

SCOTTISH GOVERNMENT RESPONSE TO THE CALL FOR EVIDENCE ON SALARY THRESHOLDS AND AN 'AUSTRALIAN-STYLE' POINTS-BASED IMMIGRATION SYSTEM



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Attached separately

Table showing ONS annual Earnings employment data for occupations in Scotland.

Note on publication

The evidence in this paper was submitted to the Migration Advisory Committee November 2019 in response to their call for evidence on salary thresholds and points-based immigration system, but was not published due to proximity to the December 2019 General Election. This paper includes an additional chapter summarising evidence provided to the Committee by stakeholders in Scotland and shared with the Scottish Government.

Ministerial Foreword



Scotland is an open, outward-looking and welcoming country. We recognise and highly value the remarkable contributions that people from around the world make, and have previously made, to Scotland.

We are clear that inward migration brings huge benefits to Scotland, including critical contributions to our economy, helping to deliver public services and enriching our communities.

Our previous responses to the Migration Advisory Committee set out evidence which makes this clear. In October 2017 we published the evidence previously submitted to the committee, which outlined the positive impact of EEA migration on Scotland's economy, public services and communities. The Migration Advisory Committee's subsequent report in September 2018 similarly evidenced the strong economic and financial contribution of EEA migration across the UK as a whole, not just Scotland.

Furthermore, in March this year we published our response to the Committee on the review of the Shortage Occupation Lists; which again set out the vital contributions and impact that people make from both other EU countries and from outwith the EU, particularly in relation to a number of sectors of the Scottish economy.

Scotland has a long history of welcoming people from overseas, who come to visit, live, work, study and invest, and build their lives here with their families. We want this to continue.

Our discussion paper published in February 2018 on *Scotland's Population Needs and Migration Policy* details our contribution to this critical discussion. It evidences how we have distinct needs in Scotland in relation to our population and our demographic sustainability, the skills and positive economic impact people who come to Scotland have, as well as the cultural and community benefits that migration can play an important role in supporting. We will expand on this early in 2020, with another paper and further analysis.

The Scottish Government believes fundamentally that continuing free movement of people is in the best interests of Scotland and the UK as a whole. We do not believe that a restrictive model which limits migration even further than current UK policy is in Scotland's interests, as this document evidences.

Instead, we need a more responsive and flexible immigration system with a tailored approach to policy for Scotland. This paper provides further evidence to support development of such a system.

A handwritten signature in black ink that reads "Ben Macpherson". The signature is written in a cursive, flowing style.

Ben Macpherson MSP

Minister for Europe, Migration and International Development

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 has publicly 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 is in the best interests of the UK as a whole and of Scotland.
3. The Scottish Government has provided detailed evidence to the Migration Advisory Committee (MAC) in response to previous consultations setting out clear evidence of Scotland's distinct needs and the important role of migration in supporting our communities, economy and public services.
4. In October 2017¹ we published detailed evidence showing that EU migration:
 - is essential for ensuring sustainable population growth in Scotland which is the largest single biggest driver of our economic growth;
 - supports Scotland's economy, ensuring the availability of a pool of labour, both now and in the future, to meet the needs of employers and businesses right across the Scottish economy and across all sectors, including those as diverse as agriculture and fisheries, tourism and culture, healthcare and education; and
 - supports rural communities and jobs bringing essential labour to rural industries and supporting public services including healthcare and schools.
5. The evidence that we set out in that report remains relevant and sets out the reliance of key sectors of our economy on EU citizens.

¹ "The contribution of EEA citizens to Scotland: response to the Migration Advisory Committee call for evidence", available at <https://www.gov.scot/publications/contribution-eea-citizens-scotland-scottish-governments-response-migration-advisory-committee-9781788514057/pages/1/>

6. 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 Policy² setting out options for a future migration system tailored to Scotland's needs. This paper recommended that the UK Government should:

- 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 Scotland Shortage Occupation List; and
- Reintroduce the post study work visa as recommended by the Smith Commission.

7. Since the publication of that discussion paper the UK Government published its Immigration White Paper on 19 December 2018. The White Paper does not address any of the Scottish Government's recommendations for changes and indeed proposes a future migration system which does not reflect the needs of key sectors of the Scottish economy. Figures detailed in the White Paper itself estimate that if all of the recommendations in the White Paper were implemented (notably the retention of the £30,000 salary threshold for Tier 2) then this could result in an 85% reduction in inflows of long-term workers from EU and European Economic Area (EEA) countries to Scotland.

8. In February 2019 the Expert Advisory Group on Migration and Population published their analysis of the impact on Scotland of the UK Government's proposals on immigration, proposals which were based on prior recommendations from the MAC. The Expert Advisory Group concluded that reduced migration from the EU would lead to a gradually declining and rapidly ageing working age population in Scotland. At current immigration rates the working age population in Scotland is expected to remain stable over the next 25 years, whereas with reduced migration from the EU it is projected to decline by between 3% and 5%. This is in contrast to the UK as a whole, where the working age population would still grow with reduced international migration.

9. The Scottish Government's response to the MAC's Call for Evidence on the Shortage Occupation List (SOL) 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.

² "Scotland's population needs and migration policy: discussion paper", available at <https://www.gov.scot/publications/scotlands-population-needs-migration-policy>

10. 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.

11. 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.

About this paper

12. This paper sets out the Scottish Government's response to the call for evidence launched by the UK Migration Advisory Committee (MAC) on Salary Thresholds and a Points-Based System.

13. In compiling this evidence we have been mindful that this consultation is taking place in an evolving context. The MAC published their report on EEA migration in September 2018 and the UK Government published their Immigration White Paper in December 2018 setting out their proposals for a future immigration system. However, there is now considerable uncertainty about the status of the Immigration White Paper given the current Government's policy statements advocating an Australian-style points-based immigration system.

14. The suggestion that the UK should move to an Australian-style points-based immigration system suggests a significant change to the UK immigration system to that proposed in the Immigration White paper. It is important to ensure that we have an immigration system 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. **Given the importance of this issue we would encourage the UK Government and the MAC to extend the consultation period and undertake a full programme of engagement and consultation focusing on developing an immigration system which meets the needs of all parts of the UK, including Scotland.**

15. 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 Immigration proposals.
- **Section two** outlines general evidence on salaries in Scotland.
- **Section three** 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.

Scottish Government position on the UK Immigration System

16. The proposals to end free movement and to restrict immigration to Tier 2 and temporary routes as set out in the Immigration White Paper 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.

17. 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 squeeze our much needed population growth. Restricted routes for EU migration will be particularly disruptive for rural and remote areas of Scotland where the age structure means that in-migration is the only means of countering depopulation. The economic conditions in rural and remote areas suggest that a £30,000 salary threshold will make it very difficult to recruit workers through existing migration routes.

18. In February 2019 the independent Expert Advisory Group on Migration and Population published a report on the impact of the UK Government's White Paper proposals in Scotland. They estimated migration to Scotland over the next two decades would fall by between 30% and 50%, causing the working age population in Scotland to decline by up to 5%; and 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.

