

- The SOL should move away from separate occupations and align with key growth areas and sectors as, especially in new sector areas, occupation titles and needs shift quickly;

¹⁶ <http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/104477.aspx>

¹⁷ <https://www.londonfirst.co.uk/sites/default/files/documents/2018-12/GlobalBritain.pdf>

- It should align with the essential labour needs of the country, taking into account the distinct needs of all four nations, and include medium and lower-skilled roles with a more streamlined and responsive process for adding and removing roles from the list;
- Current criteria should be reviewed with appropriate exemptions from the salary threshold, such as roles paying under £20,155. Those at RQF3 and 4 should not be subject to the RLMT. Appropriate workers should be given fast-tracked access, recognising their crucial role in the economy; and
- There should be efficient feedback mechanisms for Scottish stakeholders and businesses to contribute evidence on labour market needs, taking into account Scotland's unique rurality challenges.

50. Assessing and improving the current mechanisms of the SSOL is particularly relevant given the UK Government's intention to commission the MAC to compile such a list for Northern Ireland and consider whether the composition of the SOL needs to be different for Wales. Ensuring regional lists are adequately responsive to the needs of each nation, with meaningful and jointly formalised structures for devolved administrations to guide and influence their outcome, will be imperative not only for the prosperity of each nation but for the UK economy as a whole.

51. In the longer term, there remains a question about whether SOLs are a helpful measure, or if there is a more systemic way to fix the problems they attempt to address. A substantive review is required to ensure all elements of the immigration system meet Scotland's needs. Our 2018 discussion paper outlines how concurrent and devolved structures of decision-making on immigration could work to better serve Scotland.

52. The White Paper outlined the intention for an enhanced role for the MAC. This expanded role includes the potential for an annual report including reviews of the SOL, SSOL and the newly proposed SOLs for Wales and NI. It also outlines the potential for an enhanced role for the chair and a change in the MAC's composition, status and role. We welcome the UK Government's stated commitment towards an evidence based immigration policy but that needs to be reflected in the composition; remit and role of the MAC.

53. We would therefore welcome meaningful engagement on the development of this enhanced role. We see this commitment as a valuable opportunity to broaden the expertise represented on the MAC. By enhancing the composition and remit of the MAC, the unique demographic and rural challenges that Scotland faces can be appropriately highlighted, assessed and mitigated. We are disappointed that despite the UK Government's commitment to evidence that they have not progressed the MAC's recommendation for rural pilots. This is an example of an area where the Scottish Government provided clear evidence to the MAC of a specific need and where the MAC accepted that evidence and made a clear recommendation for change to the UK Government.

Recommendations

54. The UK Government should review the administrative procedures around the SOL to give a formal role to the Scottish Government in commissioning and determining what occupations are in shortage in Scotland.

55. The SOL should be revised and expanded in order to make it more flexible to take account of current and future labour shortages by:

- moving away from separate occupations and aligning with key growth areas and sectors, as especially in new sector areas occupation titles and needs shift quickly;
- aligning with the essential labour needs of the country, taking into account the distinct needs of all four nations, and including medium and lower-skilled roles with a more streamlined and responsive process for adding and removing roles from the list;
- reviewing current criteria with appropriate exemptions applied; and
- developing efficient feedback mechanisms to allow Scottish industry to contribute evidence on labour market needs. This mechanism should allow for comprehensive and regular review making the SOL responsive to changing and emerging markets.

56. The UK Government should engage meaningfully with Scotland and the other devolved administrations when considering the enhanced role of the MAC and consider how the expanded composition, status and remit can be structured to maximise their needs.

57. The UK Government should work collaboratively with the Scottish Government and the other devolved administrations to jointly design and develop a rural pilot in line with the recommendation from the MAC.

Recruitment, Earnings and Skills

58. EU and non-UK nationals are making a vital contribution to Scotland's economy. They are driving our population growth and ensuring that we have workers to meet the needs of business and the public sector. In 2018 there were 198,000 non-UK workers in Scotland, 141,000 of which were EU nationals, across low, medium and high skilled jobs.

59. The vast majority of EU citizens in Scotland are of working age (78.2%) and in employment (81.2%)¹⁸. Indeed the employment rate for 16-64 years was the highest for EU nationals at 81.2%, versus 74.5% for the UK. Many are also highly educated – more than a third (38.4%) have a degree level qualification, compared to 28.7% of UK citizens in Scotland¹⁹.

60. Migrant workers in the UK also contribute on average more to the economy than their UK equivalents in terms of hours; the average EU-15 and EU-10 employee works around 5% more than their UK-born equivalent²⁰.

61. The Employer Skills Survey (ESS) 2017 found one in five employers (19%) employed at least one member of staff from an EU (non UK) member state. The survey results suggest 7% of the Scottish workforce in establishments with two or more staff were non-UK EU nationals²¹.

62. Ensuring ongoing access to labour from across the EU through free movement is of fundamental concern to many businesses across the Scottish economy, as highlighted in our paper *Brexit: What's at Stake for Businesses*.²² Businesses have repeatedly told us how they worry that any restriction on the free movement of EU labour could negatively affect their businesses, especially if it were to involve new administrative or bureaucratic requirements that would impose financial and/or other costs.

63. For many smaller businesses, in particular, such restrictions make the recruitment of essential staff impossible. By applying the same restrictive rules to EEA migrants the UK Government are removing another valuable source of labour from smaller businesses and adding significant cost and bureaucracy to recruitment for all businesses.

64. There are concerns that negative rhetoric in the UK against migration may already be having an impact both on the willingness of individuals already in Scotland to stay, and on those who may be interested in moving to Scotland. The Scottish Government is committed to making it clear that we welcome those who

¹⁸ Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>.

¹⁹ As above.

²⁰ Expert Advisory Group on Population and Migration's report "UK Immigration Policy After Leaving the EU", available at <https://www.gov.scot/publications/uk-immigration-policy-leaving-eu-impacts-scotlands-economy-population-society/>

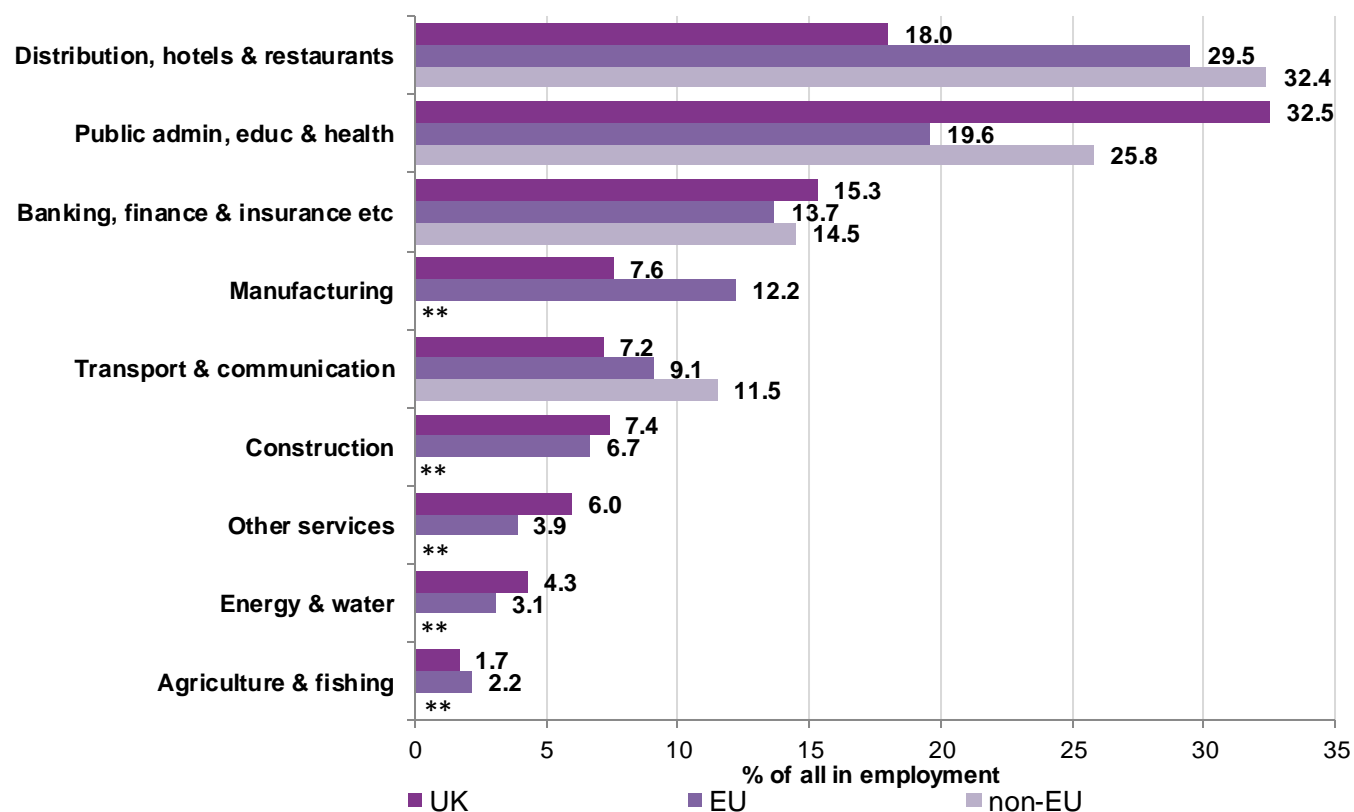
²¹ Employer Skills Survey, 2017, available at <https://www.gov.uk/government/publications/employer-skills-survey-2017-scotland-toolkit>

²² "Brexit: What's at Stake for Businesses", available at <https://www.gov.scot/publications/brexit-whats-stake-businesses/>

make a positive contribution to Scotland and we have developed and run our *We Are Scotland*²³ campaign on social media to emphasise our positive position on migration. However, we know that some employers are already seeing a downturn in recruitment from the EU.

65. There are particular sectors, regions and occupations that have higher than average (> 6%) concentrations of EU nationals – leaving them particularly vulnerable to the impact of Brexit²⁴. Sectors, regions, and occupations with existing skills challenges are likely to see shortages and gaps exacerbated by a decrease in the availability of EU labour²⁵.

Figure 1: Percentage employed by industry sector and nationality (aged 16 and over), Scotland, 2018



Source: Annual Population Survey (Jan18-Dec18)

** Estimates suppressed

²³ <https://onescotland.org/campaigns/we-are-scotland/>

²⁴ Skills Development Scotland response to the MAC call for evidence, 2019

²⁵ Annual Population Survey, April 2017 to March 2018

Employment of non-UK nationals in Scotland

66. Nearly two-thirds of all EU nationals in employment in Scotland worked in the distribution, hotels and restaurants, public administration, education and health and banking, finance and insurance industry sectors. For non-EU nationals, the proportion was even higher with nearly three-quarters of total employment concentrated in these three sectors (see **Figure 1**).

67. As **Figure 1** shows, of the 42,000 EU nationals employed in the distribution, Hotel and restaurants sector (29.5% of all EU nationals employment), 14,000 were employed in food and beverage service activities and 8,000 in accommodation. There were 18,000 non-EU nationals employed in the distribution, hotels and restaurants sector, 32.4% of all non EU nationals in employment.

68. There were 28,000 EU nationals employed in the public administration, education and health sector (19.6% of all EU nationals employment) and an additional 15,000 non-EU nationals (25.8% of all non-EU nationals employment).

69. 19,000 EU nationals employed in the banking, finance and insurance sector, 13.7% of all EU nationals in employment in Scotland. A further 8,000 non-EU nationals were employed in this sector, 14.5% of all non-EU nationals in employment.

70. Health and social care employs an estimated 16,000 non-UK EU nationals, 11.2% of all EU nationals in employment. EU nationals represent 3.9% of all employment in this sector. A further 10,000 non-EU nationals were employed in this sector, 18.4% of all non-EU nationals in employment and 2.6% of all employment in this sector²⁶.

71. Education (includes primary, higher and secondary education) employs 7,000 EU nationals, 5.3% of all EU nationals in employment and 3.3% of all employment in this sector. There are an additional 3,000 non-EU nationals employed in the Education sector, 5.7% of all non EU nationals in employment and 1.4% of all in employment in this sector²⁷.

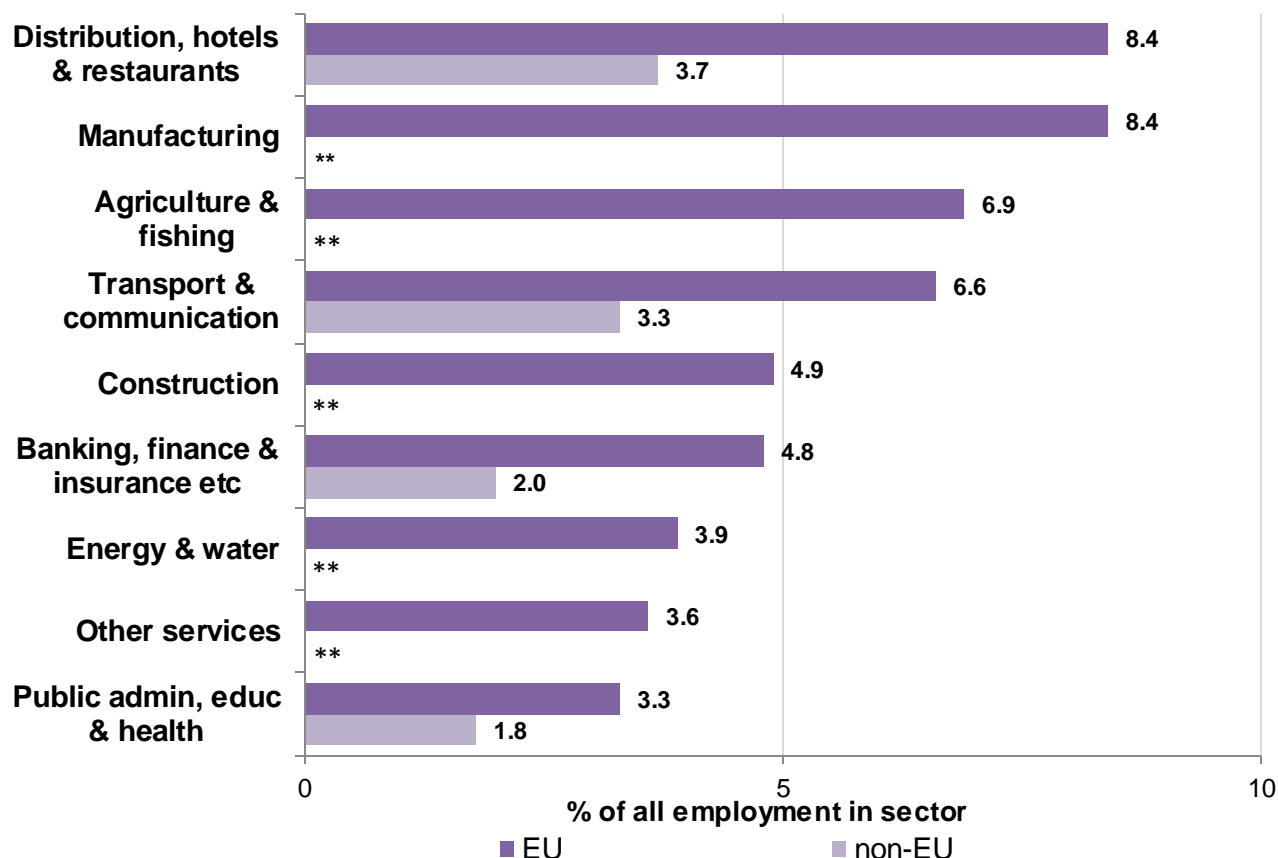
²⁶ "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

²⁷ As above.

Concentration of non-UK nationals by industry

72. While non-UK nationals (aged 16 and over) account for 7.5% of all employment in Scotland, there is greater representation in some industry sectors than others (see **Figure 2**).

Figure 2: Non-UK nationals as a percentage of all sector employment in Scotland, 2018



Source: Annual Population Survey (Jan18-Dec18)

** Estimates suppressed

73. The industry sectors which show the greatest reliance on non-UK workers are distribution, hotels and restaurants (12.0% of workers have non-UK nationalities), transport and communication (9.9%) and manufacturing (9.7%) (see **Figure 2** above).

Employment of non-UK nationals in growth sector

74. **Tourism:** There were 30,000 non-UK Nationals (21,000 EU Nationals and 9,000 non EU Nationals) employed in tourism, 16.5% of all employment in the sector. 14.8% of all EU nationals in employment work in tourism, which corresponds to 11.5% of the workforce in that sector. For non-EU nationals, 16.2% of all those in employment work in tourism, which is 5.0% of this sector's workforce.

75. **Finance and business services:** There were 10,000 non-UK Nationals (6,000 EU Nationals and 4,000 non EU Nationals) employed in finance and business services, 5.3% of all employment in the sector. 4.2% of all EU nationals in employment work in finance and business services, a 3.2% share of the workforce in this sector. 7.2% of non EU nationals in employment work in this sector, which is 2.2% of the workforce.²⁸

76. **Creative industries:** There were 9,000 EU Nationals employed in creative industries, which is 6.5% of all EU Nationals in employment and 7.2% of all employment in the sector.²⁹

77. **Food and drink:** There were 11,000 EU Nationals employed in food and drink, 14.0% of all employment in the sector. 8.0% of all EU nationals in employment work in the Food and drink sector. The food processing sector (which includes the processing of fish and meat) employs 8,000 EU nationals, 29.1% of its workforce.³⁰

78. **Life sciences:** There were 3,000 EU Nationals employed in life sciences, 12.4% this sector's workforce. 2.2% of all EU nationals in employment work in this sector.³¹

79. **Energy:** There were 4,000 EU Nationals employed in energy, 3.5% of all employment in this growth sector. 2.8% of all EU nationals in employment work in the energy sector.³²

²⁸ "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

²⁹ There are no separate estimates for non-EU nationals employed in Creative industries, Food and drink, Life sciences and energy.

³⁰ As above.

³¹ As above.

³² As above.

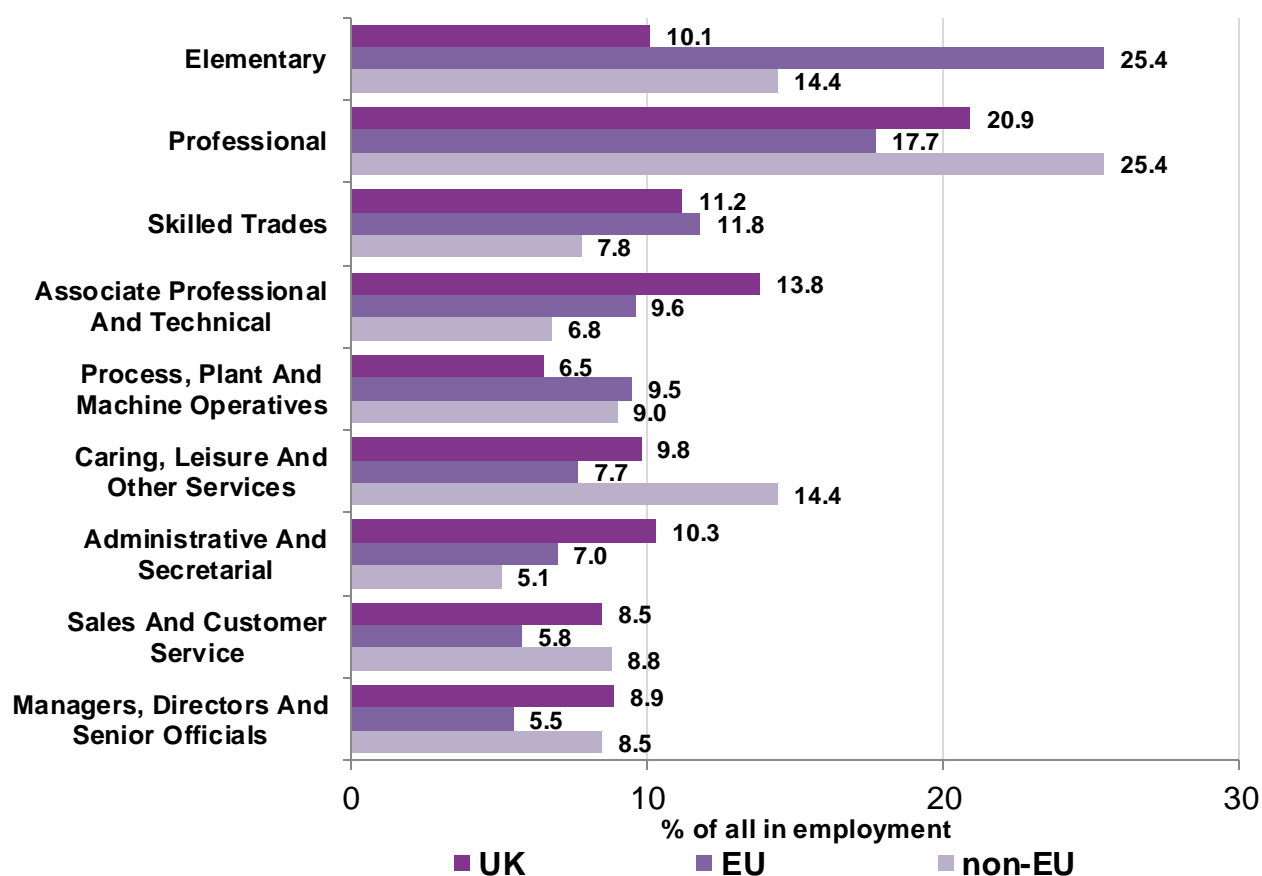
Employment by occupation

80. The highest number of EU nationals (36,000) were employed in elementary occupations, followed by professional occupations (25,000) and skilled trades (17,000).

81. Figure 3 compares the proportions of UK, EU and non-EU employees within each major occupational group.

- 25.4% of all EU nationals in employment worked in elementary occupations (which includes cleaners, hospital porters and labourers). This compares with 14.4% of non-EU nationals and 10.1% of UK nationals.
- For non-EU nationals, 25.4% were employed in professional occupations (including IT, teaching and health professions) while 20.9% of UK nationals and 17.7% of non-EU nationals were employed in this occupational Group.

Figure 3: Proportion employed by occupation and nationality (aged 16 and over), Scotland, 2018



Source: Annual Population Survey (Jan18-Dec18)

Health and Social Care

82. Health and social care as a whole is a sector widely recognised to be at significant risk due to the impacts of Brexit, both in terms of workforce and disruption to supply lines of medicines and other medical supplies. It is included here as an example of an area heavily reliant on EU, and a wider international, workforce.

83. The health and social care workforce in Scotland benefits enormously from the contribution made by staff from across the European Union. Evidence from the European Commission EC Regulated professions database (97 – 2016)³³ demonstrates that in this period, across the whole EU, 72,314 doctors applied to work elsewhere within the EU, of which 24,945 came to the UK. The equivalent proportion for nursing was equally high with 73,067 nurses moving within Europe, of which 34,678 came to the UK.

84. Robust estimates of the contribution of EU-nationals to the social services workforce indicate that 5.5% of adult social care staff in Scotland are from other EU countries³⁴. However, Scottish Care believe that the proportion of non-UK EEA workers is likely to be significantly greater in some areas.

85. 17% of all doctors currently practising in Scotland have a primary medical qualification from out-with the UK (4,331/25,541) with 5.7% from the EEA (4,456/25,541)³⁵.

86. Within the UK Nursing and Midwifery workforce, 15.2% of staff are registered outside of the UK. This includes 4.4% registered in EEA countries, and 11.8% international nursing and midwifery graduates³⁶.

87. The Nursing and Midwifery Council report that the number of people from the EEA on our register decreased by 1,650 (4.99%) between March 2019 and March 2020. The numbers of Nurses joining the UK register for the first time from the EEA are down more than 90% between 2015/16 and 2019/20³⁷.

³³ <https://www.gov.scot/publications/contribution-non-uk-eu-workers-social-care-workforce-scotland/pages/9/>

³⁴ "EU workers in Scotland's social care workforce", 2018, available at <https://www.gov.scot/publications/contribution-non-uk-eu-workers-social-care-workforce-scotland/pages/2/>

³⁵ <https://data.gmc-uk.org/gmcdata/home/#!/reports/The%20Register/Stats/report>

³⁶ <https://www.nmc.org.uk/about-us/reports-and-accounts/registration-statistics>

³⁷ As above.

Skills Shortages

88. Since the decommissioning of the Department for Education's biannual ESS in 2017, there has been no UK-wide survey or research on skills or sector shortages.

89. However, considering this data, the 2017 ESS, one in five employers (19%) hired at least one member from an EU (Non UK) member state, and that 7% of the Scottish workforce in establishments with two or more staff were non-UK EU nationals.

90. Indeed in the two years preceding the survey, national-level skills gaps, shortages and under-utilisation either sustained or modestly increased, and these challenges, along with wider recruitment difficulties, are likely to be a permanent feature of the Scottish labour market. While we do not have data for this, we may consider this trend to have continued to increase.

91. Of 75,000 reported vacancies in the sample for Scotland (a proportion of 3.1% of all employment in Scotland), 18,000 or 24% were skills-shortage vacancies (hard to fill because applicants lacked the relevant skills, qualifications or experience).

92. According to the ESS 2017, the sectors with the highest density skills gaps in 2017 were:

- Manufacturing (7.2%);
- Hotels and restaurants (6.8%);
- Wholesale and Retail (6.8).

93. The sectors with the highest density of skills under-utilisation were:

- Hotels + restaurants (17%);
- Information + Communications (24%);
- Arts and Other (14%).

94. The sectors with the highest density of Skills Shortage Vacancies (SSVs) were:

- Business Services (37%);
- Financial Services (34%);
- Construction (34%).

95. The survey also highlighted:

- A steep rise in vacancy levels among employers in Scotland from 54,000 to 74,000 between 2013-2015, a modest increase to 75,000 in 2017, maintaining the relatively high demand for labour;
- The proportion of establishments in Scotland with skills shortage vacancies was sustained at 6% between 2015-2017;
- The proportion of establishments reporting skills gaps in Scotland has risen from 14% to 16% between 2015-2017.

96. 89% of employers who tried to recruit non-UK nationals to 'hard to fill' vacancies and 93% of those trying to fill skills gaps looked to EU nationals. And unless these roles appear on the SOL, and indeed even if they do but cannot meet the salary, the UK Government's future Immigration System effectively removes this

as a route for employers: requiring them to go through the Tier 2 route with associated costs and complications of becoming a registered employer. There is a clear and very active risk that Scottish businesses will struggle to recruit the necessary skills with damage to the Scottish economy as a result: an economy that is facing the double damage of both Brexit and the COVID-19 crisis.

97. As highlighted elsewhere, the ESS similarly found regions of Scotland face different levels of shortages as well as varying levels of density:

- The regions with the highest incidences of Skills Shortage Vacancies were West Lothian, Forth Valley and West (all 9%), followed by Glasgow (8%).
- West Lothian, Forth Valley and Ayrshire are those areas with the highest density of Skills Shortage Vacancies, with 38%, 35% and 33% density respectively.
- West Lothian saw the highest incidence of skills gaps, followed by Fife and West.
- West also sees the highest density of skills gaps (6.7%), followed by West Lothian (6.2%) and the Highlands and Islands (6.1%).

98. It should be noted that, although the number of shortages and the density of these shortages is concentrated in the urban centres, shortages in rural areas can disproportionately affect communities.

99. Future jobs growth in Scotland is expected to be driven by Edinburgh and Glasgow cities. These two regions are expected to account for 83% of the net additional jobs in Scotland to 2027. Prospects for the major employment centres are positive, yet a number of areas face the likelihood of very low levels of employment growth. These areas also face the possibility of further population loss, exacerbating historic demographic challenges.

100. ONS estimate that in March 2018 there were 151,200 establishments in Scotland employing over 2.4 million people between them. This is made up predominately of small establishments as nearly three-quarters (73%) of employers have fewer than 10 staff. Employers with only 2 to 4 staff made up 50% of establishments but employed only 8% of the workforce.

101. 48% of employers reported at least one vacancy in the previous 12 months, with 43% recruiting staff. Public administration had the highest proportion of establishments with vacancies at 82%; primary sector and utilities the lowers (32%).

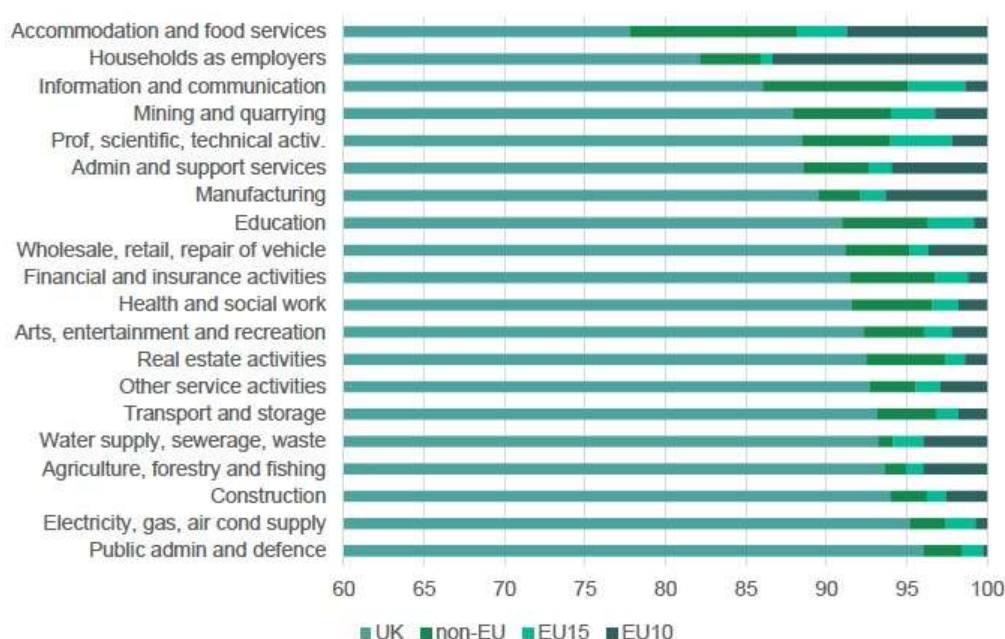
Post-Brexit Shortages

102. From 1 January 2021 the end of free movement will restrict a crucial supply of labour for Scotland the rest of the UK.

103. The EAG researched shortages that are likely to arrive post-Brexit as a result. This considered the sectors and occupations in Scotland that particularly rely on EU/non-UK workers, and the different income thresholds (£30k, £27.5, £25). An update report has been published which considers the new threshold of £25,600. **Notably, the EAG retain their estimate of a reduction in net migration of between 30 and 50%, even at this new threshold.**

104. Certain sectors are more dependent on migrant labour. The figure below shows employment shares across sectors in Scotland by country of birth and industry, and shows how this is distributed between the EU-15, EU-10 and other non-EU countries.

Figure 4: Employment Shares by Country of Birth and Broad Industry



Source: ONS Annual Population Survey 2013-2017

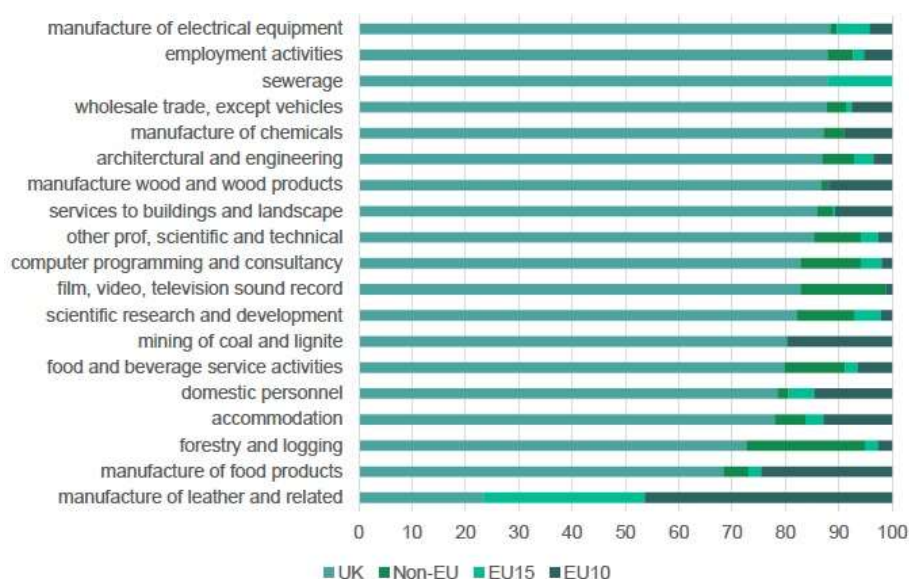
105. Accommodation and food services (hotels and restaurants) are most dependent on migrants, with almost 22% of the workforce born outside the UK (and at least half of whom from the EU). These services form the main component of the tourism sector, which contributes around £6 billion to Scottish GDP.

106. Many other sectors similarly depend on migrant workers, such as IT and communication; admin and support services; manufacturing; mining; and professional, scientific and technical activities. The percentage of those born in the EU significantly exceeds that of those born outside the EU. Exceptions are sectors requiring advanced qualifications – education, finance and health – where the share is similar or with slightly more non-EU nationals.

107. Further detail of the dependency on migrant labour is captured by **Figure 5** below, providing a breakdown of industries in Scotland with more than 10% of their employees born outside the UK. This disaggregation highlights the key role played by EU-10 workers in manufacturing food, leather products, etc. It also highlights the dependency of scientific research and computer programming on migrants from the EU-15 countries.

108. Many of these also have high levels of key workers supporting Scotland's economy and communities during the COVID-19 crisis.

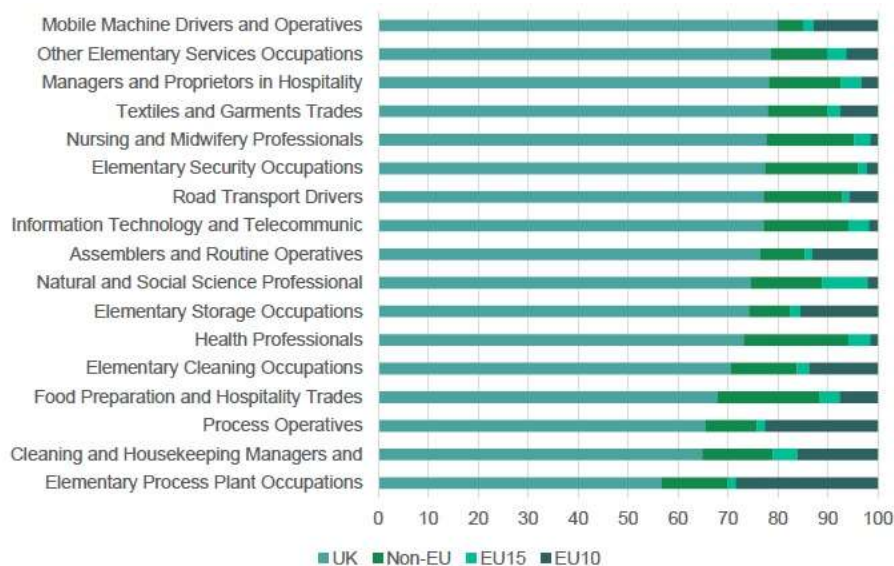
Figure 5: Employment Shares by Country of Birth and Detailed Industry



Source: ONS Annual Population Survey 2013-2017

109. The distribution of migrants by occupation indicates where shortages may appear in the Scottish labour market should the numbers of migrants in future be reduced. **Figure 6** below shows those occupations where more than 20% of the workforce was born outside of the UK.

Figure 6: Employment Shares by Country of Birth and Detailed Occupation



Source: ONS Annual Population Survey 2013-2017

110. The majority of these professions are not classed as high-skilled but low or medium; the exception being health professions, science and IT. In the 'lower' skilled occupations, migrants from EU-10 play an even greater role: most likely because international migrants at this skill level are not eligible for a visa, whereas Scotland has benefitted from EU workers through free movement.

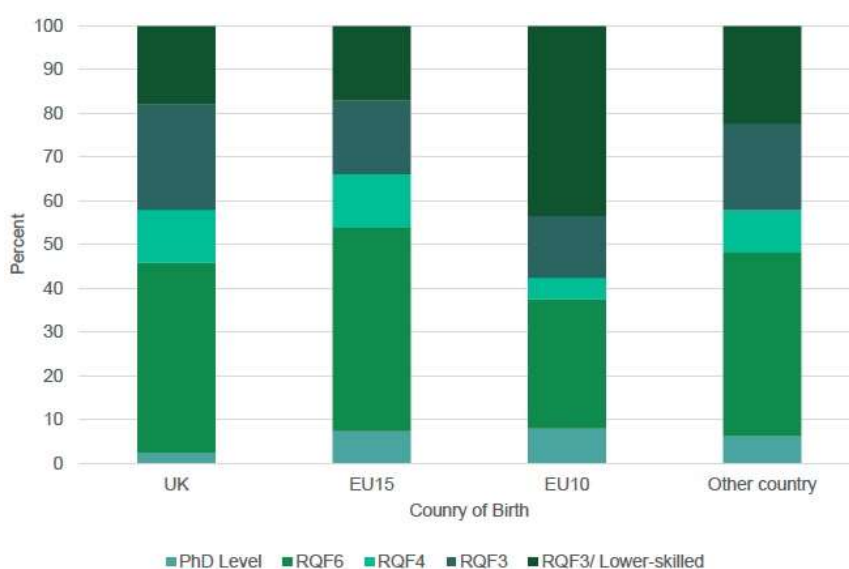
Tier 2 skills and income thresholds

111. Distribution of RQF levels in Scotland by country of birth is shown in **Figure 7** below.

112. Those born outside the UK are more concentrated at the extremes of the qualification distribution: for example, the proportion of those born in the EU who hold a PhD is more than three times the equivalent UK share. Migrants at this skill level will be eligible for the future system.

113. The proportion of unskilled labour from the EU-10 countries is more than double the UK proportion. This implies that there are likely to be fewer migrants in the middle of the income distribution than there are UK-born. It is this 'low-skilled' labour from the EU-10 countries where the impact of ending free movement will be most acute.

Figure 7: Regulated Qualifications Framework (RQF) and Country of Birth



Source: ONS Labour Force Survey 2013-2017

114. Table 1 shows estimated annual earnings in Scotland by country of birth and level of qualification based on the LFS 2013-2017 dataset. Consistent with the argument above, the range of earnings is wider for those born outside the UK. For example, median earnings for those born in the EU-15 with PhD level qualifications exceed £54,200 while their "low-skilled" counterparts earn only £14,100. These compare with £35,200 and £18,100 for equivalent levels of skill among the UK-born workforce.

Table 1: Median Annual Salary by Level of Qualification and Country of Birth

	PhD	RQF6	RQF4	RQF3	Lower-skilled	All
UK	£35,200	£34,400	£25,600	£23,100	£18,100	£14,500
EU-15	£54,200	£30,100	£22,900	£24,100	£14,100	£16,900
EU-10	£40,200	£31,700	N/A	£18,300	£13,300	£14,600
Non-EU	£35,100	£32,700	£23,100	£22,600	£15,700	£14,100
All	£35,200	£34,200	£25,300	£23,100	£17,600	£14,500

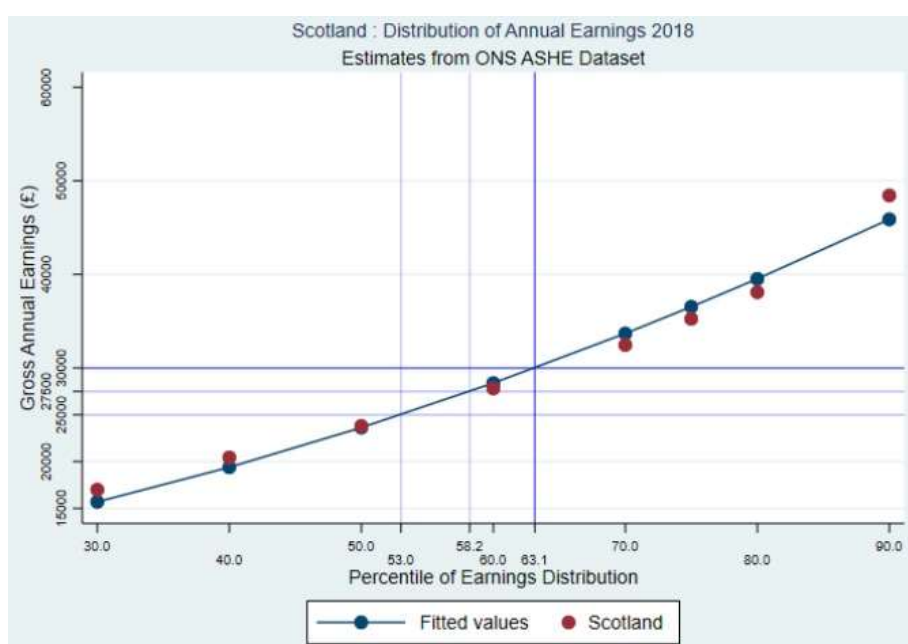
Source: ONS Labour Force Survey 2013-2017

Effects on different sectors

115. The EAG identified the types of work and worker likely to be most affected by the proposed restrictions on EU migration by analysing the distribution of annual earnings in Scotland for different groups within the workforce. While this analysis focused on the previous threshold of £30,000, they also considered the lower thresholds of £27,500 and £25,000. In these cases, 58% and 53% of Scottish employees earn less than £27,500 and £25,000 respectively as demonstrated in Figure 8.

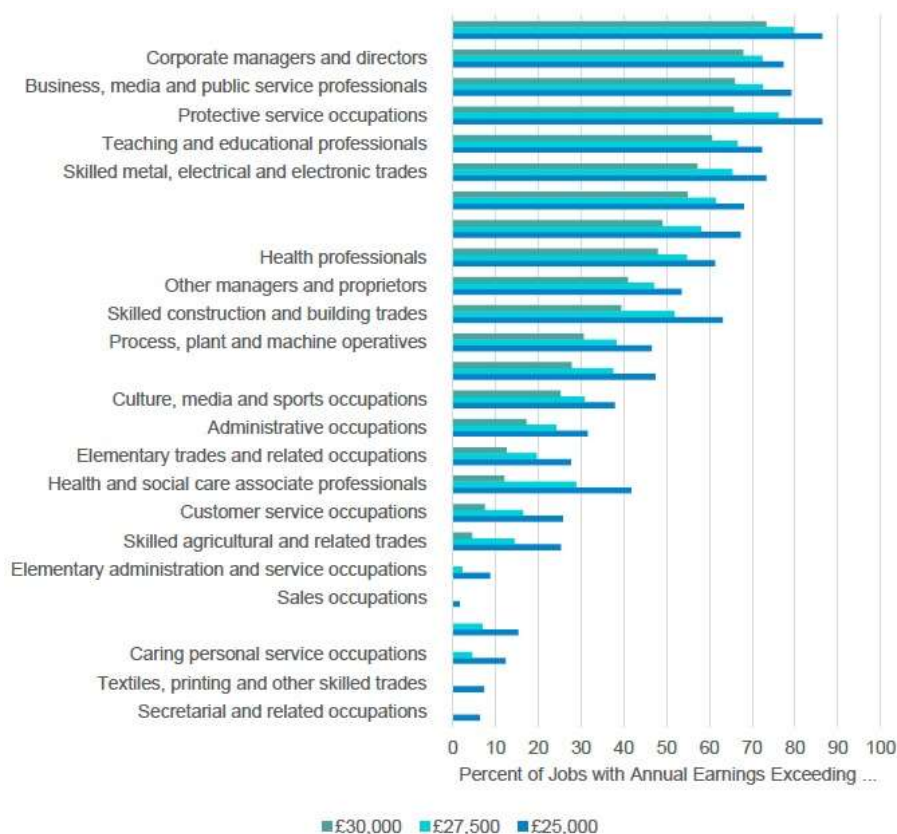
116. For a more detailed analysis, we first analyse the distribution of earnings by occupation. **Figure 9** shows the proportion of jobs in broad occupational groups where annual earnings exceed thresholds again set at £30,000, £27,500 and £25,000. The results show that over 70% of jobs in science, research, engineering and technology have earnings exceeding the £30,000 threshold. However, even at a threshold of £25,000, it is unlikely that any jobs in secretarial work, textiles, social care, leisure and travel, sales and elementary occupations would qualify, effectively barring non-UK migrants from these occupations.

Figure 8: Distribution of Annual Earnings in Scotland 2018



Source: ONS ASHE 2018

Figure 9: Proportions of Jobs with Incomes Exceeding Thresholds of £30,000, £27,500, and £25,000 by Occupation in 2018



Source: ONS Annual Survey of Hours and Earnings (ASHE) 2018

117. These calculations include both UK-born and non-UK born workers in Scotland, since the ASHE dataset does not record country of birth. There is considerable overlap between low-wage occupations and occupations which employ a large share of migrant workers. For example, earnings in cleaning, processing and hospitality are typically low: they also employ a relatively large share of EU-10 workers. Recruitment to these occupations, particularly where turnover is high, is likely to be challenging.

118. Scottish employers may respond to labour shortages by increasing investment, enhancing the skill levels of existing employees, more active recruiting of UK-born workers and/or increasing wage rates. Almost all of these courses of action would lead to increased costs. These may be passed on to consumers if market conditions permit. If they cannot be passed on, profitability will suffer. Given the current economic situation as a result of the pandemic the position of many businesses is likely to be particularly fragile.

119. Considering that employers and businesses in Scotland (and the rest of the UK) are understandably focused on the impacts of COVID-19 as well as the end of the Brexit transition period, these increased costs and criteria will cause even more difficulty in recruiting international workers.

The cases of social care and seasonal agriculture

Social Care

120. The care sector in Scotland currently faces many challenges, including a significant demand for suitable workers. This is evidenced by a Scottish Care employer survey from 2018, which indicated that 77% of care homes were having recruitment difficulties. There were staff vacancies of around 20% in nursing posts in care homes³⁸.

121. EU workers make up a significant proportion of Scotland's care workforce. Our estimate from the LFS is that since 2015, around 9.1% of the workforce were born outside the UK, with 38.5% of these coming from the EU. This estimate is lower than that of Care Scotland: the LFS estimate may be biased downwards if its postcode-based sampling frame fails to adequately capture the addresses of migrant workers. Care Scotland reports that EU workers have been a particular target for recruitment to the sector in recent years, although recruitment difficulties have been recently experienced due to the negative perception of Brexit.

122. As shown in Figure 9, the 2018 ASHE data suggests that less than 10% of those working in “Caring and personal service occupations” in Scotland earn £25,000. Under current immigration policy, the majority of care workers are classed as “low- skilled”³⁹, and therefore would not qualify under the proposal to extend the skilled route for migrants to RQF 3⁴⁰.

Seasonal Agricultural Workers

123. Employers of seasonal agricultural workers in Scotland will face additional challenges if the supply of migrant workers is significantly constrained. Around 9,300 seasonal workers were engaged in Scottish agriculture in 2017⁴¹. They were particularly concentrated in fruit production. This sector has been an important source of growth within Scottish agriculture in recent years. The value of its output grew to almost £140 million in 2017, while the volume of production has more than tripled since 2003. Food production in general has been growing more rapidly in Scotland than in the rest of the UK.

³⁸ <https://scottishcare.org/wp-content/uploads/2019/11/Care-Home-Workforce-Data-2018.pdf>

³⁹ <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-j-codes-of-practice-for-skilled-work>

⁴⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766465/The-UKs-future-skills-based-immigration-system-print-ready.pdf

⁴¹ SEFARI (Scottish Environment, Food and Agriculture Research Institutes), *The Fruits of Their Labour: Seasonal farm workers in Scottish agriculture*, available at: <https://sefari.scot/research/the-fruits-of-their-labour-seasonal-farm-workers-in-scottish-agriculture>

124. A survey of the sector indicated that labour shortages were evident in 2017, with 48% of respondents indicating that they had difficulty harvesting due to labour shortages⁴². Without access to sufficient seasonal labour, 58% of respondents were 'likely' or 'very likely' to downsize their business, while 42% would cease their current activity.