19. The Expert Advisory Group on Migration and Population analysed differences in income across Scotland. Their analysis shows that 63% of employees in Scotland (both UK and non-UK nationals) earn less than £30,000 and a threshold at that level would dramatically constrain Scottish employers' access to skills and the workers they need to thrive. The overall reduction in EU immigration would be especially challenging for those sectors most reliant on lower-paid, non-UK workers, including occupations such as textiles, social care, leisure and travel, sales and elementary occupations. Many of these sectors would be unable to adjust by increased investment in skills or capital. The seasonal and temporary programmes proposed by the UK Government would prohibit the longer-term settlement of immigrants working in key sectors such as health and social care, education, construction and tourism.

20. The Expert Advisory Group also found a significant gender differential in the distribution of salaries, with a lower proportion of women earning over £30,000 in almost all sectors, implying that such a threshold would create a gender disparity in the supply of future migrants. There was also a striking divergence in the distribution of salary levels across areas of Scotland.

21. 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.

22. Implementing a 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. It is positive that the Migration Advisory Committee is undertaking a further review of the proposed salary threshold, including consideration of differentiated regional salary levels for different parts of the UK.

A Points-based Approach to Migration

23. 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. The UK Government previously had a points-based visa route, from 2008 to 2012.

24. A points-based system in itself does not imply either an open or a restrictive approach to managing immigration. That is determined by the policy intent of the government, and the criteria they select and the points weighting they attach to those criteria. The experience of territories who currently use points-based immigration systems, such as Canada, New Zealand and Australia, is that they are effective in promoting migration by allowing applicants to score points across a range of characteristics.

25. 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. 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.

26. 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.

27. A points-based 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.

28. The UK Government has suggested the adoption of an Australian points-based immigration system. Australia 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.

29. 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.

30. 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.

31. The evidence provided by the Scottish Government to previous MAC consultations, the reports from the Expert Advisory Group on Migration and Population and future population projections clearly illustrative 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.

Scotland's reliance on migration

Introduction

32. 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 businesses 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 jobs³.

33. The vast majority of EU citizens in Scotland are of working age (78.3%) and in employment (81.2%)⁴. 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 Scotland⁵.

34. Migrant workers in the UK also contribute more to the economy than their UK equivalent in terms of hours; the average EU-15 and EU-10 employee works around 5% more than their UK-born equivalent⁶.

35. The Employer Skills Survey 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 nationals⁷.

36. Ensuring ongoing access to labour from across the EU under the free movement of persons rules is of fundamental concern to many businesses across the Scottish economy, as highlighted in our paper *Brexit: What's at Stake for Businesses*.⁸ 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.

37. 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.

³ "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

⁴ As above.

⁵ As above.

⁶ 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/>

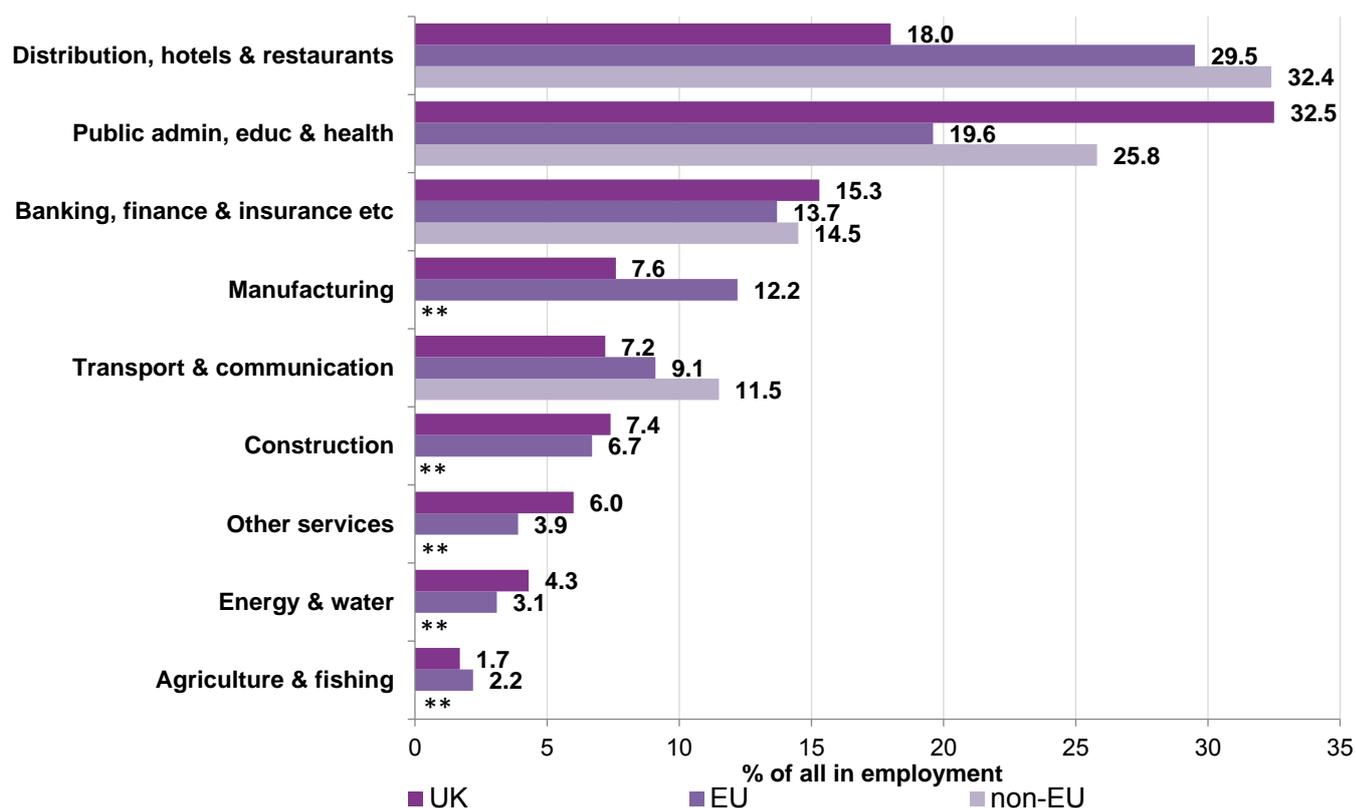
⁷ Employer Skills Survey, 2017, available at <https://www.gov.uk/government/publications/employer-skills-survey-2017-scotland-toolkit>

⁸ "Brexit: What's at Stake for Businesses", available at <https://www.gov.scot/publications/brexit-whats-stake-businesses/>

38. 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 make a positive contribution to Scotland and we have developed and run our *We Are Scotland*⁹ 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.

39. 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 Brexit¹⁰. Sectors, regions, and occupations with existing skills challenges are likely to see shortages and gaps exacerbated by a decrease in the availability of EU labour¹¹.

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



Source: Annual Population Survey (Jan18-Dec18)

** Estimates suppressed

⁹ <https://onescotland.org/campaigns/we-are-scotland/>

¹⁰ Skills Development Scotland response to the MAC call for evidence, 2019

¹¹ Annual Population Survey, April 2017 to March 2018

Employment of non-UK nationals in Scotland

40. 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**).