Implications for Migration to Scotland

125. The EAG have updated their report to consider the new proposed threshold of £25,600, and the eligibility of migrants to access specific occupations following this reduction. Table 2 shows the effects of the reduction in the threshold on broad occupations within the Scottish labour market.

⁴² <https://www.nfus.org.uk/news/news/nfu-scotlands-seasonal-workers-survey-identifies-labour-shortage-fears>

Table 2: Effects of the reduction in the threshold on broad occupations within the Scottish labour market.

	Threshold	
	£30,000	£25,600
Protective service occupations	14.8	0
Science, research, engineering and technology professionals	23.6	13.4
Business, media and public service professionals	31.7	21.6
Corporate managers and directors	30.3	22.5
Teaching and educational professionals	36.2	25.7
Managers, directors and senior officials	34.2	25.9
Skilled metal, electrical and electronic trades	39.3	26.4
Professional occupations	41	30.1
Science, engineering, technology and associated professionals	48.6	34.3
Business, public service and associated professionals	47.1	35.2
Other managers and proprietors	49	37.2
Health professionals	48.8	37.5
Associated professional technical occupations	49.5	37.7
Skilled construction and building trades	61.4	39
Skilled trades occupations	58.1	44.6
Transport, mobile machine drivers and operators	68.1	51.2
Process plant machine operators	68.5	53.3
Process plant machine operators 2	68.7	55.7
Health and social care associated professionals	79.4	59
Culture, media and sports occupations	78	62.4
Administrative occupations	81.6	68.9
Administrative and secretarial occupations	84.2	71.5
Customer service occupations	100	77.9
Leisure and travel related personal service occupations	100	88.3
Elementary occupations	100	88.5
Caring, leisure and other service occupations	100	88.9
Sales customer service occupations	100	89.6
Secretarial related occupations	100	90.7
Caring personal service occupations	100	90.9
Skilled agricultural related trades	100	91.2
Elementary administration service occupations	100	91.8
Sales occupations	100	97.4

126. The occupations are arranged in order of decreasing eligibility for potential migrants, with associated figures describing the proportion of jobs that fall below the proposed thresholds. Clearly, a large proportion of jobs in protective service, science research and engineering, media and management would be available to migrants. In contrast, very few jobs in agriculture, caring, office and customer related occupations would be eligible.

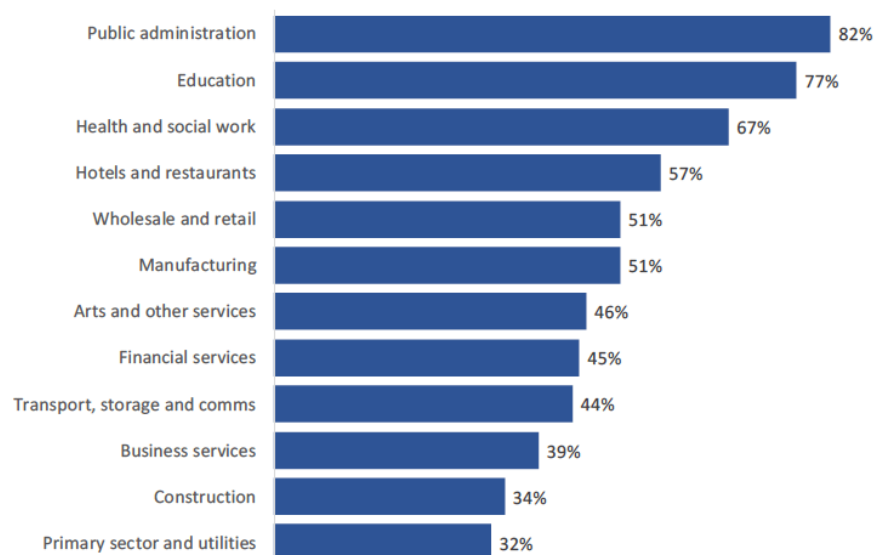
127. Nevertheless, the reduction in the salary threshold would allow migrants to be eligible for a small proportion of jobs in these sectors. Thus, for example, whereas under a £30,000 threshold no jobs in customer services, leisure and elementary occupations would be available to migrants, a small proportion of such jobs would qualify under the lower threshold.

128. We have drawn out some more detailed evidence on the contribution of EU citizens to key sectors, but the following trends in the evidence are illustrative of the Scottish economy as a whole. Workers from other EU countries make a vital contribution to the Scottish economy and the continued availability of such workers is vital to employers in all sectors, right across Scotland. Employers value the ability to recruit the right workers, with the right skills and experience quickly and easily. They are deeply concerned by the proposals to end free movement as this will limit or curtail the supply of the workers they need, make the process of recruitment too burdensome and complicated (especially for smaller businesses) and mean that EU workers no longer see the UK as a desirable destination.

129. The evidence also highlights the role played by EU citizens in sectors vital to the rural economy, namely agriculture, fisheries, and agricultural processing, and highlights shortages in the public sector in education and early learning and childcare, and finally the significant impact on the health and social care sector.

130. The SOL currently relates to non EU/EEA migration, however, the government’s proposals for a single work based migration route mean that in future these sectors currently reliant on EU/EEA staff will in future need to look to the skilled worker route (Tier 2) and the SOL.

Figure 10: Proportion of establishments with vacancies in the last 12 months, by sector



Base population: 2,652

Skill Levels of EU workers

131. In 2018 there were 198,000 non-UK born workers in Scotland, 141,000 of which were EU nationals, employed across low, medium and high skilled jobs. The vast majority of EU citizens in Scotland are of working age (78.2%), and over three-quarters are in employment (81.2%). Many are also highly educated - more than a third (38.4%) have a degree level qualification, compared to 28.7% of UK citizens in Scotland.

EARNINGS AND NON-UK NATIONALS EMPLOYMENT FOR ALL MAJOR OCCUPATIONS SCOTLAND AND THE UK

Table 3 - Major Occupation Group - Annual pay - Gross (£) - For full-time employee jobs¹ and employment of non-UK Nationals², 2019

Major Occupation Group	Code	Number of jobs ^b (thousand)	Annual percentage		Annual percentage		Percentiles		Number of non-UK nationals in employment (16 years and above) ²
			Median	change	Mean	change	25	75	
SCOTLAND									
Managers, directors and senior officials	1	167	42,381	4.7	51,122	1.5	29,462	61,742	13000
Professional occupations	2	366	37,663	3.8	42,769	-0.1	30,819	47,817	39000
Associate professional and technical occupations	3	230	32,076	1.9	36,962	-0.3	25,571	41,175	17000
Administrative and secretarial occupations	4	132	22,899	1.0	25,683	-0.6	19,218	29,120	13000
Skilled trades occupations	5	143	28,530	3.2	30,437	3.8	22,050	36,298	21000
Caring, leisure and other service occupations	6	98	20,725	-0.1	21,822	-0.2	17,259	24,888	19000
Sales and customer service occupations	7	72	20,240	3.7	22,242	1.2	17,169	25,272	13000
Process, plant and machine operatives	8	94	25,052	-3.5	27,225	-0.4	20,059	32,723	19000
Elementary occupations	9	94	20,060	1.6	21,247	1.7	16,655	25,591	44000
UNITED KINGDOM									
Managers, directors and senior officials	1	2,182	44,597	2.1	61,610	1.6	30,097	69,869	
Professional occupations	2	4,010	39,384	2.3	44,367	0.7	30,928	50,584	
Associate professional and technical occupations	3	2,826	33,051	0.9	39,171	-0.6	25,581	43,722	
Administrative and secretarial occupations	4	1,608	23,487	2.2	26,852	3.9	19,180	30,224	
Skilled trades occupations	5	1,503	28,273	3.4	30,133	2.9	21,782	35,965	
Caring, leisure and other service occupations	6	1,041	19,385	4.4	20,489	4.7	16,041	23,805	
Sales and customer service occupations	7	792	20,402	2.4	22,828	3.9	16,900	25,887	
Process, plant and machine operatives	8	1,118	25,751	2.2	27,805	3.1	20,448	33,068	
Elementary occupations	9	1,138	20,579	3.7	21,976	3.9	17,110	25,985	

Source: ASHE 2019 (Shaded estimates are considered reasonably precise, all other estimates are considered precise).

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation4digitsoc2010ashtable15>

2. Annual Population Survey 2018 (Jan-Dec), In total 198,000 non-UK Nationals were in employment. Employment is all employment (full-time and part-time)

<https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/Publications-Topical/NonUKNatJD18>

Major Occupation Group SOC 2010

Table 4 - Median full time gross annual pay by region (2019)

Description	Number of jobs ^b (thousand)	Median	Annual percentage change	Mean	Annual percentage change	Percentiles									
						10	20	25	30	40	60	70	75	80	90
United Kingdom	16,216	30,353	2.7	37,428	2.3	17,189	20,327	21,870	23,483	26,698	34,583	39,591	42,642	46,485	60,890
North East	615	27,187	3.2	31,852	2.4	16,627	19,137	20,356	21,608	24,308	30,682	34,972	37,380	40,231	49,967
North West	1,771	28,137	2.8	33,479	2.4	16,573	19,273	20,609	21,895	24,895	32,019	36,844	39,693	43,041	53,513
Yorkshire and The Humber	1,277	27,835	3.5	32,653	2.9	16,521	19,294	20,541	21,949	24,634	31,322	35,823	38,125	41,613	51,615
East Midlands	1,113	28,000	4.8	32,639	3.4	16,477	19,210	20,508	21,848	24,760	31,560	35,962	38,833	41,884	52,507
West Midlands	1,340	28,536	3.1	34,247	3.6	16,597	19,517	20,955	22,503	25,459	32,477	37,345	40,043	43,481	54,339
East of England	1,399	30,345	4.1	36,143	3.4	17,212	20,475	22,072	23,705	27,000	34,348	39,198	42,127	45,940	59,929
London	2,595	38,992	2.2	53,100	0.9	20,000	25,000	27,299	29,544	34,145	44,624	52,526	58,082	65,478	93,870
South East	2,207	32,120	4.1	38,715	4.6	17,669	21,168	23,049	24,820	28,220	36,438	41,888	45,123	49,477	64,515
South West	1,289	28,654	2.5	33,543	2.1	16,869	19,791	21,099	22,513	25,436	32,148	36,540	39,607	42,451	53,659
Wales	702	27,500	4.4	31,251	3.0	16,638	19,205	20,447	21,762	24,353	31,418	35,871	38,163	40,411	48,426
Scotland	1,394	30,000	2.4	34,916	0.9	17,374	20,431	21,808	23,290	26,479	33,726	37,964	40,452	43,591	54,886
Northern Ireland	515	27,434	1.2	32,083	3.0	16,600	19,208	20,504	21,788	24,677	31,221	35,886	38,202	40,740	49,992

a Employees on adult rates who have been in the same job for more than a year.

b Figures for Number of Jobs are for indicative purposes only and should not be considered an accurate estimate of employee job counts.

Estimates in bold are considered reasonably precise, all other estimates are considered precise.

Source: ASHE, 2019 Office for National Statistics

132. As Table 4 above shows, at median full-time gross annual pay, Scotland is the fourth highest region in the UK (after London, the South East and the East), with a median of £30,000. However, this masks a degree of variation in salary levels across Scotland and is skewed by increased salaries in Glasgow, Edinburgh and Aberdeen.

133. Even Conservative Government Ministers themselves can see the issues caused by this. For example, Stephen Kerr, Conservative MP for Stirling said:

“With the average salary in Scotland being just under £23,000 these proposals would wrongly classify the majority of Scots as “unskilled”. That would be a travesty. The people who run our hotels, maintain our national infrastructure and care for our elderly are skilled, they are hard-working and they are compassionate. A simple salary cut off point is far too blunt an instrument to deal with the problems we have in attracting and retaining talent across the Scottish economy.” (25 June 2019)⁴³

134. This would hamper our efforts to encourage migrants to rural and remote areas of Scotland which attract lower wages, as they will not be eligible for entry through the future system.

135. Clearly, even at this level, the proposed £25,600 salary threshold is higher than current pay statistics would support.

136. Migration policy should support fair work, protecting workers rights, pay and access to employment, and the potential advantage of a reduced salary threshold for Scotland could contribute to a labour market distortion in future of lower wages in some cases relative to other parts of the UK. A “London weighting” in the salary threshold for this route could remove that risk; however, approaches that are designed to encourage and facilitate migration to Scotland are more likely to be successful and meet Scotland’s needs than approaches that are designed to discourage migration to other parts of the UK.

⁴³ <https://www.scotsman.com/news/opinion/columnists/we-need-new-uk-wide-approach-immigration-stephen-kerr-mp-1414584>

Sectoral evidence

Health and social care

137. In the UK as a whole, people born outside the UK account for almost a quarter of all staff working in hospitals and a fifth of all health and social care staff in the UK. And Health and Social Care workers born abroad made up 19% (818,000) of the workforce in 2018/19, compared to 14% of the UK population.

138. Furthermore, those born overseas account for 50% of the rise in Health and Social Care workforce between 2009/10 and 2018/19⁴⁴.

139. In Scotland specifically, there were an estimated 16,000 non-UK EU nationals and 10,000 non-EU nationals working in the Health and Social care sector⁴⁵ in 2018, representing 11.2% and 18.4% of employment respectively. It is widely recognised that the health and social care workforce will be significantly impacted by Brexit and tighter immigration proposals.

Uncertainties around the impact of COVID-19 on workforce demand

140. The COVID-19 outbreak has had a substantial impact on the delivery, composition and demand for Health and Social Care services since its emergence early this year. The pandemic has also driven urgent and significant recruitment throughout the Health and Social Care sector, in Scotland, and the rest of the United Kingdom.

141. As a result, the Scottish Government are currently re-evaluating both short-term and long-term workforce requirements. In May 2020 we published a COVID-19 – Framework for Decision Making, entitled “Re-mobilise, Recover, Re-design”⁴⁶. The Health and Social care workforce is likely to evolve, and Medical and Nurse Directors are currently working to determine clinical priorities aligned to NHS mobilisation plans for recovery.

142. This has two critical implications for this return on shortages within ‘medium skilled’ occupations for Health and Social Care:

- Uncertainty regarding the areas of shortage and future demand.
- The need for relaxed access to the international labour market.

143. The COVID-19 pandemic has created, and highlighted, areas of both acute, temporary, and sustained pressure on our health and care services. This includes community services, social care services, laboratory services, infection control, and public health. Our health system will continue to evolve to meet these needs, as well as demands associated with improvement to population health and wellbeing in the longer-term.

⁴⁴ <https://www.nuffieldtrust.org.uk/news-item/one-in-four-hospital-staff-born-outside-the-uk-new-nuffield-trust-analysis-reveals>

⁴⁵ “Non-UK nationals in Scotland’s Workforce”: Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

⁴⁶ <https://www.gov.scot/publications/re-mobilise-recover-re-design-framework-nhs-scotland/pages/2/>

Key Roles for Key Workers

144. The response to the pandemic also demonstrated the sophisticated interdependencies within the health and social care system. The less visible, but no less celebrated, support workers, domestics, cleaning services, drivers, facilities and procurement workers have all been crucial components of our integrated COVID-19 response.

145. Of staff currently working in health and social care professions, 27% (44,925) would fall beneath the existing UK Government salary threshold (2020/21 Pay Scales). The enormous contribution of key workers, and the economic and social value that they bring to our Health and Social Care sector has received notable public recognition during this COVID-19 pandemic.

146. It has also illustrated the enormous value of international staff working across a broad spectrum of healthcare professions, often in frontline services, and occasionally at immense personal detriment, as described in Public Health England's report "Beyond the data: Understanding the impact of COVID-19 on BAME groups".⁴⁷

A review of occupations in NHS Scotland at RQF Level 3-5

147. 'Medium Skilled' occupations within NHS Scotland, are defined as those at RQF level 3-5, which fall beneath the proposed salary threshold (£25,600), but meet the minimum salary threshold for eligibility (£20,800). As shown in Table 5 below, Under NHS Scotland pay scales for 2020/21, this would include roles at band 3 and 4 that require a place on the Shortage Occupations List to allow entry under existing immigration rules.

148. At present, 41,305 staff, or 25% of the health workforce are employed in bands 2 – 4. This means that the current points-based system would exclude international candidates from a quarter of roles in NHS Scotland.

Table 5: Summary of NHS Scotland Pay Scales 2020/21

Summary of NHS Scotland Pay Scales 2020/21		
	Years' Experience	2020/21
Band 2	1	£18,600
	3	£20,606
Band 3	1	£20,700
	3	£22,594
Band 4	1	£22,700
	4	£24,973
Band 5	1	£25,100
	3	£26,970

⁴⁷ <https://www.gov.scot/publications/implications-national-local-labour-markets-social-care-workforce-report-scottish-government-cosla/>

Recruitment challenges reported for medium skilled occupations

149. A review of 'medium skilled' occupations (Band 3&4) conducted by our health and social care international recruitment unit in March 2020 lists jobs where health boards have reported recruitment challenges at bands 3 and 4 (Shown in Table 6 below). These shortages have been identified by combining data held on our national recruitment website (JobTrain), anecdotal evidence from territorial health boards, and a review of legacy recruitment data.

Table 6: Medium skilled health occupations in shortage

Occupation	Min Band - Max Band		In Shortage
Healthcare Science Assistant, Higher Level	3	3	Yes
Pharmacy Support Worker, Higher Level	3	3	Yes
Optometrist Entry Level	4	4	Yes
Occupational Therapy Technician	4	4	Yes
Podiatry Technician	4	4	Yes
Radiography - Assistant Practitioner	4	4	Yes
Speech and Language Therapy Assistant/Associate Practitioner	4	4	Yes
Speech and Language Therapy Associate Practitioner (bi-lingual)	4	4	Yes
Anatomical Pathology Technician (Mortuary)	4	4	Yes
Healthcare Science Associate Practitioner	4	4	Yes
Optometrist Entry Level	4	4	Yes
Pharmacy Technician	4	4	Yes
Theatre Assistant Practitioner	4	4	Yes
Theatre Practitioner Entry Level	4	4	Yes
Nurse Associate Practitioner (Community)	4	4	Yes
Nurse Associate Practitioner (Mental Health)	4	4	Yes
Dental Nurse	4	4	Yes

Vacancy data NHS Scotland

150. The following data summarises occupations with some of the high vacancy rates in NHS Scotland. It is based on the most recent record produced by our information services division (December 2019). This is likely to have undergone significant change during the COVID-19 pandemic.

Table 7: Median vacancy rate for all AHPs: 4.9%; median 3 month vacancy rate for all AHPs 1.5%

Profession	Establishment	Staff in post	Total vacancies	Vacancy rate (%)	Vacant 3 months +	Vacant 3 months + rate (%)
Pharmacy (Sept 19)	3447.6	3117.5	332.8	9.7	154.8	4.5
Physiotherapy	3230.6	2962.3	268.3	8.3	70.3	2.2
Occupational therapy	2436.6	2298.6	138.0	5.7	25.7	1.1
Diagnostic radiography	2206.5	2099.6	106.9	4.8	37.9	1.7
Paramedics	1592.3	1553.5	38.8	2.4	36.8	2.3
Speech and language therapy	994.5	953.5	41.0	4.1	15.4	1.5
Dietetics	848.6	787.3	61.4	7.2	10.9	1.3
Podiatry	646.8	615.2	31.6	4.9	15.1	2.3

Retaining existing health and social care roles on the SOL

151. Within its call for evidence the MAC committed to retaining roles in health and social care currently on the SOL which include:

- 2211 Medical practitioners (independent pay scales)
- 2231 Nurses
- 2442 Social workers
- 2222 Occupational therapists
- 2223 Speech and language therapists
- 3213 Paramedics
- 2212 Psychologists
- 2217 Medical radiographers

152. For medical practitioners, entry level salaries will now routinely exceed the £25,600 threshold. However, entry level roles in each of the other occupations listed begin at Band 5 and would fall beneath the existing salary threshold. We would expect these occupations to remain on the SOL, to ensure that they are not adversely impacted, particularly during re-mobilisation and recovery periods, where there are significant uncertainties about workforce demand.

153. Notable exemptions from the above list, where shortages have been observed, include physiotherapy, pharmacy and dietetics.

154. On 1 October 2019 the following roles were removed from the Shortage Occupations List:

2219 Health professionals not elsewhere classified:

- neurophysiology healthcare scientist
- neurophysiology practitioner
- nuclear medicine scientist
- orthotist
- prosthetist

155. We are not aware of evidence suggesting that the situation for these professions has changed significantly, and we were not involved in consultation prior to the removal of these professions from the SOL.

Settlement Threshold

156. It's important to note that for those occupations exceeding the salary threshold, but which do not feature on the SOL, they will be subject to the settlement threshold.

157. As of April 2019, the settlement threshold is currently the higher of the occupation specific rate (set at the 25th percentile of the full-time earnings distribution for that occupation) or £35,800. The Conservative Government, prior to the general election, set out a plan that this threshold should rise each year until it reaches £40,100 in April 2024 according to:

- £36,200 if the date of application for ILR is on or after 6 April 2020;
- £36,900 if applying on or after 6 April 2021;
- £37,900 if applying on or after 6 April 2022;
- £38,800 if applying on or after 6 April 2023;
- £40,100 if applying on or after 6 April 2024.

158. This high settlement threshold is exclusionary, and will create a barrier for migrants wishing to settle within communities, integrate into our Health and Social care system, and establish themselves in remote and rural areas, where vacancy rates are high, but opportunities for progression will be more limited.

Administrative and bureaucratic challenges

159. The proposed future points-based system is an exclusively employer led immigration model. It will require a significant expansion of the Tier 2 skilled worker route to accommodate applicants who would otherwise have been able to access employment by exercising free movement.

160. Independent employers within the Scottish health system, including pharmacy, primary care, and dental services, will now require sponsor status to employ staff through the skilled worker route (Tier 2). For these employers this will create additional challenges for recruiting staff outwith the UK.

161. When Tier 2 (General) was open to medium-skilled occupations, MAC Analysis suggests that it comprised between 24% and 35% of all certificates of sponsorship (CoS) used.

162. The UK Government Regulatory Policy Committee⁴⁸ have identified the impact on small sponsors, as an area of concern, and have asked for reforms to streamline application processes and support employers to transition to the new system.

Impact of other charges

163. The Scottish Government and NHS Scotland welcome the removal of the Immigration Health Surcharge applied to all health and social care staff. However, the Immigration Skills Charge of £1000 per person per year, and additional visa costs, still comprise a considerable proportion of the proposed salary for migrants in 'medium skilled' occupations, coming into health boards beneath the £25,600 salary threshold.

164. Additional expenses associated with international recruitment, and the requirement for international marketing for an employer led system, will restrict NHS Scotland access to the international labour market.

165. These costs are applied at a flat rate and will deter employers from employing staff at lower salary levels. They will also increase the administrative burden on health boards undertaking international recruitment exercises, to meet skills shortages within the workforce, as free movement with Europe ceases.

Social Care

166. The absence of a "low-skilled" migration route will be particularly detrimental to occupations within social care, where salaries routinely fall beneath the proposed salary threshold.

167. The revision of the skills threshold to RQF3 qualifications is welcome, as the phasing in of a requirement for qualifications to this level will be completed for the majority of care workers in Scotland from 2020. The current headcount for the sector in Scotland is 204,610, making up approximately 7.7% of Scottish employment⁴⁹.

168. Roles in the sector require skilled and confident staff, and increasingly care workers are undertaking tasks previously done by nurses, using technology to provide care, and support individuals with complex conditions.

169. However, the proposed salary threshold of £25,600 will disadvantage care workers (SOC 6145) if they are not included on the SOL, as this does not reflect the average salary for social services workers in Scotland.

⁴⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885734/2020-04-20_RPC-HO-4461_1_-_Immigration_and_Social_Security_Co-ordination_2020_opinion.pdf

⁴⁹ <https://data.sssc.uk.com/images/WDR/WDR2018.pdf>

170. Recent analysis by the Scottish Social Services Council (SSSC) estimated that most care workers will earn less than the threshold for visa eligibility as currently set at £20,480. A Scottish Government and COSLA commissioned report by Ekosgen⁵⁰ highlighted that it was these frontline roles which social care employers have experienced the greatest difficulty in retaining. It is therefore important to retain the flexibility that international recruitment can provide to be able to meet the demand for frontline social care workers. Over the next four years it is anticipated that demand for health and social care staff will increase: initial estimates suggest that demand will rise by as much as 10,500 WTE for social care staff.

171. One year on from the last call for evidence on the SOL and in the face of this increasing demand, the social care sector continues to face challenges in recruitment and retention. Data published by the Care Inspectorate and SSSC in January 2020⁵¹ shows that vacancy levels across social services are significant and increasing. 38% of services reported vacancies at the end of 2018, an increase of 2% points from 2016. This compares to the 20% of all establishments reporting vacancies in Scotland as reported in the last UK ESS⁵². The rate of whole time equivalent (WTE) vacancies for all social care services in Scotland was 5.5%, down from 5.9% in 2017. However this was still higher than the overall vacancy rate across all establishments in Scotland of 3.1%.

172. Problems filling vacancies were reported by 47% of services at the end of 2018, up from 45% a year earlier. Significantly higher rates of WTE vacancies than the national average were observed in care homes for adults, housing support services, care at home services, childcare agency services and nurse agency services.

173. The independent sector appears to have the biggest challenge in recruiting staff⁵³.

174. The main reasons reported for problems filling vacancies include: too few applicants with experience (60%), too few applicants in general (58%) and too few qualified applicants (50%).

175. Latest figures show the stability index of the workforce is at 77.7%⁵¹.

⁵⁰ <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2020/03/implications-national-local-labour-markets-social-care-workforce-report-scottish-government-cosla/documents/implications-national-local-labour-markets-social-care-workforce-final-report-scottish-government-cosla/govscot%3Adocument/implications-national-local-labour-markets-social-care-workforce-final-report-scottish-government-cosla.pdf>

⁵¹ [https://data.sssc.uk.com/images/StaffVacancies/Staff vacancies in care services 2018.pdf](https://data.sssc.uk.com/images/StaffVacancies/Staff%20vacancies%20in%20care%20services%202018.pdf)

⁵² [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS 2017 UK Report Controlled v06.00.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf)

⁵³ <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2020/03/implications-national-local-labour-markets-social-care-workforce-report-scottishgovernment-cosla/documents/implications-national-local-labour-markets-social-care-workforce-finalreport-scottish-government-cosla/implications-national-local-labour-markets-social-care-workforce-final-report-scottish-government-cosla/govscot%3Adocument/implications-national-local-labourmarkets-social-care-workforce-final-report-scottish-government-cosla.pdf>

176. The health sector has been reported by employers as most likely to attract staff to move from the social care sector, and in mainly rural areas the hotel and hospitality trade represented a key source of competition for staff. Scottish Care, representing the independent sector, found that 32% of care workers left for jobs in the NHS, possibly attracted by better rates of pay⁵⁴.

177. Work commissioned from Ipsos Mori showed that in 2018⁵⁵, 5.6% of adult social care and childcare staff in Scotland were from other EU countries. Non-UK EU workers were highly valued and wanted to stay in Scotland, however there was confusion about their residency status and concerns about future recruitment and retention.

178. Recruiting staff from the EU would not negatively impact on employers attracting UK workers as all staff are required to obtain the necessary qualifications for their role.

179. Employers, representative bodies and the Scottish Government have worked together to address the recruitment challenges in the sector including:

- Delivery of a national recruitment campaign aimed at frontline workers in adult social care, 'There's More to Care than Caring'⁵⁶ ran for eight weeks in early 2020, to support recruitment into adult social care and to promote it as a career destination.
- Scottish Government has invested around £50 million over the last three years to support regulation and development of the social services workforce through our NDPB, the Scottish Social Services Council.
- The SSSC delivers a range of support for recruitment and retention of the workforce including resources on career pathways and promotional materials for schools, colleges, employment services and employers; management and promotion of routes into careers (Foundation and Modern Apprenticeships); and a network of Ambassadors for Careers in Care.
- The Scottish Government and COSLA have published the first Integrated National Health and Social Care Workforce Plan in the UK⁵⁷. It sets out how health and social care services will meet growing demand to ensure the right numbers of staff, with the right skills, across health and social care services.
- In 2016, Scottish Government and COSLA committed resources to enable adult social care workers to be paid the real Living Wage. This has since been extended to include sleepover hours which we expect to be delivered in all contracts.
- In response to the pressures placed on social care staff due to the COVID-19 pandemic, in April 2020 social care staff were to receive an immediate 3.3% pay increase, followed in May 2020 by a Scottish

⁵⁴ <https://scottishcare.org/wp-content/uploads/2019/11/Care-Home-Workforce-Data-2018.pdf>

⁵⁵ <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2018/07/contribution-non-uk-eu-workers-social-care-workforce-scotland/documents/00538124-pdf/00538124-pdf/govscot%3Adocument/00538124.pdf>

⁵⁶ <https://caretocare.scot/>

⁵⁷ <https://www.gov.scot/publications/national-health-social-care-integrated-workforce-plan/>

Government announcement of funding to ensure all social care workers receive enhanced sick pay if they have a positive COVID-19 test.

180. Looking to the future, around half of social care employers felt that they would experience recruitment difficulties⁵⁸; it is therefore crucial for the sector to be able to recruit from a wide pool of candidates, including non-UK individuals, and to do so in as streamlined a way as possible.

Impacts of the Future Immigration System

181. While social care, in the context of an immigration system, would not qualify for 'skilled migration' routes but is instead regarded as a "low-skilled" occupation, the Scottish Government does not consider social care occupations as "low-skilled". The UK Government proposals for a 'skilled migration' route do not take account of the social value of public sector, third sector and some private sector employment.

182. A migrant's financial contribution cannot be conflated with the overall value that individuals bring to Scotland. Migrants to Scotland working in health and social care roles make a contribution to Scottish society that greatly exceeds their net financial contribution. It is essential that financial information is not the only metric used to measure value within our migration policy. Any points-based system should account for the positive externalities of roles in health and social care, in our rural communities and across Scotland. Given its unique structure, there is a strong case that wages paid to care workers are an inadequate reflection of their contribution to societal welfare.

183. In its report on EEA migration of September 2018 the MAC advised that the salary threshold should remain at £30,000⁵⁹. The stated rationale behind the £30,000 threshold is that it is the average level of household income at which taxes exceed benefits is estimated to be about £30,000. Analysis presented by the MAC indicated that an EEA national, aged around 20 and with no dependents, would only need to earn between £10,000 and £15,000 to provide a net fiscal contribution. This is supported by the Scottish Government's own analysis, which found that on average each additional EU citizen working in Scotland contributes a further £34,400 in GDP.

184. Whilst we welcome proposals to reduce the skills threshold to RQF3 and salary to £25,600, this will not serve to address recruitment challenges for this sector. Less than 10% of those working in "caring and personal service" occupations earn £25,000. No jobs below graduate level feature on the Shortage Occupations List and the majority of non-graduate roles within NHS Scotland and the social care sector would routinely fall below the proposed salary threshold, particularly for entry level roles.

⁵⁸ <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2020/03/implications-national-local-labour-markets-social-care-workforce-report-scottish-government-cosla/documents/implications-national-local-labour-markets-social-care-workforce-final-report-scottish-government-cosla/govscot%3Adocument/implications-national-local-labour-markets-social-care-workforce-final-report-scottish-government-cosla.pdf>

⁵⁹ <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

185. The Scottish Government is also concerned about the absence of alternatives to Tier 2 arrangements for lower paid staff. Existing migration proposals do not provide suitable entry routes for lower paid roles in health and social care. Any proposals should take into consideration the benefits of continuity of service for the people who use these vital services. The design of our migration policy should promote long term security, and encourage migrants to transition towards settlement.

186. The existing route for new entrants is restrictive. Entrants have to be under 26 or switching from Tier 4. This would need significant expansion to meet the needs of health and social care in Scotland. The reduced salary threshold for new entrants of £20,800 would still exclude individuals entering the UK to work in band 2 or band 3 roles, which include: clinical support workers, healthcare assistants, pharmacy support workers, ambulance drivers, domestics, porters and security officers. A significant proportion of staff working in care homes, care at home and housing support are also likely to be below this threshold.

Early Learning and Childcare

187. The Early Learning and Childcare (ELC) sector has been undergoing a significant expansion in Scotland in recent years as the sector has been preparing to deliver the national commitment to increase the provision of funded ELC from 600 to 1,140 hours per year. The statutory duty on local authorities to deliver the entitlement from August 2020 has been suspended in light of the Covid-19 pandemic response. However, work is underway to establish a new timetable for delivery of the expanded entitlement, so there remains an imperative to ensure recruitment of skilled and qualified staff is as simple as possible for ELC employers and for them to be able to recruit from as wide a pool of potential candidates as possible. It is also not clear at this point what the impact of the Covid-19 pandemic will be on ELC workforce capacity, in terms of job losses and staff not being able to return to work, which could provide an additional recruitment challenge for employers.

188. Another challenge is the fact that 6.8% of the current ELC workforce are non-UK EU nationals, which represents the second highest proportion in the social care sector.

189. Brexit outcomes remain uncertain and it is therefore unclear what effects it may have on the Scottish ELC workforce. Again, including RQF 3-5 roles on the SOL would increase the pool of potential candidates from which the sector can draw in meeting the challenges of expanded ELC. Whether that is replacing staff who are no longer eligible or willing to work in Scotland or recruiting the additional staff required for expansion.

190. The ELC workforce is registered with the Scottish Social Services Council (SSSC) under three categories of worker. Those roles and the relevant qualifications required to undertake them are:

- Support Worker:
 - NC in Early Education and Childcare at SCQF Level 6 (RQF Level 3)
 - SVQ Social Service (Children and Young People) at SCQF Level 6 (RQF level 3)

- Practitioner:
 - HNC Childhood Practice at SCQF Level 7 (RQF level 4)
 - SVQ Social Services Children and Young People at SCQF Level 7 (RQF level 4)

- Lead Practitioner/Manager:
 - BA Childhood Practice – (RQF level 7)

191. If there was to be a salary threshold, the sector would instead support the consideration to lower the threshold to the minimum/living wage. This would allow many employers in the sector, who often pay the minimum or living wage, an additional pool of potential candidates to recruit from. The failure to acknowledge the impact of part-time working is also a key issue for this sector. The salary threshold should be adjusted where an individual is working part-time.

192. We support the change in approach of this commission to consider roles from RQF 3 and above, which thus includes the ELC workforce. However, there is a large variation in the salaries paid across the public, private and third sectors in ELC. Again, with many employers paying minimum/living wage, setting the salary threshold at this level would be preferable and allow every part of the sector a further route to recruiting additional staff.

193. Should salary thresholds remain, the ELC sector would benefit from a wide range of flexibility around these. Regional variation might allow thresholds to be set which would benefit, for example, rural and remote areas across Scotland. However, our view is that approaches that are designed to encourage and facilitate migration to Scotland, through tailored migration policies, are more likely to be successful.

Education

Primary and secondary education

194. The Scottish Government and the Convention of Scottish Local Authorities (COSLA) have previously submitted evidence to the MAC highlighting the challenges in recruiting teachers in Scotland⁶⁰. There are particular challenges in recruiting teachers to remote and rural areas.

195. The recruitment and deployment of teachers is the responsibility of local authorities in Scotland, who have the statutory duty for education expenditure. A workforce planning exercise is carried out annually by the Scottish Government, in partnership with other stakeholders, including COSLA, the Association of Directors of Education in Scotland, the General Teaching Council for Scotland (GTCS), teacher unions and representatives of universities to project the minimum requirements for

⁶⁰ <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2017/04/teacher-shortages-reponse-to-migration-advisory-committee/documents/teacher-shortages-partial-review-mac-shortage-occupation-list-joint-response-sg-cosla-october-2016-pdf/teacher-shortages-partial-review-mac-shortage-occupation-list-joint-response-sg-cosla-october-2016-pdf/govscot%3Adocument/Teacher%20shortages%20-%20partial%20review%20of%20the%20MAC%20Shortage%20Occupation%20List%20-%20joint%20response%20from%20SG%20and%20Cosla%20-%20October%202016.pdf>

the number of newly trained teachers. This draws on projections on pupil numbers, the relationship between teacher/pupil ratio and school size to produce an overall assessment of the demand for teachers, and an assessment of supply including those joining and returning to the profession, and those expected to come from overseas.

196. Furthermore, current EU rules make it easier for teachers from other EU countries to work here - EU Directive 2005/36/ EC on the Mutual Recognition of Professional Qualifications (MRPQ) allows for the straightforward registration of teachers qualified and registered in another European country. This Directive will no longer apply on withdrawal from the EU. The Scottish Government will however ensure that EU qualified teachers can continue to practice in Scotland post-exit from the EU.

197. Despite measures to increase the number of teachers from within Scotland, the sector faces significant challenges, which will be exacerbated by immigration changes. These serious ramifications on filling teacher posts would have a negative impact on the learning and teaching for all our young people and seriously impede our ambitions for closing the attainment gap and achieving excellence and equity in Scotland's schools.

198. In October 2016, the Scottish Government and the Convention of Scottish Local Authorities (COSLA) submitted evidence to the MAC, in response to the UK Government's partial review of the SOL (UK and Scotland only)⁶¹. That submission highlighted the challenges in recruiting teachers in Scotland and requested further subjects be included in the SOL; these included Maths, Physics, Computer Science, Mandarin and the Sciences.

199. Providing accurate data on the numbers of teachers from other EU countries working in Scotland is difficult. There are over 1000 teachers. Since 2016 the number of EU national applying to the join the GTCS as at 2019 stands at 691.

200. We have introduced Curriculum for Excellence which is designed to provide a coherent, more flexible and enriched curriculum from ages 3 to 18. The curriculum includes the totality of experiences which are planned for children and young people throughout their education, wherever they are being educated. Long term vacancies may affect a school's ability to provide a full curriculum.

201. We are maintaining the numbers of teachers from within Scotland, continuing to maintain student teacher intake targets and setting targets to train teachers in the subjects where they are needed most. Our recruitment campaign continues to help drive a 12% increase in post-graduate teaching applications to Scottish universities in 2018. We are committed to supporting Education Scotland's lead role in national

⁶¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2017/04/teacher-shortages-reponse-to-migration-advisory-committee/documents/teacher-shortages-partial-review-mac-shortage-occupation-list-joint-response-sg-cosla-october-2016-pdf/teacher-shortages-partial-review-mac-shortage-occupation-list-joint-response-sg-cosla-october-2016-pdf/govscot%3Adocument/Teacher%20shortages%20-%20partial%20review%20of%20the%20MAC%20Shortage%20Occupation%20List%20-%20joint%20response%20from%20SG%20and%20Cosla%20-%20October%202016.pdf>

support for professional learning and leadership development for teachers and head teachers, investing around £2m annually to fund the existing Into Headship, In Headship, Excellence in Headship and values-based leadership programmes. Since 2013 we have invested approximately £3.2 million to support universities to develop new routes into teaching to help address recruitment difficulties in the hard to fill subjects. This is additional to tuition fees and student support for these new routes. However, as with healthcare, increased recruitment in one sector merely increases pressure in other sectors, again highlighting the need for a whole workforce solution.

202. Nevertheless, there continue to be gaps, and universities are continuing to have difficulty meeting the student intake targets for teacher education. Early indications from university student intake figures for 2018/19 suggest that around 400 secondary places may be unfilled at this stage, out of a target of 1750. Any restrictions on the ability to recruit from EU and international countries would further impact on student intakes.

Recruitment Shortages

203. The outcome of the MAC review⁶² was that Maths and Physics were retained on the SOL and Computer Science, Mandarin and Science were added. Unfortunately, the MAC withdrew Chemistry from the SOL which has not eased the challenge in Scotland.

204. We included detailed information on teachers in our evidence to the MAC for their EEA report. While there has been some positive movement; the 2019 pupil teacher ratio (PTR) for all publicly funded schools is 13.6, the same as in 2018; the total number of teachers increased to 52,247— up 288 from 2018.

205. In Scotland, teachers are split into two categories: Primary Teacher (ONS role 2315), and Secondary Teacher (ONS role 2314). However in Scotland teachers are required to be registered with the GTCS and there are only two categories, Primary and Secondary.

206. In relation to the existing subjects found on the SOL – Maths, Physics, Computer Science, Mandarin and General Science, we would also require English, Home Economics, and Modern Languages be added in secondary and would seek to include all primary teachers onto the SOL.

Priorities

207. The 2016 MAC call for evidence specifically focussed on teacher shortages throughout the UK. We would therefore propose that teaching remains in the wider UK SOL. However, if these were not to be included in the UK SOL we would wish them to be included in the SSOL, such is the range of pressures on teacher recruitment.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/585998/2017_01_26_MAC_report_teachers_SOL.pdf

208. The ideal scenario would see the following roles incorporated onto the SOL or SSOL:

- Head Teacher, Primary (2317)
- Head Teacher, Secondary (2317)
- Teacher, Special Needs (2316)
- Teacher, Primary (2315)
- Teacher, Secondary (2314)

209. Whilst we would wish to see all teaching post included in the SOL, our specific priorities in primary would be all primary with Gaelic to ensure sufficient cover for remote and rural locations. For secondary, our priority would be the range of hard to fill subjects as evidenced by the vacancy and student intakes figures above.

210. The priority subjects identified by the Teacher Workforce Planning Process are:

- Art
- Business Education
- Chemistry
- Computing
- English
- Gaelic
- Home Economics
- Maths
- Modern Languages
- Physics
- Technological Education

Gaelic

211. The Scottish Government is committed to supporting our indigenous languages, including Gaelic. Our principal aim is to increase the number of users of language and education is key in delivering this aim.

212. We are seeing increased demand across Scotland for Gaelic education and to meet this demand we need to increase the number of teachers. Despite efforts to grow our own within Scotland there is a need to maximise the opportunities that exist to recruit Gaelic teachers from such areas as Canada or Ireland. At the moment, there remain difficulties in successful candidates from these areas being granted visas despite having a paid position. For the continued success of Gaelic education, it is essential that we are able to maximise the opportunities to recruit and therefore having Gaelic on the SOL list is a must.

Skills needed

213. In Scotland teaching is an all-graduate profession. All teachers in Scotland are legally required to register with the GTCS whilst teaching in a Scottish school. To be eligible for registration with the GTCS in Scotland you must have a relevant degree and a recognised teaching qualification at SCQF level 9 or above.

Reasons for Shortages

214. The hardest to fill posts in Scotland are in both Primary and Secondary Teacher roles. As we expand below, the Primary shortages are related predominantly to location issues and Gaelic whilst shortages in the Secondary Teacher role are centred around specialist subjects, namely Science, Technology, Engineering and Mathematics (STEM), English, Home Economics and Modern Languages.

215. Each year the Scottish Government undertakes a teacher workforce planning exercise to project the minimum requirements for the number of newly trained teachers and agrees the student intake targets with each individual university. Whilst primary student intake remains stable, our vacancy surveys indicate that there remain specific primary shortages in certain geographical locations, especially the North East of Scotland and more remote and rural areas. Universities continue to struggle to fill all of their secondary allocations.

216. Whilst universities continue to meet the targets for training primary teachers as we say above, the deployment of teachers at primary role encounters difficulties around specific locations, particularly in the North East of Scotland. In line with other public sector employment in Scotland, staff recruitment in this area is affected by the unique circumstances of the North East. Despite the decline in the oil industry, the strong private sector market means that there are challenges in housing public sector workers, including teachers, and there are higher than average costs of living – even before additional factors of cost associated with rurality and extreme rurality (such as transport) are addressed. The demographics and aging population in other areas of Scotland, e.g. Dumfries and Galloway, can also present a challenge in attracting younger teachers. Employers also find it extremely challenging to recruit Gaelic primary teachers.

217. The universities historically find it challenging to meet student teacher target intakes for key individual secondary subjects: STEM, English, Home Economics, Modern Languages and Gaelic. Intakes to university-level training courses, which are a prerequisite for access to the teaching profession, continue to be below the targets set (for individual universities) by the Scottish Government via the Teacher Workforce Planning Advisory Group.

218. The GTCS also highlighted 6 main reasons for shortages as:

- Perceptions on the increased challenges of being a teacher;
- Increased bureaucracy and workload across the teaching profession;
- Wider range of other opportunities available, particularly for women as a result of the equalities agenda opening up more career pathways for women;

- Working conditions, including pay levels;
- Attractiveness of appointments in teaching overseas; and
- Increased reluctance of “millennials” to commit to a lifelong, vocational career path.

Action Taken

Increased wages

219. The Scottish Government was the first to lift the public sector pay cap for teachers in the 2017/18 pay agreement. This awarded teachers 1% pay increase from 1 April 2017 with a further 1% uplift from 1 January 2018. Teachers in Scotland received the highest public sector pay award for public sector workers in Scotland for 2017/18.

220. Although shortages are recognised as a national issue, many Scottish local authorities highlight clear challenges in particular geographical areas such as the North East of Scotland, the island authorities, Argyll and Bute and Dumfries and Galloway, despite the existence of additional pay allowances for teachers working in remote schools or Distant Islands.

Investment in recruitment

221. The Scottish Government introduced the *Teaching Makes People* campaign in February 2017⁶³. It aims to increase the numbers of students undertaking PGDE secondary courses and attract career changer for hard to fill secondary key STEM subjects and English. To date, the cost of the campaign has exceeded £1 million. The *Teaching Makes People* campaign was widely advertised digitally through social media plus radio and cinema.

222. Scottish Government has also invested over £2 million in offering bursaries for key STEM subjects and English to further attract interest in undertaking PGDE courses to boost university intake figures. The **second** tranche of the STEM bursary scheme has awarded 109 bursaries of £20,000 each. The number of bursaries available has now been extended from 100 to 150 with an additional of £1 million.

Investment in training

223. There are two traditional routes available to prospective primary and secondary school teachers. These are a four-year undergraduate programme or a one-year Professional Graduate Diploma in Education (PGDE). Each programme combines theoretical understanding and practical school experience and leads to a Teaching Qualification (TQ) in primary or secondary education.

224. Intakes into teacher education programmes and the quality of this provision are key to the Scottish Government’s ambitions for school education. In November 2016, the Deputy First Minister and Cabinet Secretary for Education and Skills announced plans for tackling teacher shortages by broadening routes into the

⁶³ <https://teachinscotland.scot/>

classroom and speeding up the process for those wanting to join the profession, without compromising on the standard of teaching in schools. This range of alternative routes include:

- moves to get new teachers into the classroom more quickly for priority Science, Technology, Engineering and Maths (STEM) subjects;
- targeted help for former teachers looking to return to the profession;
- the development of teachers able to work in both the primary and secondary sectors;
- integrated routes combining post-graduate education with a trainee teacher's probation year; and
- more joint degrees in teaching and specialist subjects.

225. Annual spend across the whole range of teacher education is approximately £50 million. Within that total, an average of £1.5 million has been spent in each of the past two years on developing these alternative teacher programmes.

GTCS Intervention

226. The GTCS have highlighted the following actions to encourage more teachers into the teaching profession⁶⁴:

- Ongoing engagement with representatives of military personnel and registration of spouses who are teachers relocating to Scotland;
- Engaging with Scottish teachers teaching overseas to determine date of planned return to Scotland and preferred locations for teaching in Scotland;
- Ongoing engagement with other teaching councils worldwide to attract teachers to Scotland;
- Continuing to streamline the re-registration and Qualified Outside Scotland processes to make it easier for teachers to register and get into schools more quickly; and
- Continuing to publish positive articles in Teaching Scotland and elsewhere to present a positive image of teaching as a career.