41. 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.

42. There were 28,000 EU nationals employed in the public administration, education and health sector (19.% of all EU nationals employment) and an additional 15,000 non-EU nationals (25.8% of all non-EU nationals employment).

43. 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.

44. **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 sector¹².

45. **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 sector¹³.

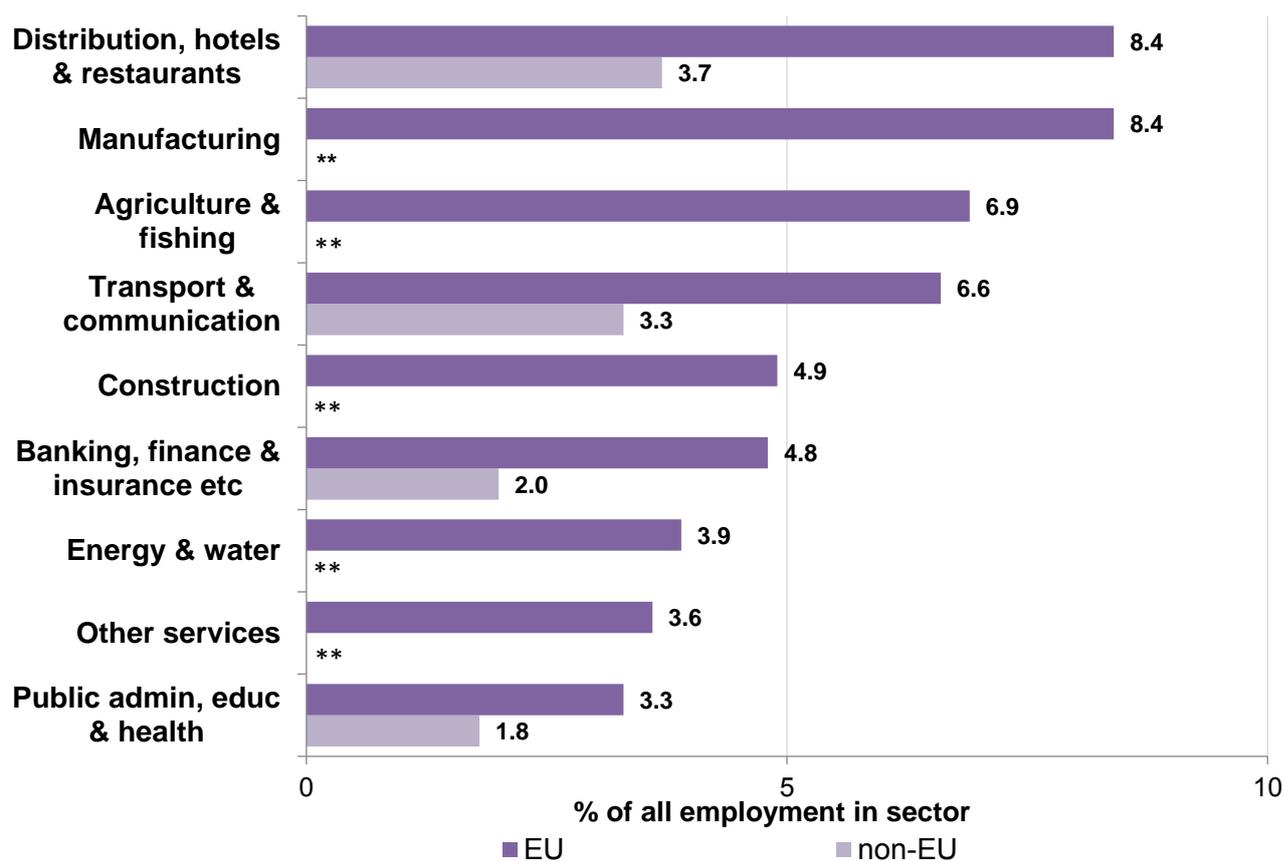
¹² "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

¹³ As above.

Concentration of non-UK nationals by industry

46. 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

47. 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

48. **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.

49. **Finance and business services:** There were 10,000 non-UK Nationals (6,000 EU Nationals and 4,000 non EU Nationals) employed 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.¹⁴

50. **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.¹⁵

51. **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. Within food and drink, Scotland's food processing sector (which includes the processing of fish and meat) employs 8,000 EU nationals, 29.1% of its workforce.¹⁶

52. **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.¹⁷

53. **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.¹⁸

¹⁴ "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

¹⁵ There are no separate estimates for non-EU nationals employed in Creative industries, Food and drink, Life sciences and energy.

¹⁶ As above.

¹⁷ As above.

¹⁸ As above.

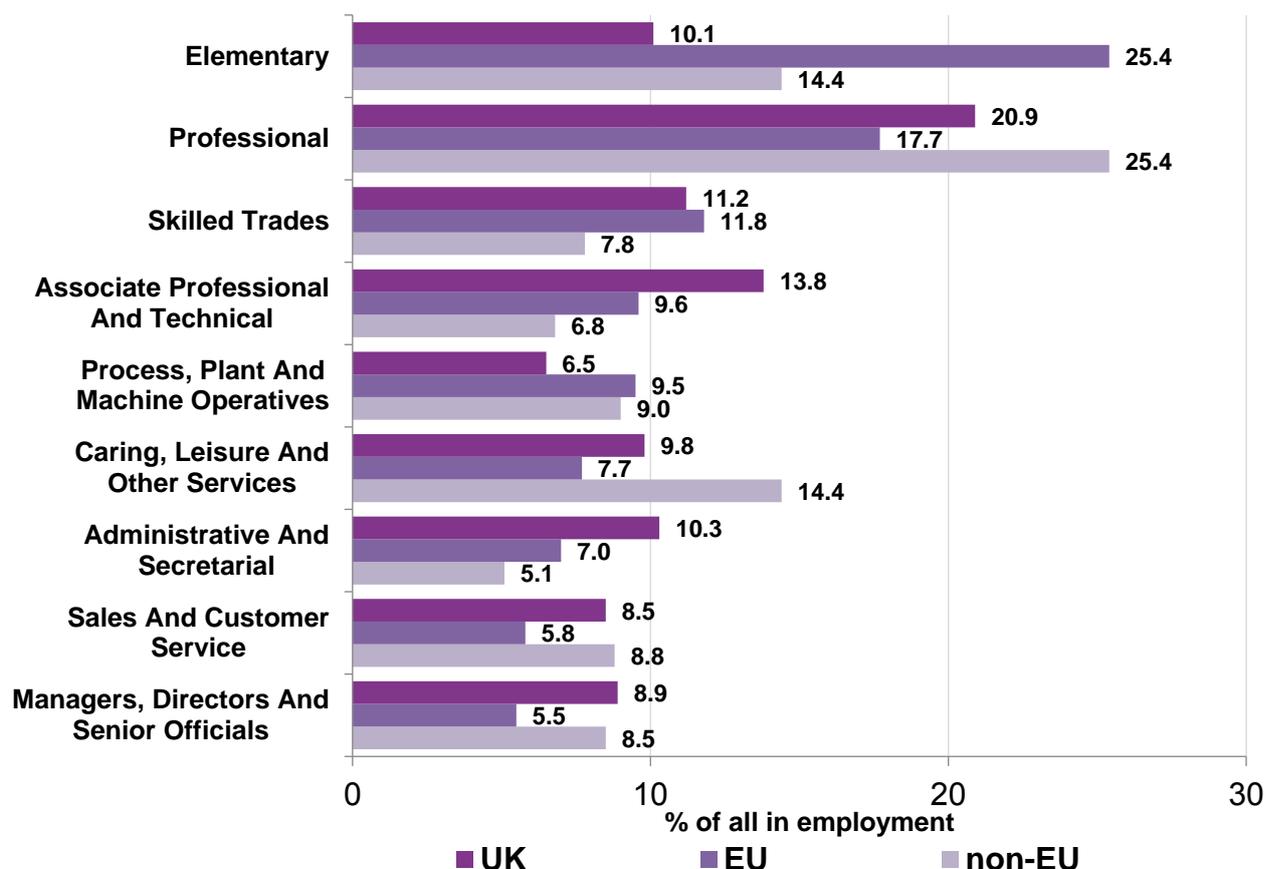
Employment by occupation

54. The highest number of EU nationals (36,000) were employed in Elementary Occupations, followed by Professional Occupations (25,000) and Skilled Trades (17,000).

55. 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

56. 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.

57. 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) 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.

58. 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 countries¹⁹. However, Scottish Care believe that the proportion of non-UK EEA workers is likely to be significantly greater in some areas.

59. 16.8% of all doctors currently practising in Scotland have a primary medical qualification from out-with the UK (3,920/23,392) with 5.8% from the EEA (1,351/23,392).

60. Within the UK Nursing and Midwifery workforce, 15.2% of staff are registered outside of the UK. This includes 4.7% registered in EEA countries, and 10.5% international nursing and midwifery graduates.

61. The Nursing and Midwifery Council report that number of people from the EEA on our register decreased by 2,080 (5.9%) between March 2018 and March 2019. The numbers of Nurses joining the UK register for the first time from the EEA are down almost 90% between 2015/16 and 2018/19.

Differentiated approach to Salary Thresholds

62. The Scottish Government established an independent expert advisory group on population and migration and commissioned them to consider the impact of the UK Government's immigration proposals on Scotland's economy, population and society. The Expert Advisory Group's report examined the impact of a salary threshold on Scotland on different sectors of the economy as well as the geographical, age and gender impact. A copy of the advisory group's report is attached.

63. The Expert Advisory Group found that around 63% of all employees in Scotland earn less than £30,000 with significant differentiation by sector and geography.

¹⁹ "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/>

64. Even reducing the salary to £27,500 or £25,000 would make little difference; 58% and 53% of Scottish employees respectively earn less than these figures. Even at this level, it is unlikely that many jobs in secretarial work, textiles, social care, leisure and travel, sales and elementary occupations would qualify. Less than 10% of roles in caring personal services occupations in Scotland earn above £25,000, and none earn £30,000.

65. There are also significant salary differentials across Scotland's local authorities. Only 16% of employee earnings in Na h-Eileanan Siar earn above £30,000, ranging to 50% in East Renfrewshire.

66. The lack of access to migrants in areas that already experience low levels of productivity (as evidenced by their low wages) will further exacerbate economic and social inequality within the UK.

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

Table 1 - 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: Annual Survey of Hours and Earnings 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 2 – Median full time gross annual pay by region (2019)

Description	Number of jobs ^b (thousand)	Annual percentage change		Percentiles											
		Median	Mean	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 East	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
Midlands West	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
Midlands East	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 London	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.

Shaded estimates are considered reasonably precise, all other estimates are considered precise

Source: Annual Survey of Hours and Earnings, 2019 Office for National Statistics

67. As **Table 2** 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.

68. Clearly, even at this level, the proposed £30,000 and £20,800 salary thresholds (of general entry and graduate entry respectively) are far higher than current pay statistics would support. In Scotland salaries of full-time employees do not reach the £30,000 threshold until around the median, or 50th percentile.

69. Data from the 2018 Annual Survey of Hours and Earnings (ASHE) also shows that median pay for the following occupational groups is below £30,000 at a UK level:

- Administrative and secretarial occupations
- Skilled trades occupation
- Caring, leisure and other service occupations
- Sales and customer service occupations
- Process, plant and machine occupations
- Elementary occupations

70. The only three groups with median pay above £30,000 at a UK level are:

- Managers, directors and senior officials
- Professional occupations
- Associate professional and technical occupations.

71. The proposed salary threshold of £30,000 would therefore exclude nearly half of jobs in Scotland and would thus severely restrict the ability of employers to recruit to key sectors of the Scottish economy.

72. 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.

Sector-specific positions

Health and Social Care

73. In 2018 there was an estimated 16,000 non-UK EU nationals and 10,000 non-EU nationals working in the Health and Social care Sector²⁰, 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.

Salary Threshold

74. The UK Government's proposed Minimum Salary Threshold of £30,000 (or the 25th percentile) is not suitable for Scotland's health and social care occupations.

75. This policy position is indifferent to the fact that many health and social care staff may routinely earn less than £30,000 per annum, including care at home staff, care home and housing support staff, qualified nursing staff, allied health professionals (such as physiotherapists and radiographers) and healthcare scientists (such as cardiologists, neurophysiologists, audiologists and nuclear medicine practitioners).

76. A significant proportion of social care workers will obtain qualifications while in post. However, many health and social care staff with a number of years post-qualification experience may not be earning in excess of £30,000 and the existing threshold ignores the fact that public sector employers, who are subject to national pay guidance and collective bargaining, are unable to unilaterally adjust pay rates in order to attract overseas staff to fill vacancies and skills gaps. The ability of the third and independent sector to adjust salary rates is also heavily restricted. Equally, the (current) minimum salary threshold requirement for permanent residence (£35,800) would exclude many health and social care professionals from ever being able to settle in the UK.

77. Under the current system, for staff starting just above the existing new entrants threshold of £20,800, progression to what will be a £40,100 threshold for settlement in 2024, i.e. within the 5 years that an applicant can remain in the country on a Tier 2 Visa, is unrealistic. This rate of pay progression would be extremely unusual on NHS Scotland (or other public sector) pay scales.

²⁰ "Non-UK nationals in Scotland's Workforce": Statistics from the Annual Population Survey, 2018, available at <https://www2.gov.scot/Resource/0054/00547429.pdf>

Table 3 – Proportions of healthcare staff earning less than salary and settlement thresholds.