Potential Brexit implications

227. There are currently 523 EU nationals registered with the GTCS, working as teachers in Scotland. The current permanent vacancy statistics show as in September 2018, 606 vacancies and should these EU teachers leave Scotland it would almost double the pressure on teacher recruitment.

228. These serious ramifications on filling teacher posts would have a negative impact on the learning and teaching for all our young people and seriously impede our ambitions for closing the attainment gap and achieving excellence and equity in Scotland's schools.

⁶⁴ GTCS response to the MAC call for evidence, 2018

229. There was a drop in the number of registrations with GTCS by teachers from EU Member States in 2018. It could be assumed that this was a result of the uncertainty about what will happen with Brexit as the negotiations have progressed. The UK Government has already announced that those EU nationals currently living and working in the UK will be able to stay, however, it would appear that uncertainty about Brexit has already had an impact on attracting teachers to come and work in Scotland. The number of applications has increased over the course of the year but has not yet reached the number from previous years⁶⁵:

- 2015 – 128 applications
- 2016 – 159 applications
- 2017 – 185 applications
- 2018 – 178 applications

Higher education

230. Scotland's higher education sector is home to 4 of the world's top 200 universities and a total of 12 in the Times Higher Education World University rankings⁶⁶. Universities Scotland estimate that the sector generates around £7 billion GVA to the Scottish economy every year⁶⁷. Scotland's 18 higher education institutions employ 48,330 staff directly⁶⁸.

231. In 2018/19 EU citizens accounted for 14% of all staff in Scottish higher education institutions (6,885 staff members), rising to 20% (4,800) of academic staff and 27% (1,640) of research-only contracted staff. There are 14,735 EU domiciled undergraduates at Scottish Higher Education Institutions. EU domiciled students accounted for 15.6% of the postgraduate research students in Scotland. In 2017/18, more than 2,700 students from Scottish institutions benefitted from the Erasmus+ programme for study or work⁶⁹.

232. Staff from the across the EU and beyond add to the quality and diversity of the research base and are crucial to the research undertaken in laboratories. Access to the widest pool of talent from across Europe, attracted by quality research, has helped to strengthen the quality and impact of our research and international reputation.

233. Universities also have a significant positive impact on their regional - as well as national - economy. Universities Scotland report that Dundee University's role in the life sciences cluster, for example, supports around 16% of jobs on Tayside.

⁶⁵ <https://www.gov.scot/publications/initial-teacher-education-2018-student-teacher-intake-statistics/>

⁶⁶ Times Higher Education World University Rankings 2020, available at <https://www.timeshighereducation.com/>

⁶⁷ Contribution of Universities to the Scottish Economy; Biggar Economics for Universities Scotland, 2015

⁶⁸ HESA Staff data, 2018, available at <https://www.hesa.ac.uk/data-and-analysis/staff/table-1>

⁶⁹ UK National Agency for Erasmus+ (Feb 2019), "[2014-2018 Higher Education Mobility Statistics](https://www.erasmusplus.org.uk/statistics)", available at <https://www.erasmusplus.org.uk/statistics>

Salary Threshold

234. Russell Group analysis of HESA data shows that across all UK Government universities, 20% of staff are on wages less than £25,000⁷⁰.

235. Many roles within this sector would therefore not be eligible for recruitment through the new immigration system – unless they appear on the SOL.

236. We fundamentally disagree with the restriction of movement for researcher mobility and exchange with the EU. Inflows and outflows of international talent and investment are vital in supporting Scotland's position as a world learning research-intensive nation. Any reduction in freedom of movement with the EU compared to the current arrangements, including increased bureaucracy and costs for researchers, is likely to damage Scotland's dynamic, outward-looking and globally connected research base. Talent is not confined to established researchers and it is vital that new visa arrangements make adequate provision for the pipeline of younger global research talent.

237. It is crucial that international talent, including that from the EU, can be both retained and attracted. Any future immigration system must allow for researchers to easily transition between roles, to move easily from one visa category to another, or from one UK employer to another (sponsorship routes), without unnecessary process.

238. Additional costs must not be loaded onto EU researchers or their families. Adequate provisions on being able to receive dependents of researchers must be properly established within the system.

239. Many researchers are globally mobile and need to be able to move freely in order to collaborate with colleagues elsewhere. There should be no assumption within the visa system that the primary aim of incoming researchers is to reside permanently in the UK. Many will intend to be here for shorter or longer stays, with the intention to return home or to move elsewhere after a period, although some may wish to stay. Any UK visa system therefore needs to retain sufficient flexibility to support researchers' needs.

Recruitment Shortages

240. We have heard from Scottish Higher Education Institutes that fewer EU researchers have been applying for advertised vacancies. This was occurring even before the impact of COVID-19 and is clearly related to Brexit – the uncertainty on the level of EU R&I funding Scottish universities will have access to going forward, as well as the UK Government's proposals for the future immigration system.

241. It is clear that in the event of a 'no-deal' or 'limited' Brexit at the end of 2020, EU (and other) academics may look to relocate to the EU to protect their research funding and residency rights.

⁷⁰ "Priorities for a future skills-based immigration system", Russell Group Briefing, 2019, available at <https://russellgroup.ac.uk/media/5784/future-immigration-system-russell-group-briefing-july-2019.pdf>

Skills Needed

242. Talented researchers - whether from Scotland, the rest of the UK, the EU or further afield – contribute much to Scotland. They also have the potential to win competitive research grants from public or private actors, reinforcing the competitive research in Scottish universities and other organisations, and often supporting posts for other researchers.

243. The barriers the UK Government are proposing to attracting global talent therefore make no sense.

244. In line with the UK Government's own ambition on retaining and attracting globally mobile research talent, the points-based system needs to be adapted and amended to maximise this. The UK Government needs to engage with the Scottish Government and Scottish Universities to ensure the strength and reputation of Scotland and the rest of the UK's research and university sector can continue.

Research

245. Scotland's international and excellent research base will be particularly disadvantaged by the UK Government's proposed points-based immigration System. Scotland has a disproportionately higher number of FTE researchers from EEA countries living and working here than the rest of the UK. We win a disproportionately higher share of Horizon 2020 funding than our population share, and collaboration with EU researchers matters to our research base. The research impact it generates is greater than with other international groups according to a recent report (SSAC, 2019).

246. For many researchers the issue of settlement in one place is less important than the freedom to move between different countries. Mobility powers collaboration which powers excellence. A points-based system including eligibility criteria including salary thresholds, qualifications, endorsements or licencing, fees and other barriers is completely out of step with the UK Government's own ambitions for the UK to remain and grow as a science superpower including attracting STEM talent. Specific barriers to the attraction of STEM talent within the various visa routes should be removed or minimised as far as possible.

247. The expense and the complexity of the points-based system for researchers and the UK Government's insistence on its commencement from 1 January 2021, on top of the challenges to movement as a result of COVID-19 and a potential "no deal" Brexit all coming at the same time will make the attraction of globally mobile research talent harder and thus economic recovery harder. The January 2021 commencement of the points-based system is also likely to impact negatively specifically on any final reciprocal mobility arrangements agreed with the EU for Scottish based researchers.

Shortage Occupation List

248. The workforce and skills gaps in the UK certainly reflect that international workers are required to continue to maintain the UK's performance and reputation in research excellence.

249. The current SOL includes occupations for Biological scientists and biochemists, Physical Sciences (in several fields) and Social and Humanities' Scientists as well as engineers, Information technology and communications professionals, Actuaries, economists and statisticians and in Scotland only Chemical scientists within the nuclear industry.

250. All the occupations listed above are still relevant and are currently only considered at the current skills level RQF 6. It is important to recognise the research technicians in these areas are vital to maintain the UK's reputation for excellence in research and innovation. All technicians such as; Laboratory technicians, Electrical and electronics technicians and Science, engineering and production technicians should be considered on the SOL from level RQF 3 and above.

251. As the Russell Group highlighted in their response on EEA-workers in the UK labour market MAC consultation in September 2018:

“EEA technicians are supporting a broad range of research programmes most notably across the STEM disciplines. They are also helping address the current skills gap the UK by training future technicians:
(a) Estimates suggest UK industry needs to recruit at least 70,000 new technicians every year to replace those retiring and to fill new positions
(b) Demand for STEM technicians is particularly acute.”

252. The same argument could be made for EU workers (non-UK) in the UK at the moment. The initiatives in the UK to improve the skills pipeline for technical talent will not be enough to plug the skills gaps and as the Russell Group response suggests, “the UK will always need to tap into technical talent around the world to maximise benefit from innovation technologies developed overseas”.

Impact of Brexit and COVID-19

253. A “no deal” (or limited) Brexit on top of the impacts of the COVID-19 crisis could lead to a significant downward spiral, concluding into a permanent loss of reputation and attractiveness of the Scottish research base as a world leader – as well as the rest of the UK. Uncertainty around future participation in European programmes, poorer reputation, a lack of funds and a new points-based immigration system all impact on the ability to travel to collaborate.

254. The combination of the hostile environment, ending of free movement, increased and new immigration barriers together with COVID-19 related financial problems may lead to Scottish Universities being unable to sufficiently retain and attract talent – particularly EU citizens who make up a significant part of their full-time research staff.

255. This may be exacerbated by issues with talent training, due to research student projects being disrupted by COVID-19, and less funding available for postgraduate and junior post-doc projects, which in themselves may be harder to fill due to reduced interest from migrants.

Tourism and hospitality sector

256. Scotland's tourism industry is a key economic sector. Tourism delivers employment and enables economic development in some of our most remote locations, sustaining often fragile communities. Around 218,000 staff are employed in the tourism industry right across Scotland, in around 15,000 registered enterprises. It generates around £4 billion in Gross Value Added (GVA - the measure of the value of goods and services produced) and has experienced year-on-year growth in GVA and turnover in every year since 2011⁷¹.

257. Within the Sustainable Tourism growth sector, 41.3% (90,000) of jobs were in restaurants and mobile food service activities, an increase of 13.9% on the previous year. Hotels and similar accommodation and beverage serving activities, represented another 21.1% (46,000) and 165% (35,000) of jobs in this growth sector respectively⁷².

258. In his evidence to the Culture, Tourism and External Affairs Committee⁷³ Professor Alan Manning, former Chair of the MAC, stated that "every job in the hospitality sector makes the UK a more low wage, low productivity economy". While this could be argued, in a purely academic and theoretical sense, such a position views the sector in a vacuum and ignores the multiplier effect created by the tourism and hospitality sector, through enabling tourists to visit and spend their money in the local economy. The sector directly influences Scotland's international profile and premium market image and provides major support to other key sectors such as food and drink, retail, transport and construction.

259. The tourism sector is characterised by small and medium-sized enterprise (SME) employers (businesses with 1-249 employees). In 2019, SME employers accounted for 66% of tourism sector employment - this compares to 46.6% across the Scottish economy as a whole⁷⁴.

260. Due to the existing challenges in recruiting to the sector, combined with the sector's high reliance on an EU workforce, the British Hospitality Association and KPMG report that the hospitality sector will be more heavily hit than any other sector by restrictions to the availability of EU citizens, like those proposed.

Contribution of EU workers

⁷¹ <https://www.gov.scot/publications/growth-sector-statistics/>

⁷² <https://www.gov.scot/publications/growth-sector-statistics/>

⁷³ Professor Manning's Evidence to the Culture, Tourism, Europe and External Affairs Committee's Immigration Inquiry, 01 November 2018, available

at <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11748>

⁷⁴ <https://www.gov.scot/publications/growth-sector-statistics/>

261. The tourism sector is heavily and increasingly dependent on workers from other EU countries. In 2018, according to the Annual Population Survey⁷⁵ there were approximately 21,000 EU citizens working in tourism in Scotland - representing around 11.5% of all those working in the sector overall.

Skill levels of EU workers

262. It is difficult to directly measure the skills of the workforce across the tourism sector, and so qualifications are frequently used as a proxy for skills. The tourism sector has a relatively low qualifications profile, compared to other sectors⁷⁶. The number of jobs requiring no or low levels of qualifications are, however, projected to decline and the proportion of jobs requiring high-level qualifications are projected to increase. The share of jobs in the accommodation and food sector that require individuals qualified to at least Level 7 in the Scottish Credit and Qualifications Framework (e.g. in customer facing and junior management roles such as travel consultants, operations managers, and deputy hotel managers) is expected to increase from 29% in 2012 to 45% in 2022. At the same time, the share of jobs held by people with lower qualifications is projected to decline⁷⁷.

263. However, there will continue to be job opportunities in the sector for those with low or no qualifications. The industry argues that it is a sector based on people skills and individual drive and favours people working their way up from the traditional entry level positions⁷⁸. Workers from other countries also bring other skills that are valuable to the industry, notably language skills.

264. The lack of a so called “low-skilled” migration route coupled with the loss of free movement would, therefore, have a very significant impact across the sector, reducing the pool of available labour and leading to significant shortages.

Recruitment shortages

265. The tourism and hospitality sector already faces a challenge in recruiting enough workers to meet its needs, even with free movement. Brexit, continuing uncertainty and the lower value of the pound have already led to a decrease in the number of applications from existing EU member states, heightening the impact of staff shortages.

266. In 2018 the industry noted acute shortages across the sector, with a significant fall in the number of EU applicants (one hotelier noted a 24% drop; and the biggest recruitment company had seen the level of CVs held fall from 10,000 to 2,000 a month from the previous year).

⁷⁵ Annual Population Survey, 2018

⁷⁶ Skills Development Scotland (2016) Skills Investment Plan for Scotland's Sector, available at: <http://www.skillsdevelopmentscotland.co.uk/media/42345/tourism-digital-skills-investment-plan.pdf>

⁷⁷ Skills Development Scotland (2016) Skills Investment Plan for Scotland's Sector, available at: <http://www.skillsdevelopmentscotland.co.uk/media/42345/tourism-digital-skills-investment-plan.pdf>

⁷⁸ Skills Development Scotland (2016) Skills Investment Plan for Scotland's Sector, available at: <http://www.skillsdevelopmentscotland.co.uk/media/42345/tourism-digital-skills-investment-plan.pdf>

267. It was anticipated that there would be a total requirement for 149,300 jobs in the sector between 2017 and 2027⁷⁹. The majority of these (90%) would be as a result of replacement demand, highlighting the often short-term and transient nature of some of the employment within the sector. Without access to the EU migrant workforce pool, the sector would not be able to satisfy this demand.

268. The ESS 2017⁸⁰ continues to note that the hospitality sector has the largest demand for EU employees (33%) to meet vacancy gaps. It is evident that these challenges would significantly worsen if it was more difficult for employers to hire workers from other EU countries to work in the tourism and hospitality sector, restricting the growth of the sector and its contribution to Scotland's economy. Any restrictions on “low-skilled” and “unskilled” work will have a particularly detrimental effect, given the numbers of entry level roles in the sector that require few or no formal qualifications.

269. Analysis of the ESS 2017⁸¹ has found that employers in the Scottish 'hotels and restaurants' sector have already been experiencing a range of vacancies, skills shortages and gaps. These gaps and challenges would significantly worsen if the current proposals to restrict EEA migration are enacted, restricting the growth of the sector and its contribution to Scotland's economy. Any restrictions on so-called “low-skilled” or unskilled work would have a particularly detrimental effect, given the numbers of entry level roles in the sector that require few or no formal qualifications.

270. Roles that have been highlighted by the sector for inclusion on the SOL include:

- Specialist chefs (5434) – executive chefs, head chefs, sous chefs and specialist chefs;
- Waiting staff/sommeliers (9273);
- Assistant chefs (9272);
- Receptionists (4216);
- Reservations (7219);
- Porters and other hotel workers (9279).

271. Specialist chefs are currently included on the SOL and this shortage has continued despite this intervention. Anecdotal evidence from the industry suggests that the proposed reduction in free movement will impact on all levels of staffing across the tourism sector. While we are responding from a Scottish perspective, we understand that these roles have also been in shortage across the UK.

272. COVID-19 has had a particularly severe impact on Scotland's tourism sector, with significant potential redundancies across the sector and businesses facing closure or reductions in their operations. This is likely to have some impact on the shortages set out above. However, there is a risk that the COVID-19 situation may further restrict the available workforce as some EU workers may leave the country following lockdown, or may not return. The ability of businesses to access to the

⁷⁹ The Fiscal Impact of Immigration on the UK, Oxford Economics, 2018, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759376/The_Fiscal_Impact_of_Immigration_on_the_UK.pdf

⁸⁰ Employer Skills Survey, 2017

⁸¹ Employer Skills Survey, 2017

required workforce will be vital for the sector's recovery, and to allow it to return to desired levels of operation. Therefore, it is likely that as the sector's recovery progresses, these roles will still be required for inclusion in the SOL despite current reductions in activity.

Reasons for shortages

273. Prior to COVID-19, there were many existing vacancies in the hospitality sector that were hard to fill despite existing initiatives in place to attract workers. Scotland's tourism and hospitality sector is spread throughout Scotland. Around a fifth of those employed in the sector were working in rural areas. A British Hospitality Association (predecessor of UKHospitality) survey⁸² found that 60% of its members cited a lack of applications from UK citizens or a lack of interest by the local population as a reason for the number of EU citizens employed in the sector. Migrant workers are already, by definition, mobile for economic purposes and many roles are currently filled by workers from EU countries and further afield.

274. Many jobs in the sector could be characterised as so called "low-skilled", or requiring fewer qualifications, and would be particularly negatively affected by restrictions on so called "low-skilled" migration.

275. A survey of the sector in Argyll and Bute⁸³ noted ongoing recruitment difficulties affecting between 40% and 50% of all businesses. Businesses surveyed reported both a lack of applicants and a lack of good quality applicants. Some of the issues identified included suitable accommodation and challenges getting people to relocate. For this reason, sparsely populated areas like the Highlands and Islands are disproportionately reliant on EU citizens who are willing to relocate to these areas and will be significantly damaged by ending free movement.

Action being taken

276. The ESS 2017⁸⁴ found establishments in the Hotels and Restaurants were among the most likely to have taken steps in response to shortages, with 89% having done so. 50% of businesses had provided training towards nationally recognised qualifications.

277. Our new national tourism strategy, Scotland Outlook 2030, was published in early March 2020⁸⁵ – shortly before the COVID-19 crisis struck. The new strategy focussed on four key themes: people, place, business and experiences, with the aim of making Scotland the world leader in 21st century tourism. The immediate impact of the crisis meant that work to develop a detailed action plan for the strategy was put on hold, with the outcomes of the strategy being reviewed in light of COVID-19, to ensure that they remained fit for purpose in the new desired normal for Scottish tourism. However progress has resumed with the new strategy, it is certain that

⁸² Labour Migration in the Hospitality Sector, British Hospitality Association and KPMG, 2017, available at <https://www.bha.org.uk/wordpress/wp-content/uploads/2017/05/BHA-EU-migration-final-report-170518-public-vSTC.pdf>

⁸³ Tourism and Food and Drink Industries Workforce Survey, 2018

⁸⁴ Employer Skills Survey, 2017

⁸⁵ <https://scottishtourismalliance.co.uk/wp-content/uploads/2020/03/Scotland-Outlook-2030.pdf>

people will remain at its heart, in particular the skills agenda and the need to promote fair work across the sector.

278. Scottish Government is supporting employment opportunities in the sector. In the most recent Programme for Government, we committed to developing a campaign to promote tourism as a career of choice. The timing of this will be reviewed in line with the impact of COVID-19.

279. In addition, around 3,000 Modern Apprenticeships are delivered annually within the Tourism and Hospitality Sector in Scotland funded by Skills Development Scotland (SDS).

280. The Springboard charity continues to deliver a range of initiatives supported by industry, SDS, local authorities and Developing the Young Workforce (DYW) groups, designed to promote the sector as a career of choice and support people into work in the sector. Springboard initiatives include the Future Chef programme, Hospitality Takeover days with schools across Scotland, and the development of a network of industry ambassadors trained to work with young people.

281. The industry (UK Hospitality) has stated that wages within the sector have also increased, due to competition, as a means of attracting workers to the sector. However, they have also stated that the increased payroll costs are impacting on the viability of businesses. It also noted that, while productivity was increasing in some city centre businesses, the nature of the sector, with SMEs the majority, seasonality and unpredictable demand, meant that staff need was harder to predict than for other sectors.

282. The Scottish Government has established a Tourism Recovery Taskforce⁸⁶ to support the sector's recovery following the disruption caused by the COVID-19 pandemic. The taskforce will look at the sector's recovery needs as well as actions being taken by the UK Government and the development of a new domestic visitor marketing campaign.

Cultural and creative industries

283. Scotland's creative industries are a major economic contributor and help shape our cultural identity and international reputation.

284. They include industries with their origin in individual creativity, skill and talent, as well as those with the potential to create wealth and jobs through the development, production or exploitation of intellectual property. The Scottish Government defines the sector as being made up of 16 industries: advertising; architecture; visual art; crafts & antiques; fashion & textiles; design; performing arts; music, photography, film & video, computer games, radio & TV, writing & publishing, libraries & archives; software/electronic publishing and cultural education.

⁸⁶ <https://www.gov.scot/publications/parliamentary-statement-impact-covid-19-tourism/>

285. It is estimated that the creative industries in Scotland contributed £4.9 billion in GVA in 2017. In 2018 87,000 people were employed across the sector⁸⁷. While the majority of jobs are concentrated in Glasgow, Edinburgh and Aberdeen, Dundee and East Dunbartonshire also have higher than average share of sectoral jobs.

286. The sector is dominated by small enterprises with 57.6% of the 15,845 registered enterprises having zero employees (i.e. operating as sole traders) in 2019, and 30% in total had fewer than five employees⁸⁸.

287. Workers from other countries make a significant economic contribution to the sector. Artists from overseas contribute to our unique culture and world leading festivals, allowing Scottish cultural organisations, our screen sector and our creative industries to recruit the best talent from as wide a pool as possible. At the same time, free movement allows Scottish artists and cultural practitioners to take their work to audiences throughout the EU, exporting our culture and supporting domestic industry through touring and working in other parts of the world, and making it easier for such work to come to Scotland.

288. The culture and creative sectors are highly international in their outlook. Cross-border collaboration between artists and other creative professionals is fundamental to the free flow of creative and cultural ideas and expression and, ultimately, the continued development of the sector. The international nature of the sector is demonstrated in the high proportions of non-UK nationals across many sub-sectors. An immigration policy that made transnational cultural collaboration and exchange more difficult could have a significant impact on the vitality and strength of the Scottish cultural sector.

Contribution of EU workers

289. According to the Annual Population Survey 2018, there were 9,000 EU citizens working across Scotland's creative industries, accounting for 7.2% of employment in the sector⁸⁹. They comprise a large number of performers within Scotland's national performing companies – in recent years, as high as 38% of the performers employed permanently by Scottish Ballet and 21% of the Scottish Chamber Orchestra.

290. The highly specialised and expert nature of the roles and the skills required of each individual contributes significantly to each company's high international standing. Careers in these sectors of the performing arts are highly international and artists have a significant degree of mobility.

Skills needs

291. The potential impact of exiting the EU on skills needs for the creative industries was set out in the Creative Industries Federation's Brexit Report from

⁸⁷ <https://www.gov.scot/publications/growth-sector-statistics/>

⁸⁸ <https://www.gov.scot/publications/growth-sector-statistics/>

⁸⁹ Annual Population Survey, 2018

October 2016⁹⁰. There are long-standing skills shortages within the creative industries that workers from other EU countries currently help to address. The current SOL includes 17 creative industries occupations, demonstrating that, even with free movement, there are already notably significant skills shortages⁹¹.

292. Freelancers are of particular importance within the creative industries due to a range of factors including the time-limited nature of performance runs, productions and exhibitions; travel requirements for international touring and the high levels of innovation in the sector, which require people with specialist skills and the organisations who employ them to have high levels of international mobility. Yet freelancers from outside of the EU often cannot access Tier 2 visas, since, by the very nature of their employment, they lack a sponsor to support their application. Free movement is therefore an important route into the UK for the skills that freelancers bring – 6.2% of freelancers in the UK's creative industries are EU citizens⁹².

293. With respect to students studying courses related to the creative industries, EU citizens account for a particularly high proportion of student numbers. In 2016, Glasgow School of Art, for example, had around 16% of its student body made up of students from other EU countries⁹³.

294. The National Performing Companies have suggested that the end of free movement could also have an impact on the career pathways from training into professional performance that currently exist. Students who train at the Royal Conservatoire of Scotland (RCS), for example, will often pursue a portfolio career working with both Scottish companies and companies from other countries. Similarly, international students at the RCS will develop connections in Scotland that support the rest of their careers. These international connections support the health of the Scottish cultural sector as a whole. Proposed changes to the immigration system will reduce the range of career pathways open to students in creative education in Scotland, potentially reducing the attractiveness of the sector as a whole.

295. The proposed lower salary threshold of £25,600 for the skilled worker route would continue to have a significantly detrimental effect on this sector, creating a barrier against recruitment from other countries and potentially excluding many

⁹⁰ Creative Industries Federation (2016), Brexit Report. The impact of leaving the EU on the UK's arts, creative industries and cultural education - and what should be done, pp. 13-25, available at <https://www.creativeindustriesfederation.com/sites/default/files/2017-05/Brexit%20Report%20web.pdf>

⁹¹ Immigration Rules Appendix K: shortage occupation list, available at <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-k-shortage-occupation-list>

⁹² Department for Culture, Media and Sport (DCMS) (2016) DCMS Sectors Economic Estimates: Employment Update, pp. 9, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/546262/DCMS_Sectors_Economic_Estimates_-_Employment.pdf

⁹³ Creative Industries Federation (2016) Brexit Report. The impact of leaving the EU on the UK's arts, creative industries and cultural education - and what should be done, pp. 18, available at <https://www.creativeindustriesfederation.com/sites/default/files/2017-05/Brexit%20Report%20web.pdf>

highly-skilled professionals from the cultural and creative industries, given relatively low salary levels in the sector.

Recruitment Shortages

296. The following table shows the most recent figures provided for numbers of performers from UK, non-UK EU and the rest of the world employed by four of Scotland's National Performing Companies.

Table 8: Summary of performers nationalities employed by four of Scotland's National Performing Companies

	UK nationals	EU nationals	Other Non-UK nationals	% of EU nationals
Scottish Chamber Orchestra	22	7	5	21%
Royal Scottish National Orchestra	58	7	6	10%
Scottish Ballet	17	14	6	38%
Scottish Opera	145	6	1	4%
Total	242	34	18	12%

297. The current SOL includes:

- Artist (3411)
- Dancers and choreographers (3414)
- Musicians (3415)
- Arts officers, producers and directors (3416)
- Graphic designers (3421)

298. The sector has highlighted that these job roles still require intervention to manage shortages and therefore should remain on the SOL. If they are removed from the UK-wide SOL these should be included on the Scottish SOL. In addition to the companies currently referenced under Musicians (3415), the Royal Scottish National Orchestra and the Scottish Chamber Orchestra should be incorporated.

299. The culture and creative sector has been severely affected by the COVID-19 crisis. In many areas activity has stopped altogether, such as live music and theatre performances. This is likely to have some immediate impact on shortages in the sector, including the permanent loss of people in freelance, short-term and casual working arrangements. Access to the skills and talents that the sector requires will be central to its recovery. The international networks and links that are facilitated by the ability of EEA citizens' to come to Scotland to work in the creative industries will also be vital to the sector's recovery. Therefore, it is likely that as the sector recovers and activity returns to desired levels, it will be necessary for these roles to remain on the SOL.

Action Taken

300. There are currently efforts ongoing to address the existing skills shortages and gaps within the creative industries in Scotland. SDS worked with industry to publish a Creative Industries Skills Investment Plan in June 2015⁹⁴. This work sets out a number of actions to address existing skills needs. It estimates that each year between 2015 and 2025, the creative industries will need an additional 4,300 individuals entering their workforce to support growth. Given existing shortages, and the current significant proportion of EU citizens filling key roles in the sector, the current proposals will have a significant negative impact on the availability of skilled workers.

301. A key driver of growth in the creative industries has been digital. Sub-sectors of the creative industries with a particularly strong digital focus are amongst those employing the highest proportions of workers from other EU countries and many also have the highest proportion of skills shortages and gaps, such as in the games and software industries, for example. SDS have developed a separate Skills Investment Plan for the digital sector⁹⁵ which sets out actions to address skills needs in support of that sector's continued development. As outlined above, a separate digital response will be submitted to this call for evidence.

302. The Scottish Government has published *A Culture Strategy for Scotland*⁹⁶ (February 2020) which demonstrates the importance of culture to Scotland's prosperity and sets the future strategic direction of culture in Scotland. This includes supporting, developing and promoting Scotland's creative workforce, undertaking a status review of cultural workforce, ensuring that Scotland's culture reaches a wide audience at home and abroad⁹⁷.

Digital and technology

Economy

303. Scotland is home to a vibrant digital technologies industry with over one thousand companies engaged in a variety of activities from software development and IT services to digital agencies, games development and telecommunications.

304. The Digital Technologies sector in Scotland contributed £4.9bn GVA to Scotland's economy in 2019, accounting for 3.5% of total GVA. GVA per head for the tech sector is 40% higher than for the economy as a whole, making it a considerable

⁹⁴ Skills Development Scotland (2015) Skills Investment Plan for Scotland's Creative Industries Sector, available

at https://www.skillsdevelopmentscotland.co.uk/media/35670/creative_sip_digital_v4.pdf

⁹⁵ Skills Development Scotland (2014) Skills Investment Plan for Scotland's ICT & Digital Technologies sector, available

at http://www.skillsdevelopmentscotland.co.uk/media/35682/ict_digital_technologies_sector_skills_investment_plan.pdf

⁹⁶ <https://www.gov.scot/publications/culture-strategy-scotland/>

⁹⁷ <https://www.gov.scot/publications/culture-strategy-scotland/pages/1/>

contributor to Scotland's economy. Over half of employers (58%) recruited tech skills in 2018/19.⁹⁸

305. The digital and tech sector will be the second fastest growing in Scotland between now and 2029. In addition, it is expected to grow one and half times faster than the economy overall.

306. According to Tech Nation, Scotland's tech startup ecosystem is particularly resilient as it continues to attract investment and perform well. Last year, Edinburgh advertised 35,786 digital tech roles, making up over 22% of jobs in the region and underlining the strength of the capital within Scotland's economy.

307. Edinburgh had the highest median salary for digital technology jobs in the UK at £44,938. This is 17% higher than the median salary across all sectors in the city in 2019, the report showed.

308. GVA per head for the tech sector is 40% higher than for the economy as a whole.

309. People who work in tech businesses are more likely to be employed on a full-time basis (89%) than those in Scotland's workforce overall (66%).

Skills

310. The shortage of skills required to meet the demand for digital roles is restricting growth within the digital sector and the wider economy. The number of people working in tech professions has grown 9% from 2016-2018, illustrating continued demand for tech skills across all Scotland's industries.

311. Demand for tech recruits continues to grow rapidly. It is estimated that Scotland needs around 13,000 new people to work in tech every year.⁹⁹

312. There are currently 1,557 vacancies advertised for Edinburgh-based companies that require skills in emerging technologies, including data analytics, artificial intelligence (AI), blockchain and quantum computing. This is down from 2,666 in June 2019, a drop of 42%.

313. There has been a growth in demand for skills in AI and Machine Learning, with job advertisements increasing by nearly a third (33%) in Edinburgh and 44% in Glasgow in 2019.

314. 50% of respondents ranked Brexit as having a negative impact on having access to the skills requirements they need, with only 2% ranking it as a positive.

315. 75% of employers in the latest SDS Digital Technologies report, reported that having the right workforce with the correct technical skills as being an issue with 28% stating it as a significant one.

⁹⁸ Skills Development Scotland: [Scotland Digital Technologies Report 2019](#)

⁹⁹ Skills Development Scotland: [Scotland Digital Technologies Report 2019](#)

316. 58% also reported skills issues in terms of the necessary employability or work readiness skills.

Action taken

317. We have invested some £26m over the past 6 years in supporting businesses and individuals to develop their digital skills.

318. Over £12.5 million of this funding has been focussed specifically on delivery of the Digital Skills Investment Plan, seeking to tackle both immediate digital skills shortages and to boost the number of skilled individuals we have in the pipeline and in the workplace.

319. Our Digital Skills Group is a public sector partnership with companies such as JP Morgan, Hewlett Packard Enterprise, Cisco and FanDuel has delivered a range of projects to both respond to immediate needs of industry and broaden the future talent pool.

320. A successful and effective STEM strategy is helping improve awareness (and provision) of digital skills issues, qualifications and pathways across Scotland.

321. Due to COVID-19, we now have an even more critical need and importance to address the skills shortages and to build upon the digital economy of Scotland.

International Recruitment

322. According to a report by Ekosgen, 37% of businesses surveyed in Scotland had recruited Digital Technologies skills internationally, with 68% of those reporting Europe to be the top origin of recruits. Over half of those recruiting internationally report doing so to address a specific specialist skill or experience requirement⁷⁴.

323. Almost half (48%) of business respondents reported currently having digital technologies skills shortages or gaps in their workforce. Of this group, 64% had issues in development and implementation, with delivery and operation (29%) and relationships and engagement (27%) also notable.

324. Employers felt the reasons for these skills shortages and gaps were mainly due to there being a lack of required skills in Scotland and too much competition for these skills. Employers use a variety of solutions to meet their recruitment needs and challenges including apprenticeships, internships, college and university graduates.

325. This illustrates employers' appetite to invest in younger and less experienced talent, however there remains more of a focus on university graduates as employers perceive them to be better equipped with technical skills and work readiness skills at this stage.

326. International recruitment is also being used to help fill gaps. 36% of employers have recruited tech skills internationally. The main drivers for this are a lack of UK applicants and the requirement for specialist skills and experience.¹⁰⁰

327. A more restrictive immigration policy would increase the existing difficulty in recruiting skilled staff in the sector, further restricting potential for growth. The labour market requirement for migration is projected to continue despite the labour market shock caused by COVID-19.

Impact of Brexit

328. 72.5% of respondents to the latest ScotlandIS snap poll on Brexit¹⁰¹ voted "Other" when it came to what would be preferential for their business with regards to either a No Deal Brexit/Extension. Of that 72.5%, 50% of respondents voted to revoke Brexit.

329. Only 13% of respondents voted in favour of a potential "No Deal Brexit".

330. 45% of respondents are not making plans for Brexit, the prime comment/reason for this is due to the ongoing uncertainty and lack of clarity.

331. 49% of survey respondents think that over the next 12 months the business environment for their company will get worse or considerably worse.

Digital Connectivity

332. Data on salary levels is not available at a regional level. The telecoms industry cite the commercial sensitivity around this.

333. Whilst Scotland does not have devolved responsibility over telecommunications, the Scottish Government has made a commitment to deliver 100% superfast broadband access across Scotland backed up by the substantial investment of £600 million in the Reaching 100% (R100) programme.

334. It is essential that the telecoms industry has access to a workforce with the range of skills to deliver both commercial and publicly funded digital infrastructure projects in Scotland, particularly highly skilled engineers.

335. Our Digital Scotland Superfast Broadband (DSSB) programme had to take steps to address a shortage of UK-based expertise, securing workers from Poland and Portugal in order to complete infrastructure build. Without access to these workers from other countries, the programme of extending fibre broadband access to over 940,000 premises across Scotland could not have been delivered.

336. Failure to supply the necessary workforce poses a significant risk to the R100 programme which is a vital investment in Scotland's national infrastructure.

¹⁰⁰ Skills Development Scotland: [Scotland Digital Technologies Report 2019](#)

¹⁰¹ <https://www.scotlandis.com/scottishtechsurvey/>

Manufacturing and construction

337. Scotland has a long and proud manufacturing heritage and manufacturing is seen as a key driver of our future prosperity. Manufacturing covers a diverse range of activities from engineering to textiles and represents over 54% of our international exports at £17.6 billion¹⁰². Manufacturing products accounted for 48% of business expenditure on research and development (BERD) in 2017 (£594 million).¹⁰³

338. While manufacturing has undergone a significant transformation in recent decades, with increased globalisation and greater use of digital technology, it remains a high skills and high wage sector, with earnings that are above the Scottish average. The sector employed 181,000 people in 2018, accounting for 6.9% of total employment in Scotland¹⁰⁴ and contributed £12.0 billion in GVA to Scotland's economy in 2017¹⁰⁵.

339. The construction industry is another core sector of the Scottish economy, providing infrastructure to businesses across all sectors. It makes a major contribution to the economy, employing 143,000 in 2018¹⁰⁶ and contributing £7.6 billion in GVA to the Scottish economy in 2017¹⁰⁷.

340. Table 9 below shows the levels of employment in the manufacturing and construction sectors for non-UK EU and non-EU nationals. Many workers from other EU countries in the manufacturing sector are employed in the 'manufacture of food products' industry: 32.4% of employment in that industry is made up of workers from other EU countries, employing 8,000 EU workers, accounting for 5.7% of all EU workers in employment in Scotland.

341. The construction industry would be largely affected by the future immigration proposals set by the UK Government and in context of this report.

Table 9 - Levels of non-UK EU and non-EU workers in manufacturing and construction

Sector	EU			Non-EU		
	Level	% of all in employment	% of all employment in sector	Level	% of all in employment	% of all employment in sector
Manufacturing	17,000	12.2	8.4	3,000	4.7	1.3
Construction	9,000	6.7	4.9	1,000	1.2	0.3

¹⁰² Export Statistics Scotland, 2017

¹⁰³ Business Enterprise Research and Development Scotland, 2017 available at <https://www2.gov.scot/Topics/Statistics/Browse/Business/RD/BERDreport17>

¹⁰⁴ Business Register and Employment Survey, 2018

¹⁰⁵ Scottish Annual Business Survey

¹⁰⁶ Business Register and Employment Survey, 2018

¹⁰⁷ Scottish Annual Business Survey 2018

342. In 2017¹⁰⁸, 8.0% of employment in the manufacturing sector was made up of workers from other EU countries. The industry employed 16,000 EU citizens, accounting for 12.0% of all EU citizens employed in Scotland.

343. In 2017, 3.0% of workers in the construction sector came from other EU countries. Around 6,000 EU citizens worked in the sector, accounting for around 4.1% of all EU citizens in employment in Scotland⁶³. In construction, over a third of all vacancies were reported to be hard to fill for skills-related reasons.

344. Of the 143,000 employees in the construction industry (Annual Business Survey, 2018)⁶⁸ in Scotland, 42,000 are categorised as being in 'skilled construction and building trades'. The Office for National Statistics (ONS) ASHE data for workers categorised as being in 'skilled construction and building trades' in Scotland includes:

- Steel erectors (RQF 3)
- Bricklayers and masons (RQF 3/Lower Skilled)
- Roofers, roof tilers and slaters (RQF 3)
- Plumbers and heating and ventilating engineers (RQF 3)
- Carpenters and joiners (Lower Skilled)
- Glaziers, window fabricators and fitters (Lower Skilled)
- Plasterers (Lower Skilled)
- Floorers and wall tilers (Lower Skilled)
- Painters and decorators (Lower Skilled)
- Supervisors (Lower Skilled)

345. Thus the majority of these roles lie outwith the scope of this commission and would not be eligible for inclusion on the SOL. Furthermore the 25th percentile annual gross pay for a worker in the 'skilled construction and building trades' was £22,700 in 2018, while the median annual gross pay was £27,400.

346. Therefore even at the proposed reduced salary threshold of £25,600 the majority of roles within the construction and building trades would not be eligible for the future system and could significantly restrict the ability of Scottish construction firms to recruit construction workers at RQF level 3 or above.

347. Evidence from the Construction Industry Training Board (CITB)¹⁰⁹ shows that in 2018/19, bricklayers, labourers/general operatives and carpenter/joiners are the top three occupations amongst construction workers in Scotland. This reflects the profile across the UK, although there are fewer site managers within Scotland. There has been an increase in the proportion of labourers/general operatives since 2015 (from 21% in 2015 to 27% in 2018/19) and these workers form a higher proportion of the Scottish workforce than across the UK.

Impact of Brexit

¹⁰⁸ Annual Population Survey, 2017

¹⁰⁹ <https://www.citb.co.uk/about-citb/construction-industry-research-reports/search-our-construction-industry-research-reports/skills/skills-and-training-in-the-construction-industry-2018/>

348. Manufacturing is a key part of the entire UK's economy, accounting for 10% of the total economy and 9% of total employment. It also has a higher productivity and wages than the average for the economy as a whole.

349. The reliance of other sectors on manufacturing for products and services means that any disruption to it would have a sizeable negative impact on the wider UK economy; and Brexit poses a significant threat.

350. A recent academic report by UK in a Changing Europe, *Manufacturing and Brexit*¹¹⁰, found the effects to be significantly disruptive and negative, given the sector is highly integrated within the EU single market. The extent of this disruption is highly reliant on the outcome of the UK-EU negotiations.

351. Brexit scenarios by KPMG based on three possible outcomes: a 'hard Brexit' (trade and labour flows restricted); 'free trade' Brexit (trade is free, labour restricted); and a 'free labour' Brexit (trade restricted, labour free). Discounting the third given free movement will end at the end of 2020 places manufacturing industries in the top half of sectors likely to suffer negative impacts of Brexit.

352. These comprise metals, oil and gas, industrial products, pharmaceutical and biotech, food and drink manufacturing, and others.¹¹¹

353. Food and drink manufacturing is shown to be the most affected sector with restrictions on either labour or trade. Pharmaceuticals and Biotech similarly rank highly. Given the key role of both of these sectors in the UK's response to the COVID-19 crisis, the high levels of EU employees and typically low salaries, the UK would be significantly worse off and less able to respond to the crisis following the implementation of the new system and end of the transition period.

House Building

354. The Independent Short-Life Working Group on housebuilding sector skills employment report was published in May 2019. Evidence provided to the group highlights that the industry lost EU citizens over the last 2 years, particularly in the areas of bricklaying, joinery and site operatives. There were also reported regional 'hot spots' with an under supply of on-site skills, such as the Highlands and South East¹¹².

355. Skilled trades roles continue to have the highest density of skill-shortage vacancies (more than two in every five skilled trades vacancies were skill-shortage vacancies).

356. The sector has found the following roles hard to fill:

¹¹⁰ <https://ukandeu.ac.uk/wp-content/uploads/2020/06/Manufacturing-and-Brexit.pdf>

¹¹¹ KPMG Economic Insights, 'Brexit: The impact on sectors', February 2017. Some non-manufacturing is included in manufacturing sectors: the pharmaceuticals and biotech sector includes scientific research and development, the oil and gas sector includes extraction of crude petroleum and gas, and the metals sector includes mining of metal ores.

¹¹² Local Construction Skills Needs for Scotland. (2018) Construction Industry Training Board.

- Bricklayers (5312)
- Joiners (5315)
- Electricians (5241)

Qualifications for bricklayers and joiners are usually in the form of apprenticeships.

357. Electricians require professional body accreditation, in Scotland this comes from Electrical Contractors' Association of Scotland. The sector has so far struggled to maintain supply to meet the growing skills demand.

358. The sector had previously been supplied by mostly Polish labour but changing economic conditions, a weakening pound and the environment created around Brexit has led to a significant reduction in the Polish born workforce. The roles are now more commonly filled by Romanian citizens. Therefore the lack of a so called "low-skilled" route will significantly affect supply.

Logistics and Passenger Services

359. The logistics sector employs approximately 2.5 million people across the UK. It is estimated that 11% of these are filled by EU nationals including 60,000 HGV drivers and 120,000 warehouse operatives.

360. There are already issues identified by stakeholders around the availability of skilled labour in the logistics sector, with a particular concern around recruiting qualified HGV Drivers where industry estimates that there will be a UK-wide shortage of between 35,000 to 60,000 drivers by 2020.

361. Existing skilled labour shortages are likely to be exacerbated by the proposals for the future immigration system. For example, the logistics sector typically has a higher age demographic with the majority of UK HGV drivers aged 45 or over (approximately 99% of UK drivers are aged over 25). In comparison, the percentage of EU nationals working within the industry aged over 45 is significantly lower, and so a reduction in this part of the workforce could disproportionately increase labour shortages. Also, any proposals under the potential future salaries threshold could adversely affect the ability for EU workers to work in the UK logistics sector as the majority of posts available would not meet this threshold.

362. There are also concerns regarding other essential occupations across the wider logistics chain such as fork lift drivers, warehouse staff, mechanics, as they also currently have a high proportion of EU nationals working in these roles, where the majority of salaries are unlikely to meet the threshold. Detailed in Table 10 below is an approximate breakdown of EU nationals working within a number of areas across the wider logistics sector.

Table 10 - Levels of EU Nationals Employed in the Logistics Sector in Scotland

Position	Total Number of EU Nationals	Percentage of Total Workforce
LGV Drivers	42,000	12%
Van Drivers	29,000	7%
Fork-lift Truck Driver	23,000	26%
Warehouse workers (non-managerial)	91,000	19%

Source: Repgraph analysis of ONS Labour Force Survey for Q2 2018

363. A number of other concerns have been raised by the Freight Transport Association, these include:

- 90% of logistics jobs are classed as “lower-skilled” and therefore would not meet the salary threshold;
- 88% of logistics jobs have a salary lower than the £30,000 threshold under the proposals by the UK Government e.g. the average salary for a warehouse operative and forklift driver is £21,000 and HGV Driver is £28,000; and
- Concerns regarding frontier workers within the industry; for example many touring hauliers employ EU nationals that don't live in the EU, they work under a UK contract and come to the UK to collect the HGV then travel around Europe for several months. There is a question mark over whether this practice can continue.

364. Similar issues to the logistics sector were raised in regards to the bus passenger services. Again there are concerns about the impact of a high salary threshold but these services are crucial, particularly in remote and rural communities.

Scotland's Rural Economy

365. Rural areas are home to one sixth of Scotland's population¹¹³. The importance of migration in meeting Scotland's demographic and economic needs is felt in particular in our rural communities, where although numbers may be small compared to large urban concentrations, the positive contribution made by EU workers, and their families, can be especially significant.

366. Approximately one third of Scotland's registered small and medium-sized enterprises are based in rural areas, with some 49,000 businesses operating in a diverse range of sectors including agriculture and forestry, tourism, the manufacture of high-tech niche products and creative services¹¹⁴. Many are reliant on straightforward access to a workforce that includes workers from other EU countries, in order to meet their current and future labour needs and would be disproportionately disadvantaged by any restrictions which meant they were unable to hire the labour that they needed.

¹¹³ [National Records of Scotland Midyear Population Estate 2018 by Urban Rural Classification](#)

¹¹⁴ [Businesses in Scotland 2019](#), <https://www.gov.scot/publications/businesses-in-scotland-2019/>

367. Low unemployment in rural areas mean workers often need to be sourced from outwith the local area, driving the need for migrant workers. Scotland's unemployment rate is 3.5%¹¹⁵ but this varies significantly across Scotland: ranging from 1.9% in the Orkney Islands and 2.2% in Shetland to 5.4% in Dundee.

368. The impact of low unemployment is disproportionately felt on producers and industries primarily based in rural areas including agriculture, and food and drink. Data from the Federation of Small Businesses found that 1 in 4 (26%) of small businesses in Scotland employ EU citizens, rising significantly in rural areas, with 41% of small businesses in the Highlands and Islands employing EU citizens¹¹⁶.

369. Some of the sectors in rural areas most reliant on non-UK workers include horticulture, dairy farming, fisheries and meat processing, often in casual and seasonal employment. On the 1 June 2019, there were 67,100 people working on agricultural holdings across Scotland. Worker-occupiers and their spouses made up 56%% of the total workforce; regular staff accounted for 31% and casual and seasonal workers 13%¹¹⁷.