Staff category	Proportion of WTE earning current <£30K Salary Threshold	Proportion of WTE earning current <£35.8K Settlement Threshold
Healthcare Scientists	40.5%	55.1%
Nursing staff	45.5%	77.2%
Physiotherapists	33.5%	52.9%
Radiographers	33.4%	55.7%
Occupational Therapists	35.7%	57.2%
Speech & Language Therapists	27.2%	47.8%

Notes:
Source: ISD national workforce data (WTE) as at 30th June 2019
These calculations are for basic pay (ie. without allowances, awards, bonuses and employer on-costs) using the 2019/20 pay scales.
Nursing staff exclude Midwifery staff.
Radiographers include Diagnostic and Therapeutic Radiographers.

78. There is evidence to suggest that staff earning entry level salaries will often represent the young, mobile elements of the workforce for whom relocation may pose fewer challenges. These prospective staff have the potential to settle and establish careers within health and social care. Restricting the flow of entry level staff negatively impacts on international recruitment initiatives. However, this is caveated by the fact that the social services sector workforce is on average older than would be expected given Scotland's age profile²¹.

79. We would recommend that any points-based system has sufficient flexibility to support new entrants, including providing new entrants reasonable time to progress towards any salary threshold for settlement.

80. We would similarly endorse any approach that awarded points on the basis of multiple factors and as such allowed the immigration system to respond to needs meaningfully across the whole economy. Whilst there is a legitimate interest to recruit younger people, there is also a need to recognise the potential for portfolio careers and longer working age. Age must therefore not be the only factor and variant in a new system.

81. The Health and Social care workforce has an ageing workforce. For example, NHS Scotland has an ageing workforce, and the proportion of staff aged 50 and over has increased from 28.6% to 38.9% in the last 10 years. In Nursing and Midwifery, the median age is 46, and 20% of staff are aged 55 or over.

²¹ "Scottish Social Service Sector: Report on 2017 Workforce Data", 2017, available at <https://data.sssc.uk.com/images/WDR/WDR2017.pdf>

82. To illustrate the importance of attracting a young workforce, in their most recent report on UK wide registration data the Nursing Midwifery council demonstrate the different age profiles of respondents depending on their origin:

- Most people who had trained in the UK were aged 51 years and over (80%)
- Whereas most people who had trained in the EU were aged between 21 and 40 years (72%)
- Most people who had trained outside of the EU were aged between 41 and 60 years (56%).

83. In the context of the ageing workforce in NHS Scotland and social care, we continue to benefit from the opportunity to attract a younger international workforce. This younger group of EU Nursing and midwifery staff are most likely to be affected by immigration rules changes post-EU exit, including the imposition of a salary cap where one does not currently exist.

84. Under current arrangements the Settlement Threshold remains prohibitively high. This will be a disincentive for migrants investing in local communities, and will also dissuade entrants from working in regional areas with reduced opportunities for pay progression. Whilst many roles within Health and Social Care will be exempt from the threshold, because they feature on the Shortage Occupations List (SOL). Relying upon an occupations presence on the SOL, contributes to uncertainty about future supply, and Health Workforce Planning. For instance for physiotherapists, who do not feature on the current Shortage Occupations List, more than a third would not meet the existing £30,000 threshold, and more than half do not meet the current settlement threshold of £35,800.

85. There remains considerable uncertainty about the future of the SOL in any new points-based system. The Scottish Government's previous points about increasing the role of devolved administrations in the SOL process remains relevant.

86. We note that the MAC in this commission have also asked whether there should be a separate salary threshold for SOL occupations. The significant current uncertainty about the future role of the SOL itself makes responding to this difficult. The advantages of the SOL in that it removes the need for a Resident Labour Market Test (RLMT) and gives preference if the Tier 2 cap is met (currently at 20,700 places a year). However the UK Government's White Paper proposes abolishing the need for a RLMT and the cap, and therefore it is not clear what the role of the SOL in a future system would be. This uncertainty removes this safeguard and would have a significant impact upon the health and social care sector.

87. The focus on a salary threshold does not recognise the important social value of many jobs which while they are skilled and crucial within society do not necessarily come with a high salary or qualifications. There is a clear risk that an exclusive focus on salary will stop recruitment into these sectors. The MAC's own report has accepted that this is likely to have an acute impact on particular sectors of the economy, including social care.

88. 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 employment.

89. A migrant's financial contribution cannot be conflated with the value that individuals bring to Scotland. Migrants to Scotland working in Health and Social Care roles make public contribution, 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.

90. In its report on EEA migration of September 2018 the MAC advised that the salary threshold should remain at £30,000. 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.

91. Whilst we welcome proposals to reduce the skills threshold to RQF3+, this will have minimal benefits for this sector under the existing salary threshold. Less than 10% of those working in "caring and personal service" occupations earn £25,000, and none earn more than £30,000. 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 existing Salary Threshold of £30,000, particularly for entry level roles.

92. 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. The proposed transitional Short Term Workers Route will not provide a sustainable model to meet the needs of 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 system should promote long term security, and encourage migrants to transition towards settlement.

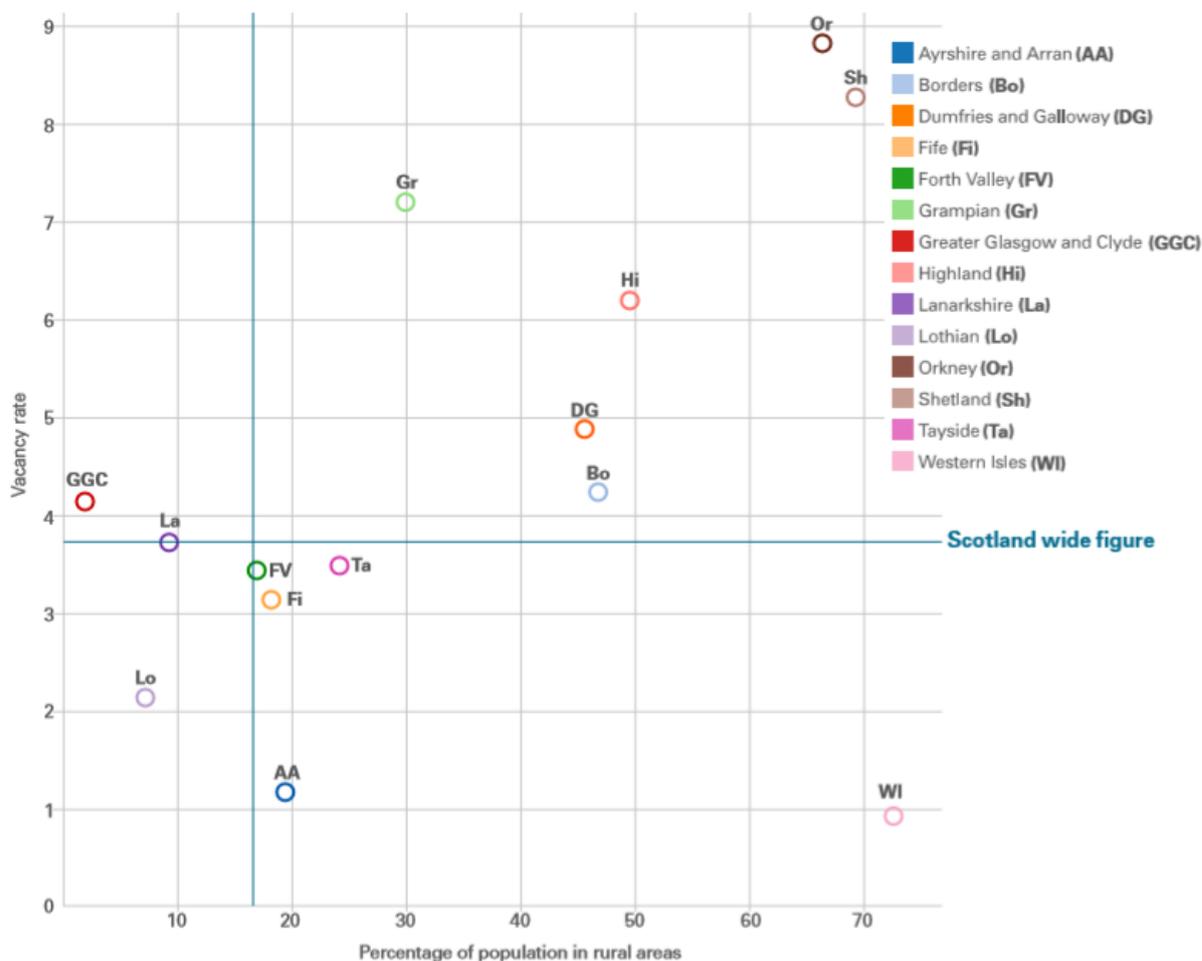
93. The existing route for new entrants is restrictive. Entrants have to be under 26 or switching from Tier 4. This would need significant expansion to meet the needs of Health and Social Care in Scotland. The reduced salary threshold for new entrants of £20,800 would still exclude individuals entering 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.

Points-Based System

94. NHS Scotland Workforce Vacancy Rates in Rural Areas **Figure 4** below is taken from an Audit Scotland report in 2017 and clearly illustrates that health boards in remote and rural areas are more likely to experience high vacancy rates in AHP, Consultant and Nursing Vacancy Rates.

95. Significant regional elements are integral to both the Australian and Canadian points-based immigration systems, and we would welcome approaches to the salary threshold and points-based system that recognise Scotland’s distinct needs.

Figure 4 - NHS Scotland Workforce Vacancy Rates in Rural Areas



Source: Audit Scotland Report “Scotland’s NHS workforce” 2017²²

²² Available at https://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_170209_nhs_workforce.pdf

Table 4 - NHSScotland – Agenda For Change Job Family - Gross Annual salary (£) - 2019

Job family / Sub-job Family	No. of filled posts	Median		Mean		Percentiles	
		Salary	Annual% change	Salary	Annual% change	25	75
Allied Health Professionals	14,334	33,139	0.5%	34,261	3.0%	26,713	38,046
Paramedics	1,615	33,139	7.5%	32,746	5.3%	30,401	33,139
Physiotherapy	3,699	37,570	6.5%	34,449	2.6%	24,670	39,495
Radiography (Diagnostic & Therapeutic)	2,711	34,220	3.8%	33,492	3.0%	24,670	38,046
Speech & Language Therapy	1,270	38,046	2.8%	36,408	2.8%	28,892	44,688
Occupational Therapy	2,761	33,139	0.5%	33,311	2.9%	24,670	38,046
Nursing & Midwifery	68,826	30,742	2.8%	29,847	3.2%	21,947	34,220
Healthcare Science *	6,828	33,139	-2.7%	32,983	-1.7%	21,947	38,046
Medical & Dental Support	2,485	24,258	2.8%	27,553	2.3%	24,258	30,742
Emergency Services	2,664	24,670	4.5%	24,912	2.9%	21,947	26,713
Administrative Services	29,149	23,229	1.1%	27,215	3.4%	20,015	30,742
Other Therapeutic Services	5,612	38,046	2.8%	40,368	2.6%	30,401	51,883
Optometry	123	39,495	6.7%	40,611	5.1%	34,220	44,688
Clinical Psychology	1,971	45,446	4.5%	47,010	2.3%	34,220	53,291
Pharmacy	3,405	37,570	13.1%	36,871	3.0%	24,670	45,446
Personal & Social Care	1,577	30,742	2.8%	32,086	1.8%	21,947	38,046
Social Work	169	22,152	3.8%	25,319	5.8%	18,383	24,258
Support Services	17,753	18,937	0.5%	20,579	2.9%	18,383	20,015
Notes:							
The "No. of filled posts" data is based on the June 2019 NHSScotland workforce data which is the most recent available. Salary data therefore represents gross full-time annual basic pay and it is not pro-rata'd for part-time staff.							
*The annual drop in median and mean salaries for Healthcare Science may be partly as a result of the reclassification of Sterile Services from Support Services to Healthcare Science in December 2018.							

96. Pay information set out within **Table 4** above indicates that the 25th percentile for NHS Scotland would routinely fall substantially beneath the existing salary threshold of £30,000 for roles almost all existing job families.

97. Similar detailed data on salaries is not readily available for the social service sector, but for social care staff, estimates from stakeholders and employers indicate that with the exception of social workers and nurses working in care service providers, a significant proportion of social care staff earn less than £30,000. A reduced skills threshold would benefit the social services sector (over 22,000 of the care and managerial workforce in social services in Scotland have to gain qualifications at RQF6, while from 2020 the majority of the care workforce will have to gain qualifications to RQF3).

98. Over the next 4 years it is anticipated that demand for health and social care staff will increase. Initial estimates suggest that demand for health care staff will rise by as much as 7,500 whole time equivalents (WTE) and 10,500 WTE for social care staff. With the majority of staff working less than full time hours, the headcount requirement to meet this need will be significantly more. The majority of new jobs in the social care sector are likely to fall below the £30,000 threshold (estimated 85%), and using current average salary ranges for health care staff shows that between 30% and 40% of these roles will earn less than £30,000. We continue to investing in training opportunities to develop our own NHS Scotland workforce. It is essential that we have a migration system with the flexibility to recruit the right people at all levels to help us sustain this growth in the health system.

Summary

- A simpler and less punitive system would be in the best interests of Health and Social Care within Scotland.
- Stakeholders from across the Scottish Social Care Sector, have shared their concerns about the Salary Threshold and the Points-based System. These are set out in greater detail within their own independent responses.
- Doctors, nurses and healthcare professionals from across Scotland, have shared concerns with the Cabinet Secretary for Health and Sport, stating that they can already see the damage that Brexit is inflicting on the NHS. The free movement of people is vital for us to continue to attract dedicated professionals to help deliver health and social care services. We urge the UK Government to revisit the significant shortcomings of their proposed policy approach.

Culture and Tourism

99. Citizens of non-UK EU countries play a highly important part in Scotland's culture and tourism sectors, with tourism and creative industries forming two of Scotland's key growth sectors. In 2018, around 11.5% of Scotland's tourism workforce were non-UK EU nationals.