370. The section below sets out more evidence on the contribution of workers from other EU countries to primary sector rural industries. Primary sector industries are defined as agriculture, forestry and fishing: which (as of March 2017) employ more people in remote rural (15%) and accessible rural (13%) areas than in the rest of Scotland (0.5%)¹¹⁸.

371. Many roles within these sectors are below the skill level required to obtain a Tier 2 visa to work in the UK and are often seasonal. Around 9,300 seasonal workers were engaged in Scottish agriculture in 2017¹¹⁹, particularly concentrated in fruit production. This sector has been an important source of growth within Scottish agriculture in recent years; with the value of its output growing to almost £140 million in 2018¹²⁰, and the volume of production more than tripled since 2003.

372. Providing comprehensive data on the contribution of seasonal workers from other EU countries to the Scottish agriculture sector is challenging, in particular given the short-term nature of their employment which means such workers are often absent from official statistics.

Horticulture

¹¹⁵ Feb-Apr 2020 data (therefore including some of lockdown) 'Labour market monthly briefing: June 2020', <https://www.gov.scot/publications/labour-market-monthly-briefing-june-2020/>

¹¹⁶ Federation of Small Businesses, Evidence to the Scottish Affairs Select Committee Inquiry on Immigration and Scotland 2017, available at <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/scottish-affairs-committee/my-scottish-affairs/oral/71513.html>

¹¹⁷ [Scottish Agricultural Census 2019](#)

¹¹⁸ Scottish Government (2018) Rural Scotland Key Facts 2018. National Statistics: <https://www.gov.scot/publications/rural-scotland-key-facts-2018/>

¹¹⁹ SEFARI (Scottish Environment, Food and Agriculture Research Institutes), The Fruits of Their Labour: Seasonal farm workers in Scottish agriculture, available at: <https://sefari.scot/research/the-fruits-of-their-labour-seasonal-farm-workers-in-scottish-agriculture>

¹²⁰ [Total income From Farming 2018](#) NB 2019 data to be published end of July 2020

373. The EAG analysed the impact of a salary threshold by local authority area and found that remote and rural areas would find it very difficult to attract any migrants with this imposition – even the reduced threshold of £25,600 poses a significant barrier.

374. Regionally uneven population change represents an additional challenge. In Scotland while inward migration to rural areas has been less significant than to large cities, such mobility has helped to stabilise and even rejuvenate the local population age structure in many areas. It is important to note that this rural depopulation is a result of a legacy of outward migration. Even a minor reduction in inward migration to those areas will thus have a significant negative impact.

375. One of the sectors most heavily reliant on seasonal EU labour is horticulture. Taken together, horticulture and the potato industry account for £511 million of output in 2018¹²¹. As above, the soft fruit sector in particular has grown across the UK and in Scotland: for example, Strawberry and Raspberry consumption in the UK increased by 150% and 123% respectively between 1996 and 2015, of which 70% was grown in the UK (according to figures from the UK Department for Environment, Food and Rural Affairs).

Business Concerns

376. The soft fruit and vegetable sectors are particularly reliant on seasonal migrant labour, with the vast majority of workers in the sector coming from overseas, and only a very small proportion (often only the business proprietors) are permanent British workers. The majority of businesses confirm that they have tried repeatedly over a number of years to attract local or domestic workers but with minimal success: reasons include the calibre and commitment of local recruits, who did not remain in the job.

377. The greatest demand for workers comes during harvest in summer and autumn (roughly between May and September), although there are other roles required earlier in the year.

378. It is estimated that up to 22,000 non-UK seasonal workers are employed on Scottish farms every year, the majority of whom come from other EU countries. 6,700 seasonal workers are needed annually in Scotland's soft fruit sector alone.

379. Many growers in the soft fruit industry in Scotland have expressed serious concerns about the proposed limitations on easy access to seasonal labour will have on their businesses, and indeed are already facing significant labour shortages, with 48% indicating their difficulty to harvest due to labour shortages¹²². The tight timeframes associated with the harvesting of fresh food have led some to highlight the possibility of fruit going unpicked and 'rotting in the field'.

¹²¹ [Total income From Farming 2018](#) As above, 2019 data to be released end of July 200.

¹²² See NFU Scotland press release, February 2018: <https://www.nfus.org.uk/news/news/nfu-scotlands-seasonal-workers-survey-identifies-labour-shortage-fears>

380. The evidence suggests that the need for labour could not be addressed by recruitment of local people alone, not least given the low unemployment that characterises rural areas.

381. In consideration of these numbers, even in 2017, the 2,500 visas for the whole of the UK of the proposed Seasonal Agricultural Workers Scheme (SAWS) pilot are shown to be woefully inadequate. In 2017, there were between 2,000 and 2,500 vacancies in Scotland alone.

382. These shortages occurred even with free movement enabling recruitment, with the UK Government ignoring the need for labour in roles below £25,600 a year these shortages will grow exponentially. Action is needed urgently to address this need. Without a “lower-skilled” migration route, the industry will be prevented access to reliable, seasonal labour. This will have a significant and detrimental effect, reducing the size of the industry and reducing domestic production in favour of imports. Given the demand across Europe for seasonal agricultural workers, there is a risk that the UK Government’s approach is seen as unwelcoming.

Impact of COVID-19

383. The maintenance of food supplies has featured prominently in the COVID-19 pandemic in the UK – for example, with shortages of key products and urgent requests for labour.

384. Agricultural workers, whilst paid low wages and employed in precarious and demanding seasonal work¹²³ are categorised as ‘high and medium skilled’ by the 2018 MAC report. The difficulty of recruiting labour into this sector has been highlighted by the COVID-19 crisis: the closure of UK borders and suspension of flights preventing the traditional movement of workers from the EU.

385. The recruitment challenge experienced by horticultural growers during the COVID-19 pandemic has exemplified the trend of UK-based workers not being suited or attracted to agricultural work. Schemes to adapt British volunteers (students and furloughed workers, for example) to replace this labour have largely failed: with a predominant lack of experience in the agricultural sector, only 13,000 (32%) of the enrolled 32,000 for the Pick for Britain initiative turned up for online interviews¹²⁴.

386. The NFUS estimate that domestic labour-matching schemes have had an average 10% success rate for growers.

387. Thus while the traditional recruitment of EU workers from e.g. Romania was fraught with many additional complications, including health checks, temporary quarantine and chartering of private flights to the UK, this was still considered preferable to the agriculture industry.

¹²³ https://business.leeds.ac.uk/downloads/download/166/ceric_briefing_paper_-_migration_and_covid-19pdf

¹²⁴ Economist (2020) ‘Your polytunnel needs you’, The Economist, 18th April 2020.

Dairy farming

388. The case is similar in the Scottish dairy sector. The Royal Association of British Dairy Farmers (RABDF) migrant survey carried out in 2016 found that 51% of respondents had experienced difficulty recruiting staff within the last 5 years, and 56% had recruited from outside the UK. The overwhelming majority of farmers (93%) said that the use of EU labour had been a successful option for their farm.

389. Migrant workers were not only recruited due to the insufficient levels of UK labour, also but because of their higher skill and qualification level¹²⁵. Half of the overseas workers employed by respondents in 2016 were highly skilled or mainly highly skilled in dairy.

390. Respondents expressed concern about the impact of Brexit on their ability to recruit and retain workers: 62% of respondents were concerned that Brexit would affect their ability to employ EU labour; 42% anticipated that retaining existing migrant labour would be an issue; and 58% were concerned about their unit's financial viability due to labour shortage¹²⁶.

Meat processing

391. The red meat supply chain in Scotland generates an annual output of some £2.4 billion GVA, and employs more than 33,000 people, with migrant labour playing a key role in the sector¹²⁷. Scottish abattoirs produce around 170,000 tonnes of beef, 26,500 tonnes of sheep meat and 25,000 tonnes of pig meat annually.

392. The role of non-UK labour is of fundamental importance in the slaughter and processing sector, including in veterinary inspection. According to Food Standards Scotland, across the UK 75% of abattoir vets are from other EU countries¹²⁸, and as abattoirs are unable to operate without a vet the contribution made by those roles to the meat processing industry in Scotland cannot be overstated.

393. This level is even higher in Scotland: Food Standards Scotland report that 95% of vets are EU nationals, and 45% of vets in the Government Veterinary service in Scotland non-UK EU nationals¹²⁹. Any future shortage of vets would jeopardise the health and welfare of Scotland's livestock.

394. In a survey carried out amongst members of the Scottish Association of Meat Wholesalers, 52% of the unskilled workforce, 44% of the skilled workforce and 16% of supervisory and management staff were non-UK nationals.

¹²⁵ Royal Association of British Dairy Farmers EU Labour Survey 2016, available at: <https://www.rabdf.co.uk/s/rabdf1147EULabour-APPG.docx>

¹²⁶ As above.

¹²⁷ Quality Meat Scotland 2017, Importance of Migrant Labour to Scottish Red Meat Industry: available at <http://www.qmscotland.co.uk/news/importance-migrant-labour-scottish-red-meat-industry>

¹²⁸ Food Standards Scotland, Service Provider, 2018

¹²⁹ "How leaving the EU will potentially impact negatively on Scotland's rural economy", 2019, available at <https://www.gov.scot/publications/how-leaving-the-eu-will-potentially-impact-negatively-on-scotlands-rural-economy/>

395. As with many sectors in the rural economy, recruiting the necessary labour from the local area is challenging, with industry citing both a lack of suitably skilled local labour, particularly in butchery, and many roles perceived as undesirable by potential workers (due, for example, to shift-working and unsocial hours, the work being physically demanding and a work environment that includes working in chills or areas kept cool for food safety reasons, and a need to wear specialist personal safety equipment)¹³⁰. Low unemployment in rural areas associated with meat processing is again another factor limiting the local labour supply.

Sea Fisheries, Aquaculture and Seafood Processing

396. Around 15,000 people were employed in sea fisheries, aquaculture and seafood processing in Scotland in 2017, generating £1.06 billion Gross Value Added in the same year¹³¹.

397. As of June 2019, there were 318 fish processing plants in Scotland. Processing is concentrated in the Grampian area (Aberdeen and Aberdeenshire local authorities)¹³², which makes up approximately 30% of all registered fish processing plants. Based on 2018 statistics from Seafish Industry Authority, the Grampian area provides 49% of the employment in the fish processing sector¹³³.

398. Dependency on non-UK nationals is higher in Scotland than the rest of the UK with case study analysis of Scotland's large processors estimating 58% of their workforce are EEA nationals¹³⁴ versus estimates of 46% of the UK seafood processing workforce coming from other EEA countries¹³⁵. In some regions in Scotland this dependency is even higher, for example it is estimated that 70% of all staff in seafood processing in Grampian are non-UK nationals. Mixed species processing factories had the highest dependence on EEA workers, who represented 64% of those employed in the businesses. This survey focused on large processors only¹³⁶.

399. The sea fisheries industry is also highly dependent on overseas labour. A 2015 survey¹³⁷ from 222 vessels, representing 15% of the Scottish fleet, 71.9% of the crews came from the UK, 8.1% from EEA countries, and 19.3% from non-EEA countries. Of those reporting EEA nationality, most came from six countries - Ireland,

¹³⁰ "Quality Meat Scotland 2017 Migrant labour and the Scottish red meat sector - a Brexit discussion paper", Brexit Briefing Paper 2, 2017, available at http://www.qmscotland.co.uk/sites/default/files/brexit_migrant_labour_discussion_paper_pdf_final.pdf

¹³¹ <https://www.gov.scot/publications/scotlands-marine-economic-statistics-2017-corrected-april-2020/pages/2/>

¹³² <https://www.food.gov.uk/business-guidance/approved-food-establishments>

¹³³ https://public.tableau.com/profile/seafish#!/viz/home/ProcessingEnquiryTool/IndustryOverview_HR.

¹³⁴ [Employment in Scotland Seafood Processing Sector: 2016. Marine Analytical Unit, Marine Scotland](#)

¹³⁵ Seafish (2016) Seafood Processing Industry Report 2016, available at http://www.seafish.org/media/publications/2016_Seafood_Processing_Industry_Report.pdf

¹³⁶ <https://www.gov.scot/publications/employment-scotlands-seafood-processing-sector-uk-european-economic-area-non/pages/1/>

¹³⁷ Sea Fisheries Employment survey available at <https://www.gov.scot/publications/scottish-sea-fisheries-employment-2015/>

Latvia, Lithuania, Poland, Romania and Spain. Crews from non- EEA countries came from four countries - Philippines, Ghana, Sri-Lanka and Belarus¹³⁸.

400. Most of the surveyed EEA and non-EEA crews worked on Scottish vessels as engineers (charged with the running of the vessel and its equipment) and deckhands (working on the deck with the fishing gear and clearing and sorting catch)¹³⁹.

401. Seafood processors and sea fishing businesses continue to face challenges recruiting UK nationals to work in the sector. Limited labour pools in many seafood dependent communities has increased reliance on non-UK people to fill jobs. In recent years many business owners in both sectors have cited potential business failure if overseas labour could not be accessed. The forthcoming end of freedom of movement for EEA nationals may lead to an increase in the reliance on non-EEA workers who tend to rely on transit visas in the sea fishing sector, with previously declared concerns by Scottish Government in relation to the use of transit visas. A few processors have suggested that there is some potential to shift to more technical solutions (more automation and use of robots) but this would require considerable lead in time and investment¹⁴⁰.

Impact of the proposed new system

402. Stakeholders in the agriculture sector oppose the concept of a salary threshold and the ending of free movement. Without a lower-paid, lower-skilled route for workers, agriculture and food manufacturing industries are likely to be significantly impacted, and business will be unable to maintain the current provision of food to UK consumers.

403. For the vast majority of roles within this sector, including those that can attract a salary over the threshold, academic qualifications are not a prerequisite. It is important therefore that any points-based system does not prescribe points to individuals based solely on academic qualifications. A pragmatic solution might be to apportion points for job roles within these sectors where the kind of tasks needing to be performed can be defined on the basis of 'manual' or 'technical' skills.

404. The proposals would be particularly disruptive for rural and remote areas of Scotland, as seasonal and temporary programmes would prohibit longer-term settlement of immigrants working in key sectors.

Recruitment Shortages

405. Commissioned research into the Seasonal Agricultural Workforce in Scotland¹⁴¹ in March 2018 showed that 9,255 international seasonal workers were

¹³⁸ Scottish Government (2016) Scottish Sea Fisheries Employment 2015, Marine Scotland Science, Marine Analytical Unit, available at <http://www.gov.scot/Resource/0050/00507777.pdf>

¹³⁹ Scottish Government (2016) Scottish Sea Fisheries Employment 2015, Marine Scotland Science, Marine Analytical Unit, available at <http://www.gov.scot/Resource/0050/00507777.pdf>

¹⁴⁰ Employment in Scotland Seafood Processing Sector: 2016. Marine Analytical Unit, Marine Scotland

¹⁴¹ <https://www.gov.scot/publications/farm-workers-scottish-agriculture-case-studies-international-seasonal-migrant-labour/pages/2/>

employed on Scottish Farms in 2017, and highlighted that around 15% further vacancies were unfilled.

406. Stakeholders in the agriculture sector are particularly forthcoming in their opposition to the concept of a salary-selective, skills-based immigration system such as the UK Government intends from 2021. Without a lower-paid, lower-skilled route for workers, agriculture and food manufacturing industries are likely to be significantly impacted, and business will be unable to maintain the current provision of food to UK consumers.

407. The proposals would be particularly disruptive for rural and remote areas of Scotland, as seasonal and temporary programmes would prohibit longer-term settlement of immigrants working in key sectors.

408. For the vast majority of roles within this sector, including those that can attract a salary that meets the proposed threshold, academic qualifications are not a prerequisite. Therefore the current proposals which prescribe points-based solely on academic qualifications would not meet the needs of this sector. A pragmatic solution might be to apportion points for job roles within these sectors where the kind of tasks needing to be performed can be defined on the basis of 'manual' or 'technical' skills, or for inclusion on the SOL.

409. Our response to the previous MAC Commission on the SOL highlighted the following roles for inclusion:

- Managers and proprietors in agriculture and horticulture (1211) – RQF 4
- Veterinarians (2216) – RQF 6
- Farmer, crofter, herd manager (5111) - RQF 3/Lower-skilled
- Veterinary Nurses (6131) - RQF 3
- Farm workers (9111) – Lower-skilled

410. The extension of the SOL to consider roles at RQF 3 and above therefore includes both managers, veterinary nurses and some farmers (as above) but many of these will still not meet the necessary salary threshold (even at the 'discount'). Notably, Farm Workers and many farm, croft and herd manager roles would still be excluded and hence unable to recruit through the future immigration system.

411. Despite strong evidence of the shortages of workers within Scotland across agriculture and agri-food, the MAC have recommended removing agricultural occupations from the SOL in their most recent reports. The National Farmers Union of Scotland (NFUS) in their response to the MAC highlight their concern with this and the threats post to the sector.

Skills needed

412. Veterinarians are highly qualified and must be registered with Royal College of Veterinary Surgeons. Vets are required to maintain animal population health, to certify all meat produced and exported (abattoir vets) and to deal with communicable animal diseases (govt. vets). These are vital roles that are extremely reliant on EU citizens.

413. The work of Veterinarians in maintaining the animal health system is supported by Veterinary Nurses, these are essential roles that often fall below the threshold. Entrants require GCSEs/S grades or an equivalent qualification. Entrants must obtain employment at an approved veterinary practice to gain practical experience and tuition with an employer for a minimum duration of two years. Candidates must also pass professional examinations before qualifying as a veterinary nurse.

414. There are not formal qualifications for the agriculture and horticulture sector, however many managers have BTEC/SCOTVEC or SQA level qualifications. European migrants in agriculture management play a key role in managing the diverse seasonal workforce, in particular research evidence has shown that they often work managing other migrant workers drawing on common language skills, making their presence as important as the staff they manage.

415. Prior practical farming experience is normally needed for any managerial role and often preferred in all farming roles. Training is typically received on-the-job and via a variety of vocational qualifications in agriculture, including a variety of NVQs/SVQs in agriculture available at Levels 1 to 4, together with BTEC/SCOTVEC diplomas and apprenticeships in some areas.

416. Without skilled managers capable of communicating with seasonal staff the most profitable parts of the agricultural sector – fruit and horticulture cannot function. There is an especial dependency in the horticulture and fruit sectors on seasonal agricultural labour for the harvest as there is not a technological solution to soft fruit picking.

Reasons for Shortages

417. The rural economy has a long history of skills shortages with many vacancies proving hard to fill. The attractiveness of entry level jobs in the sector to the domestic working population has declined, whether due to pay, working patterns, perceived lack of job progress or seasonality of businesses. As a result, applications for the sector have declined especially among the domestic population. The growth in the sector has therefore been aided by free movement of workers from other member states in the EU.

418. The inherent rurality of employment in the sector and challenges around getting staff to relocate add to the recruitment challenges faced by the sector. EU citizens coming to the UK for employment are often much more willing to move to rural areas for work.

419. As with tourism and hospitality, as competition for labour increases, businesses may look to increase salaries and/or benefits, the additional costs associated may force others to pass these costs on to customers (impacting on competitiveness) and there is a risk that many will go out of business.

420. There has been an additional challenge faced in the last three years where existing and returning workers from EEA countries have been unwilling to return to

work in Scotland: not only due to the weakened pound but negative perceptions due to the political environment, seen as hostile to immigrants (NFUS).

421. Veterinarians are highly sought after internationally and therefore the UK must remain competitive in attracting veterinary staff. The proposed non-preferential system for EU migration will damage the UK's competitive advantage and result in significant shortages of qualified vets, it is therefore vital that these roles are included on the SOL to ensure the UK is recruiting sufficient levels of skilled staff to sustain business need.

Action Taken

422. The agricultural wages legislation governs the setting of a separate and higher wage structure for wages for agricultural workers at all levels in Scotland. As a result research has shown that wages in the sector are higher than in England where there is not an agricultural minimum wage.

Environment and Forestry

Shortages

423. There are existing shortages within the forestry sector that are difficult to fill with the current domestic workforce and will be affected by the proposed changes in the immigration system.

424. Most notably shortages are prevalent within:

- Forest Management;
- Forest Machine Operators - the personnel who harvest and stack the trees before being hauled to the processors (9112).

425. In addition there are serious concerns about seasonal labour from abroad for work in forest nurseries, for tree planting and for the Christmas tree harvest:

- Tree planters (5112);
- Tree nursery labour – planting and lifting young trees and packing ready for distribution (9112).

426. Tree planters and tree nursery labour are seasonal jobs and much of this labour comes to the UK from Europe (and beyond) each year and on which we rely heavily. The tree planting 'season' can last 9 months over winter and through spring/early summer. Estimates are that this may impact on fewer than 200-300 people, but without them there would be insufficient labour to grow and plant the trees we need to meet national targets. All businesses report that they try to recruit domestic labour but they rarely take up the work, applicants are of low quality and often have high turnover.

427. Stakeholders and the Scottish Government therefore believe that these occupations should be included in the SOL, but additionally, that these categories of

workers are granted the arrangements for seasonal fruit and vegetable pickers via the Seasonal Agricultural Workers visa.

428. Both the Scottish and UK Government have ambitious planting targets for new woodlands, without the labour to raise and plant the trees these targets will not be achievable.

Impact of COVID-19 on Businesses

429. The latest OECD Economic Outlook describes the world as being on a 'tightrope': even if a second wave of the COVID-19 pandemic is avoided, global economic output will fall by 6% in 2020. A second wave could further decrease this to 7.6%.

430. The OECD predict that the UK could be one of the worst hit economies, with output down by 11.5% in the 'single hit' scenario; by 14% with a double hit.

431. The significant contribution to the economy of trade, tourism, real estate and hospitality, all of which were badly hit by lockdown measures, is a key contributor in leading to this heavy affect.

432. Notably, all of these employ high numbers of EU citizens and a low skills level.

433. It will take many years to return to pre COVID-19 GDP levels.

434. On 1 May 2020, Scottish Chambers of Commerce published a COVID-19 tracker survey¹⁴² of just over 350 companies in Scotland. Notable findings include:

- 48% of companies say current cashflow will only cover them for a period of up to, or less than, 3 months
- 13% say they had less than a month before cash ran out
- 64% believe that there are gaps in the current business support measures offered by government
- 50% have already - or intended to - furlough at least half of their staff or more – with 19% of those intending to furlough all of their staff

435. This survey shows that even in April (fieldwork was carried out from 14 to 24 April), when lockdown was in its very initial stages, Scottish businesses faced a catastrophic decline in cashflow due to the impact of the COVID-19 pandemic.

436. Notably, 96% of the respondents were SMEs with workforces of less than 250 employees. The highest trend was of companies with a maximum of 9 employees, making up 42% of responses. 13% were sole traders.

437. The most recent ONS *Business Impact of COVID-19 Survey (BICS)* data shows there has been little to no change in business indicators over the last few months. Particularly concerning is the a high percentage (over 25%) of businesses in Scotland who 'don't know' their status of reserves¹⁴³.

438. SMEs in Scotland are most likely to have hired workers from the EU and not be a registered Tier 2 employer, given the costs and bureaucracy associated with this route and their lack of centralised HR function. Therefore it will be SMEs who are most severely impacted by this new system.

¹⁴² https://www.scottishchambers.org.uk/press_policy/scc-coronavirus-tracker-survey-scottish-firms-facing-significant-cashflow-problems-and-barriers-in-accessing-covid-19-business-support/

¹⁴³ <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/businessimpactofcoronaviruscovid19survey>

439. More recent research carried out by the Federation of Small Businesses (FSB) explored the impact of the crisis on small firms in particular. The report, *Finding Our Feet*¹⁴⁴, found:

- around three quarters of businesses had furloughed staff
- more businesses in Scotland have closed compared to the UK as a whole
- 1 in 5 are selling assets and are struggling to pay commercial mortgages/rent payments

440. Sectors that were particularly badly affected include Accommodation & Food (-88% in economic output); Construction (-40%) and Arts & Entertainment (-40%).