100. The culture sector is highly varied – in 2018, 7.2% of the Scottish creative industries' workforce was made up of non-UK EU nationals, but the proportion is much higher in certain sectors. For example, Scotland's national performing companies have a particularly high proportion, with 38% of Scottish Ballet's employees non-UK EU nationals.

Table 5 – Employment in Scotland's National Performing Companies

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

101. Freedom of movement allows workers from EU/EEA countries to move around Scotland and take up different jobs at different times of the year. Culture and tourism stakeholders have indicated that this may help to facilitate the availability of seasonal labour, which is vital to some sectors, particularly tourism.

102. Seasonal labour in the tourism sector is also vital to many remote and rural economies in Scotland, where there is not a sufficient permanent resident population to support the sector. The imposition of visa requirements is likely to make this significantly more difficult to maintain.

103. The imposition of visa requirements may also discourage EU/EEA workers from coming to Scotland both through the increased administrative and cost burden, and through reputational damage. Concerns have been raised by stakeholders that the imposition of visa restrictions on EU/EEA citizens could make Scotland appear less open and welcoming, therefore discouraging vital applicants. Concerns have been raised that the current process for obtaining a visa can be onerous and humiliating, which could exacerbate this further.

104. While the UK Government suggest the culture and tourism sector workforces would be catered for through existing or proposed visa routes other than Tier 2, it is our view that these routes have major flaws or present major obstacles that mean the Tier 2 route could be the main route for much of the non-UK workforce in these sectors.

Salary Threshold

105. The minimum salary requirement of £30,000 is not appropriate for the Scottish culture and tourism sectors.

106. Feedback from culture stakeholders makes very clear that, overall, a £30,000 salary threshold for workers on a Tier 2 visa could be damaging as such a threshold is fundamentally not reflective of salaries in the sector, and would significantly impede access to the skills and talent that the sector relies on.

107. A reliance on non-UK workers is a reflection of the skills requirements of the sector in general. This is an area where many roles are highly specialised and there are a limited number of individuals globally who have the skills required by occupations in the sector. Organisations must therefore compete internationally to access these skills and talent, and imposing such a salary threshold would make this far more difficult.

108. While jobs in this sector are highly specialised, they are not necessarily highly paid. For example, many orchestral musicians earn below £30,000, and stakeholders have been clear that this is common among orchestras, particularly outside of London.²³

109. Given the limited numbers of individuals with the skills required in sub-sectors such as performing arts, music, computer games and screen, organisations must compete globally to attract individuals with these skills. A restriction of a £30,000 salary threshold would make it far more difficult for these organisations to access the skills and talent that they require, could limit their international competitiveness, and ultimately harm the sector as a whole.

110. Growth sector statistics for 2017 indicate that the tourism sector has by far the lowest median gross pay of all of Scotland's key growth sectors. The median weekly pay is estimated to be £372.70, or £19,344 per year.²⁴

111. This is further supported by the fact that it is likely that a significant proportion of occupations in Scotland's tourism sector will fall into the occupation groups of 'Caring, Leisure and Other Service Occupations', and 'Sales and Customer Service Occupations', as defined in the Annual Survey of Hours and Earnings. As the table below demonstrates, wages in these occupation groups are likely to be significantly lower than £30,000. While this will not apply to all occupations in the sector, the prominence of areas like hospitality means it is likely that this will be the case for many.

²³ Association of British Orchestras and International Artist Managers' Association, *Points-based System for Migrant Workers - Briefing Paper for DCMS*

²⁴ Growth sector statistics, Scottish Government, 2017, available at <https://www2.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/Database>

Table 6 – Annual pay in Occupation Groups associated with Scotland’s Tourism sector

Major Occupation Group Code (Scotland)	Median Annual Gross Pay	Mean Annual Gross Pay
Caring, Leisure and Other Service Occupations	£20,725	£21,850
Sales and Customer Service Occupations	£19,411	£21,942

Source: ONS Annual Survey of Hours and Earnings 2018

112. These are sectors where it may, at least in the short-term, not be viable to increase salaries to meet a £30,000 threshold where necessary. For example, the Association of British Orchestras have raised concerns that at a time of reduced public funding, orchestras have been unable to increase salaries to the level required to meet salary thresholds for visas²⁵.

113. Tourism, as a people centric sector, also benefits from migrant workers’ linguistic abilities – the EU represents 6 of Scotland’s key overseas markets, with workers bringing language skills.

114. It is also worth noting the particular importance of the culture and tourism sectors to Scotland’s economy as a whole – both are key growth sectors, with tourism worth around £4.1 billion in 2017 and the Creative Industries worth around £4.9 billion (GVA at basic prices)²⁶.

115. Some local economies in Scotland are particularly reliant on the tourism sector, particularly in remote, rural and island areas. For example, in 2018, tourism represented 15% of employment in Argyll and Bute, and 13% in both Perth and Kinross and Highland²⁷. Given the extent to which some of these economies are sustained by tourism, there may be a further argument for sectoral or national variation in salary thresholds to ensure that Scotland’s specific needs are met, and Scotland’s culture and tourism sectors can access the workforces they require.

²⁵ Association of British Orchestras and International Artist Managers’ Association, *Points-based System for Migrant Workers - Briefing Paper for DCMS*

²⁶ Growth sector statistics, Scottish Government, 2017, available at <https://www2.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/Database>

²⁷ “Tourism in Scotland: the economic contribution of the sector”, 2018, available at <https://www.gov.scot/publications/tourism-scotland-economic-contribution-sector/>

Shortage Occupation List

116. The recent review by the MAC of the Shortage Occupation List (SOL) notes that stakeholders raised significant concerns about losing access to medium and lower-skilled workers if freedom of movement comes to an end. There were reports that the overall availability of workers from the EEA has reduced since the EU referendum in 2016. It was also noted that seasonality in sectors such as hospitality generates a requirement for a flexible workforce which is difficult to access purely from the domestic labour supply²⁸.

117. It is notable, however, that there are very few occupations associated with the tourism sector currently included on the SOL. Therefore, as it stands, the SOL may be unlikely to address the requirements of the sector.

118. Having a lower salary threshold may be positive for culture and tourism sectors where occupations are included on the list, but this is unlikely to serve these sectors as a whole, or compensate for the ending of free movement of people.

²⁸ MAC Review of the Shortage Occupation List, 2019, available at <https://www.gov.uk/government/publications/full-review-of-the-shortage-occupation-list-may-2019>

Digital and Technology

119. 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. The digital technologies sector contributes significantly to employment and economic growth in Scotland. It is estimated that the sector contributed £5.2 billion in Gross Value Added (GVA) to the Scottish economy in 2016²⁹, and more than 100,000 people are currently employed in ICT and digital technologies roles in Scotland³⁰. Over half of employers (58%) recruited tech skills in the last 12 months, with high levels of tech skills recruited by financial services sector and tech sector employers when compared to other sectors.³¹ An estimated 13,000 new digital/ICT workers are required each year to meet current – and future – demand³².