Economic Impacts of COVID-19 on Health and Social Care

441. The UK Government's Regulatory Policy Committee advises that:

“The Coronavirus pandemic is likely to have significant long-lasting effects on the UK economy and the impacts of many new regulations. The RPC would therefore expect that future Impact Assessments, including those supporting the secondary legislation that will follow this Bill, will start to consider the impacts of any absolute and structural changes to the economy when updating or setting out regulatory policy proposals.”

442. The UK Government predicts a “cumulative fiscal cost, estimated at between £1 billion and £3 billion over the first five years” from the UK Government's Immigration Bill. This represents a significant and unnecessary economic cost, and one that may yet have impacts on Health and Social Care budgets.

¹⁴⁴ <https://www.fsb.org.uk/resource-report/finding-our-feet.html>

Key Workers in Scotland

443. There are 924,600 key workers in Scotland, 34.7 % of all people in employment. Non-UK (EU and non-EU) nationals account for 7.5% (69,000) of all key workers. A key worker, or critical worker, is a public sector or private sector employee who is considered to provide an essential service in our response to the COVID-19 crisis in the UK.

444. Of all non-UK nationals employed in key sectors;

- 29,300 (42.5%) work in health and social care;
- 16,600 (24.0%) work in food and necessary goods,
- 5,800 (8.4%) work in education.

445. The below table shows a full breakdown of key workers by sector, using the ONS Key Worker definitions:

Table 11: Key workers in Scotland by category

Key worker category	Number of workers	% of total key workers
Health & social care	320,000	35%
Education & childcare	160,000	17%
Food & necessary goods	140,000	15%
Utilities and communication	140,000	15%
Public safety & national security	60,000	6%
Transport	60,000	6%
Public services	40,000	4%
National & Local Government	20,000	2%

Source: Q4 2019 Labour Force Survey

446. Nearly half of key workers are employed in the public sector. This proportion differs by key worker category, but accounts for the majority of key workers in education and childcare (>80%), public safety and national security (~80%) and national and local government (100%). Over 60% of health and social care key

workers are public sector employees. Furthermore, the majority are woman and a third of key workers are part time¹⁴⁵.

447. In their report on salary thresholds and a points-based immigration system¹⁴⁶, the MAC themselves noted that women and part-time workers are most likely to be disadvantaged by the future immigration system, as less likely to earn the higher salaries necessary. Therefore the future system is likely to exacerbate this imbalance and increase the shortage.

448. Considering the skill level of key workers similarly shows how the future system will create shortages in these sectors. While 70.9% of the employed population overall have A-level/Higher-level qualifications or above in Scotland (RQF 3), only 48.5% of the food and necessary goods workforce do. These roles therefore fall below the minimum required RQF 3 level and would not be eligible for the SOL, nor entry to the UK.

449. EU-born workers are also overrepresented among key workers in the manufacturing sector (22%), scientific and professional sector (11%) and in the transport and storage industries (11%).

450. Further, just over half of UK-born and foreign born key workers are in roles requiring occupation RQF 3 and above (UK wide).

451. About two-thirds of key workers born in countries that joined the EU after 2004 and 55% of those born in South Asia (except India) are in so called “low-skilled” roles. Women are also more likely to be “low-skilled”, representing two-thirds of this labour force.

452. While Non-UK nationals only form about 10% of the UK labour force overall they are over-represented among key workers such as health professionals (23%), nurses and midwives (19%) basic security jobs (21%) or care jobs (16%). Gender imbalance is particularly pronounced among nurses and midwives and care workers, where a majority of foreign born key workers are women.

453. Some sectors are more dependent on key workers. The areas with the highest shares of key workers are health (81%), social work and residential care (65%), and education (58%). Overall, migrants form 17% of this key workforce in the UK but the share of foreign-born workers is higher in specific sectors of the economy.¹⁴⁷

454. Health, social work and residential care workers are most likely to be affected by COVID-19 themselves and therefore the workforce will need to be supplemented as individuals are required to take time off work.

¹⁴⁵ <https://fraserofallander.org/fai-publications/7-key-things-about-key-workers-in-scotland-and-what-it-tells-us/>

¹⁴⁶ <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-points-based-system-and-salary-thresholds>

¹⁴⁷ <https://migrationobservatory.ox.ac.uk/resources/reports/locking-out-the-keys-migrant-key-workers-and-post-brexit-immigration-policies/>

Impact of the future immigration system on key workers

455. The proposals for the new immigration system exclude all of the above key workers from entering the UK in the future.

456. 58% of EU born and 49% of non-EU born full-time key workers aged 25 to 64 would not qualify for a Tier 2 visa under the proposals for the future immigration system. This higher share for EU workers is to be expected given that EU citizens have not been subject to significant restrictions on moving to and working in the UK and are over-represented in roles that are considered “low-skilled” (for more information, see the Migration Observatory briefing *Migrants in the UK labour market: an overview*)¹⁴⁸.

457. While those applying to jobs on the SOL might qualify with lower salaries, individuals still must meet the minimum threshold of £20,480, of which many jobs will not qualify.

458. Furthermore the skills requirement, even lowered to RQF 3, is a crucial factor determining eligibility; that is, changing the salary requirements without changing the skill requirement would have a relatively limited impact.

459. Almost half of non-EU born key workers would not have qualified for a visa under the new system, although they have been subject to harsher salary and skills requirements than those being proposed for the future system. This highlights that work visas are not the only route through which non-EU citizens have entered the UK labour market: many of these non-EU born key workers may have entered the UK as family members or students.¹⁴⁹

460. Key workers are also more likely to be from Black, Asian and minority ethnic backgrounds (BAME) (14% vs 12%); be female (58% vs 48%); or born outside the UK (18% vs 11%); and paid less than the average UK income.

461. The IFS found that 33% of key workers earn £10 or less an hour (28% in non-key sectors). The median salary earned by a key worker (£12.26 per hour in 2019) is 8% less than the £13.26 earned by median earners not in key roles.

462. However there exists much variation between sectors. Roles in food processing and social care are dominated by lower wages and lower qualification requirements. 30% of workers in the meat processing sector were born outwith the UK, as were a quarter of health and social care workers.

463. These differences translate into significant variation in key worker wages: the median earner in the food sector earned £8.59 per hour last year, 30% less than the median key worker. But the median earner in key professional services – such as justice or journalism – earned more than half as much again as the average key worker, partly reflecting that nearly 80% of workers in those sectors have university degrees.

¹⁴⁸ <https://migrationobservatory.ox.ac.uk/resources/>

¹⁴⁹ <https://migrationobservatory.ox.ac.uk/resources/reports/locking-out-the-keys-migrant-key-workers-and-post-brexit-immigration-policies/>

464. The gap between key and non-essential roles has been growing over time. After taking into account differences in the characteristics of key and non-essential employees, average wages for key workers last year were around 9% lower than for a similar non-essential employee. After nearly a decade of wage restraint in sectors such as education and public order, that is nearly twice as large.

Response:

465. Various governments across Europe (Germany, France, Spain) and the Americas (few US states, Argentina, Colombia) have relaxed their immigration rules to allow key workers from refugee and migrant communities to work during COVID-19 pandemic. For example, health services in France can now recruit unverified refugee graduates qualified as doctors, dentists or pharmacists in their home countries; groups of doctors from China, Albania, Cuba and Russia have travelled to Italy to work in their COVID-19 response; Germany are fast-tracking foreign doctors; and Argentina and Colombia are employing Venezuelan refugee medical professionals.

466. In the UK, nearly 3,000 visas for NHS workers have been extended by 12 months, to allow them to continue to support the COVID-19 response: but many more qualified migrants are still unable to practice.

467. Notably, while many health staff are included in this, the social care sector is still excluded from the UK Government visa extension scheme.

Hard to Fill Occupations: Other Countries

468. The EAG report¹⁵⁰ explores how population trends can create three types of 'shortage' and the role migration can play in addressing these:

- Aggregate Shortage, associated with overall labour shortages and high dependency ratios;
- Sectoral shortages, linked to specific occupations or sectors;
- Geographic shortages in particular areas, typically post-industrial, remote and rural communities.

469. Five international case studies are analysed to understand how the design of each country's immigration system confronts demographic shortages and classifies them across two features:

- Programmes **selecting entrants based on specific job vacancies or shortages** (employer-based); or the characteristics of those being admitted (human capital based)
- Programmes offering expansive rights and pathways to settlement, oriented towards promoting permanent stay; or they may restrict these rights, in order to encourage temporary migration and return.

¹⁵⁰ <https://www.gov.scot/publications/immigration-policy-demographic-change-scotland-learning-australia-canada-continental-europe/>

470. The countries studied are:

- **Canada: Provincial Nominee Programs (PNPs)**
- **Canada: Atlantic Immigration Pilot Program**
- **Australia: State Specific and Regional Migration (SSRM) Scheme**
- **Spain: Catalogue of 'Hard to Fill' Occupations** (included differentiated SOLs for provinces)
- **Sweden: 2008 Liberalisation of Labour Migration Policy** (The Public Employment Agency also compiles a list of shortage occupations, and work permits within this list are expedited).

471. The Canadian and Australian systems are explicitly oriented towards addressing **aggregate**, **sectoral** and **geographic** shortages (including through promoting settlement and retention in remote and rural areas).

472. The Spanish and Swedish systems, by contrast, are more geared towards **aggregate** and **sectoral** shortages; but, by building in more flexibility in terms of the occupations and sectors covered, and providing pathways to settlement, they can also contribute to addressing shortages in particular areas.

473. In terms of **regional differentiation** to meet **geographic shortages**, each case study is an example of either **direct differentiation** (distinct regional scheme; regional variation in national scheme criteria) or **indirect differentiation** (single national scheme covering occupation/skills relevant to regional shortages). However, it is noted that there may be greater challenges in enforcing such regional schemes due to their complexity.

Public Attitudes to Migration

474. Public attitudes in Britain have changed over the last few years. Immigration as a matter of public concern has fallen and we are seeing increasingly positive public views towards migration. The COVID-19 pandemic has further led to the recognition of the valuable contribution of migrants – including those who hitherto would not have been recognised as skilled workers – and that they would support an immigration system which reflects this, and enables people to come to the UK to work in these roles. It has also served to highlight the public’s compassion and sense of fairness towards migrants already in the UK.

475. The UK Government should take this opportunity to address the criticisms of its approach and ensure that the new system enables its wider economic strategy and ambition, and meets the needs of the whole of the UK. This also presents the opportunity to revoke the hostile environment and make a fairer, more humane, system that supports migration; and one that more closely reflects the views of the public.

Evidence of changes in attitudes to migration

476. Significant shifts in attitudes in the UK have been taking place over the long term with a noticeable re-set of trends in the past 4 or so years. Interestingly, the trend in the UK to more positive attitudes to immigration is not true across Europe - the UK has diverged here in increasingly recognising the value of immigration since 2014. Data show considerable decrease in concern about immigration, with an increase in recognition of the benefits of it: there has been a reappraisal of the impacts of migration to consider the positive.¹⁵¹

477. A recent GB-wide ICM poll¹⁵² (commissioned by British Future) in May 2020 confirms this evidence that across the public, opinion has particularly begun to recognise the essential contribution of migrant workers in the UK.

478. 70% of people say COVID-19 has shown how important a contribution immigration makes in the NHS, and 64% say the crisis has made them value the role of “low-skilled” workers.

479. This evidence represents a significant increase between January and May in the proportion of people who argue that those coming to the UK to work as teachers, care workers, agricultural workers, buildings and in the hospitality and financial sectors – our key workers, and notably, all sectors employing high proportions of EU nationals – should receive high points in the future system. A high proportion of these currently would not be eligible for entry to the UK in the current proposals for the future system. Even at the beginning of May, over half (54%) of respondents to the ICM poll would argue for the loosening of immigrant restrictions for migrants now recognised as being essential workers.

¹⁵¹ <https://cdn.survation.com/wp-content/uploads/2020/06/22133909/Scottish-Refugee-Council-June-2020-tables.xlsx>

¹⁵² <https://www.kcl.ac.uk/news/two-thirds-of-britons-value-low-skilled-workers-more-since-covid-19-crisis>

480. Support was also high for NHS workers, and for those coming to work in those sectors with high levels of vacancies.

481. Indeed over three quarters of respondents to a Focaldata online poll¹⁵³ carried out at the beginning of April believe that all EU nationals working in the health system should be offered automatic British citizenship.

482. These results clearly show that the British public, as well as the Scottish Government, want a fair immigration system that allows migrants to come to the UK to perform essential roles. They also offer support to the Scottish Government's repeated urge to the Home Office to grant all key workers indefinite leave to remain (ILR), as well as lifting the No Recourse to Public Funds (NRPF) restrictions.

483. Thus the COVID-19 pandemic has reinforced the existing trends towards more positive views of immigration. We would advise the UK Government to build on this and focus on this increase in the public's compassion and sense of fairness to build a positive immigration system within the UK.

484. A recent poll showed, in support of the Scottish Government's suggestions for a Scottish visa, 59% of people agreed that it would be better if Scotland ran its own asylum and immigration system.

485. Prior to the COVID-19 pandemic, there was already widespread criticism of the proposed new points-based system. Employers, businesses and membership and advocacy organisations argued the underlying approach to attract 'the brightest and the best' is outdated, and fails to reflect the realities of the UK labour market. A review by the House of Commons¹⁵⁴ of responses to the proposals for the new system revealed particular concerns around the acute labour shortages that would arise.

486. The COVID-19 pandemic has further exposed the pitfalls and failings of the new system – and particularly the risks posed by a lack of channel for so-called "low-skilled" workers.

487. This call for evidence itself is taking place in the midst of the crisis, where businesses will be wholly focused on responding and adapting in order to survive. We urge the MAC to allow businesses longer to respond to this commission.

488. The UK and Scotland are facing the double effect of leaving the EU, potentially without a trade deal, and slow recovery from the current COVID-19 crisis.

489. The COVID-19 crisis will exacerbate rural and regional inequalities, and most particularly damage services and tourism economies – of which Scotland relies upon.

¹⁵³ <https://www.hopenothate.org.uk/2020/04/25/corona-crisis-building-on-positivity-towards-migrants/>

¹⁵⁴ Pepin, S. Holland, S. and Gower, M. (2020) Post Brexit Immigration system Proposals: Responses from Stakeholders, House of Commons Library Briefing Paper CBP8838, March 2020, available at: <https://researchbriefings.files.parliament.uk/documents/CBP-8838/CBP-8838.pdf>

490. There be a significant impact on the labour market with reduced staff available and willing to enter the UK to live and work.

491. The UK Government's proposed future immigration system, with the ending of freedom of movement and no general route for lower-skilled migrants – or temporary migration – will serve to confound the damage to the economy caused by COVID-19 and of leaving the single market. The UK Government have also confirmed they will not consider regional variation of salary thresholds, which will disproportionately affect Scotland.

492. The Scottish Government has always disagreed with the UK Government's label of so-called "low-skilled" migrants, arguing that an immigration system should not signify skill-level by salary levels alone, and that these individuals form an essential part of our economy and society. The Scottish Government also strongly believe that freedom of movement should continue. Without freedom of movement, the future system should be as close to replicating as possible.

493. Yet the valuable role such migrants play in our society has been highlighted by the current COVID-19 crisis. The UK Government announced their list of 'key workers' – those whose jobs considered vital to keep the country and economy afloat – and who are celebrated in media and other channels. This includes food processors and supermarket workers; delivery drivers; nurses and care workers. Migrant workers are over-represented in many of these sectors and occupations¹⁵⁵.

494. With the exception of NHS and higher-skilled health workers, none of these roles would be eligible for a visa from 1 January 2021. By their own admission the UK Government has no plans to revise or change their plans, despite the reliance on these individuals as highlighted by the current situation.

495. While this commission by the MAC covers the SOL and not the rest of the Immigration System we consider it important to raise our concerns and our consistent call for the UK Government to reconsider their plans for a future immigration system, with an overall objective that is not just to reduce overall migration but considers the value migrants play not just to the economy but to society, particularly in the light of the current crisis.

496. The current COVID-19 crisis has not only served to highlight the fundamental flaws in the proposed UK immigration system; a lack of a pathway for "low-skilled" workers, who have been redefined in recent weeks as 'key workers', and for whom demand for labour will continue, but the importance of resilient and robust communities.

497. We therefore welcome this commission which considers roles at the medium skills level (RQF 3-5) for inclusion in the SOL. However, this does not go far enough: roles considered "lower-skilled" or which do not require academic qualifications must also be considered within the future system. As the table in Annex A shows, there are many key roles within our economy that fall out with this scope. Furthermore, a

¹⁵⁵ https://business.leeds.ac.uk/downloads/download/166/ceric_briefing_paper_-_migration_and_covid-19pdf

high percentage of the roles filled by 'key workers' are designated 'lower-skilled' and hence without a replacement route for freedom of movement, will not be able to be recruit from outwith the UK, and hence likely to face significant shortages a result.

Conclusion

498. Brexit has already had a damaging impact on our economy, the main impact of which has not been felt as we are operating under transitional arrangements and our producers, consumers and citizens continue to benefit from full membership of the EU single market, and freedom of movement.

499. The UK Government's proposed future immigration system, with the ending of freedom of movement and no general route for "lower-skilled" migrants – or temporary migration - (traditionally coming from the EU via freedom of movement of persons) and employed in sectors such as tourism and hospitality, social care, construction, agriculture and fisheries, and many others. The UK Government have also confirmed they will not consider regional variation of salary thresholds.

500. The Scottish Government has always disagreed with the UK Government's label of so-called "low-skilled" migrants, arguing that an immigration system should not signify skill-level by salary levels alone, and that these individuals form an essential part of our economy and society. The Scottish Government also strongly believe that freedom of movement should continue. Without freedom of movement, the future system should be as close to replicating it as possible.

501. The valuable role such migrants play in our society has been highlighted by the current COVID-19 crisis. The UK Government announced their list of 'key workers' – those whose jobs considered vital to keep the country and economy afloat – and who are celebrated in media and other channels. This is listed below and includes food processors and supermarket workers, delivery drivers, nurses and care workers.

502. With the exception of NHS and "higher-skilled" health workers, none of these roles would be eligible for a visa from 1 January 2021.

503. By their own admission the UK Government has no plans to revise or change their plans, despite the reliance on these individuals as highlighted by the current situation.

504. The Scottish Government call upon the UK Government to reconsider their plans for a future immigration system and consider the value migrants play not just to the economy but to society, particularly in the light of the current crisis. The COVID-19 crisis has highlighted the fundamental flaws in the proposed UK immigration system; a lack of a pathway for what the UK Government term 'low-skilled' workers, who have been redefined in recent weeks as 'key workers', and for whom demand for labour will continue.

505. We welcome the MAC's consideration of roles at a lower skill level (RQF 3-5). However, this does not go far enough: without a general route for workers unfairly characterised as "lower-skilled", Scotland faces significant demographic and economic challenges.

506. Considering the skill level of key workers similarly shows how the future system will create shortages in these sectors. While 70.9% of the employed population overall have A-level/Higher-level qualifications or above in Scotland (RQF 3), only 48.5% of the food and necessary goods workforce do. These roles therefore fall below RQF 3 and would not be eligible for inclusion on the SOL.

507. The timescales for the end of the transition period and implementation of an entirely new points-based immigration system always presented a huge challenge for the Home Office, which was also responding to the recommendations of the Windrush enquiry and implementing the EU Settlement Scheme. Given the current context and widespread economic shut down, it will be nigh on impossible for the UK and economy to recover rapidly from the COVID-19 crisis whilst simultaneously preparing for, or reacting to, the end of our membership of the EU and freedom of movement.

508. The Home Office has acknowledged this but has signalled no intention to review the timescale, despite the huge amount of work that would be needed between now and the end of 2020.

509. For example, this commission to the MAC to consult employers on a new SOL and make recommendations by the autumn, seems extremely challenging at a time when companies are fully focussed on coping with the impact of COVID-19 and when it is highly unlikely that they will know with any certainty their international staffing needs for 2021.

510. It is essential that this consultation is extended to allow employers and businesses adequate time to respond and engage with their own data. There will be particular businesses and sectors, worst hit by the crisis, who will be unable to respond at all and it is crucial that the needs of these sectors are not overlooked. The MAC must supplement this consultation process with a proactive, full, and most importantly not onerous engagement process with key sectors and employers.

511. Whatever the outcome of this consultation process we would like the process for reviewing the SOL to ensure there is a formal role for the Scottish Government and Scottish Ministers in commissioning and determining the occupations that are in shortage in Scotland. The process for revising and reviewing the SOL must become more agile and responsive to the shifting needs, particularly given the current context and uncertainty regarding businesses and the economy and must reduce the level of demand it places upon employers.

Revisions list

This document was first published in August. Following review, a number of corrections and revisions were made and published in October. These are detailed below:

Location	Article	Amendment
Pg 20	Para 68	The reported proportion of all EU nationals in employment within the distribution, hotel and restaurant sector was amended from "19.%" to "19.6%"
Pg 27	Para 104	The reference to Figure 4 in the text was changed from "the below table" to "the figure below"
Pg 28	Para 109	The reference to Figure 6 in the text was changed from "Figure below" to "Figure 6 below"
Pg 29	Figure 7	Figure 7 on this page was a repeat of figure 6 on page 28 and has been removed
Pg 29	Para 111	The reference for figure 7 in the text was changed from "in Figure below" to "in Figure 7 below"
Pg 30	Figure 8	"Figure 8" has been relabelled as "Figure 7"
Pg 30	Para 114	Reporting of "low-skilled" EU15 median salary as £16,900, and equivalent UK level as £18,500 has been corrected to £14,100 and £18,100 respectively
Pg 30	Para 115	At the end of the paragraph "as demonstrated in Figure 8" was added to the text
Pg 31	Para 116	Reference to "Figure 8" was corrected to reference "Figure 9"
Pg 31	Figure 9	"Figure 9" has been relabelled as "Figure 8"
Pg 32	Figure 10	"Figure 10" has been relabelled as "Figure 9"
Pg 33	Para 122	Reference to Figure 9 has been changed from "in Figure, " to "in Figure 9,"
Pg 35	Para 126	the first sentence describing Table 2 has been changed from "The occupations are arranged in order of decreasing eligibility for potential migrants." to " The occupations are arranged in order of decreasing eligibility for potential migrants, with associated figures describing the proportion of jobs that fall below the proposed thresholds."

Pg 36	Para 128	In the first sentence, "in the evidence provided below" was removed
Pg 36	Para 129	The first sentence "The sectors highlighted below are tourism; cultural and creative industries and digital and technology" was removed
Pg 36	Figure 11	"Figure 11" was relabelled as "Figure 10"
Pg 37	Figure 3	Figure 3 on this page was removed
Pg 42	Para 147	At the beginning of the second sentence, "As shown in Table 5 below, " was added
Pg 42	Untitled Table	The untitled table on page 42 was titled "Table 5: Summary of NHS Scotland Pay Scales 2020/21"
Pg 43	Para 149	At the end of the first sentence, "(shown in Table 6 below)" was added
Pg 43	Untitled Table	The untitled table on page 43 was titled "Table 6: Medium skilled health occupations in shortage"
Pg 44	Untitled Table	The untitled table on page 44 was titled "Table 7: Median vacancy rate for all AHPs: 4.9%; median 3 month vacancy rate for all AHPs 1.5%"
Pg 69	Untitled Table	The untitled table was titled "Table 8: Summary of performers nationalities employed by four of Scotland's National Performing Companies"
Pg 74	Para 340	In the first sentence, the reference to "Table 5" was changed to "Table 9"
Pg 74	Table 5	Title of "Table 5..." was changed to "Table 9..."
Pg 74	Para 342	The final sentence from paragraph 342 was removed
Pg 77	Para 362	In the final sentence, "the matrix" was changed "Table 10"
Pg 78	Table 6	The title of "Table 6 - ..." was changed to "Table 10: ..."
Pg 91	Table 7	The title of "Table 7..." was changed to "Table 11..."
Pg 93	Para 456	In the first sentence "Table 1 shows that" was removed



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