120. Many of Scotland's digital technologies companies employ staff from other EU countries, some businesses are owned by EU citizens and EU students studying at Scottish universities are an important source of talent for the industry. Scotland's computer programming and consultancy businesses alone employed 3,000 EU citizens in 2016, which represents 5.8% of all employees in this sub-sector³³.

121. In a survey carried out by ScotlandIS, the trade association for the digital technology industries including software, digital agencies, telecoms and IT services in Scotland, 75% of respondents said they expected a negative, or very negative, impact on their access to skilled staff following Brexit³⁴.

122. The sector already faces a recruitment challenge. The Digital Economy Business Survey shows that only 26% of firms in Scotland were fully equipped in terms of having the skills to meet their digital technology needs³⁵, and a report by Ekosgen found 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 requirement³⁶.

123. A more restrictive immigration system would increase the existing difficulty in recruiting skilled staff in the sector, further restricting potential for growth.

²⁹ Scottish Annual Business Statistics 2017, available at <https://www2.gov.scot/Topics/Statistics/Browse/Business/SABS>

³⁰ "Scotland's Digital Technologies: Summary Report 2019", available at <https://www.skillsdevelopmentscotland.co.uk/media/43306/scotlands-digital-technologies-summary-report.pdf>

³¹ As above.

³² As above.

³³ Annual Population Survey, 2016 (January to December)

³⁴ ScotlandIS Scottish Technology Industry Survey 2017, available at <https://www.scotlandis.com/wp-content/uploads/2019/10/scottish-tech-industry-survey-2017.pdf>

³⁵ Scottish Government, Digital Economy Business Survey 2017, available at <https://www.gov.scot/publications/digital-economy-business-survey-2017/>

³⁶ Ekosgen, Scotland's Digital Technologies: Research & Analysis Report 2017, available at http://www.ekosgen.co.uk/docs/093_028__scotlandsdigitaltechnologiesresearchandanalysisreport_1500653090.pdf

Salary Thresholds

124. There is an ongoing need in Scotland for higher-level digitally skilled workers – generally SCQF Level 8 and above. The average salary for tech jobs is **£36,900**, 26% higher than the Scottish average of £29,200. However, this masks a range of salary levels.

Digital Connectivity

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

126. 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.

127. 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.

128. 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.

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

Housing and Communities

130. 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 billion.³⁷ Manufacturing products accounted for 48% of business expenditure on research and development (BERD) in 2017 (£594 million).³⁸

131. Manufacturing remains a high skills and high wage sector. The sector employed 181,000 people in 2018, accounting for 6.9% of total employment in Scotland³⁹ and contributed £12.0 billion in Gross Value Added to Scotland's economy in 2017⁴⁰.

132. 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 2018⁴¹ and contributing £7.6 billion in GVA to the Scottish economy in 2017⁴².

133. **Table 7** 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.

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

³⁷ Export Statistics Scotland, 2017.

³⁸ Business Enterprise Research and Development Scotland, 2017 available at <https://www2.gov.scot/Topics/Statistics/Browse/Business/RD/BERDreport17>

³⁹ Business Register and Employment Survey, 2018

⁴⁰ Scottish Annual Business Survey

⁴¹ Business Register and Employment Survey, 2018

⁴² Scottish Annual Business Survey 2018

Table 7 – 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

Salary Threshold

135. Of the 143,000 employees in the construction industry (Annual Business Survey, 2018) in Scotland, 42,000 are categorised as being in ‘skilled construction and building trades’. Office of National Statistics (ONS)’s 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)

136. 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.

137. Thus only 30% of workers categorised as being in ‘skilled construction and building trades’ earned at least £30,000.

138. Data for the UK similarly shows a worker employed in ‘skilled construction and building trades’ would have to be in the 70th percentile to earn at least £30,000. UK-level data has a more detailed breakdown of salaries for each of the above occupations, and shows that for the RQF 3 level occupations within this category, workers would need to be in at least the 60th percentile to earn a minimum of £30,000.

139. This evidence would suggest that a minimum salary of £30,000 could significantly restrict the ability of Scottish construction firms to recruit construction workers at RQF level 3 or above.

Regional Variation

140. While there is not a significant degree of variation between the UK and Scotland, there is noticeable regional variation across the UK. For example, the median annual gross pay for a worker in the 'skilled construction and building trades' category is £35.9K in London, compared to £27.4K in Scotland.

141. This supports the view that a salary threshold of £30,000 would not be appropriate for Scotland.

142. Evidence from the Construction Industry Training Board (CITB) 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.

Financial Services

143. Scotland is internationally recognised as the most important UK financial centre outside London and the South East, with a breadth of services including global custody, asset servicing, banking, investment management, corporate finance, general/life assurance and pensions.

144. The sector's international reputation is based on the skills of their workforce, boosted by access to the best international talent. For the sector to maintain its reputation it must be able to continue to attract talented individuals with the expertise to support both strong established businesses and the new opportunities emerging in fintech.

145. Financial services remains a vital contributor to the overall success of the economy of Scotland as a whole. This is due not only to its importance in terms of employment and direct contribution to output, but also because of the impact the financial sector has on economic growth.

146. Scotland's Financial Services industry contributed 6.6% of Scotland's Gross Value Added in 2017⁴³. Out of the 12 UK regions and nations, Scotland ranked second on this measure in 2017. It employed 83,000 people in 2017⁴⁴.

147. In 2017 (according to APS figures), 5.9% of employment in the Banking, Finance and Insurance sector was made up of workers from other EU countries. The sector employed 24,000 EU citizens, accounting for 17.9% of all EU citizens in employment in Scotland⁴⁵.

148. The *Financial Services Skills Investment Plan*⁴⁶ notes that employment in the financial services sector in Scotland is expected to grow in the period to 2022. Driven partly by globalisation and technological advancements, there is a long-term trend towards higher level skills and qualifications in the industry, which is set to continue. 47,500 job opportunities are expected in the period to 2022 through a combination of expansion and replacing those who have left the sector; 62% of those roles are expected to be at managerial, professional and associate professional level.

149. The Skills Investment Plan notes that the financial services sector has a higher proportion of workers in managerial, professional and technical roles than the Scottish average - 52% in financial services compared to 41% in Scotland as a whole. The restructuring of the financial services sector since the financial crisis has led to a requirement for more individuals in highly skilled roles.

⁴³ Office of National Statistics (ONS) 2018, Regional gross value added (balanced), UK: 1998 to 2017

⁴⁴ Business Register and Employment Survey, 2017

⁴⁵ Annual Population Survey, 2017

⁴⁶ Financial Services Skills Investment Plan 2016, available at <https://www.skillsdevelopmentscotland.co.uk/media/42492/financial-services-sip-nov-2016.pdf>

Scotland's Rural Economy

150. Rural areas are home to one fifth of Scotland's population⁴⁷. 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.

151. Approximately one third of Scotland's registered small and medium-sized enterprises are based in rural areas, with some 51,000 businesses operating in a diverse range of sectors including agriculture and forestry, tourism, the manufacture of high-tech niche products and creative services⁴⁸. 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.

152. Low unemployment in rural areas mean workers often need to be sourced from out with the local area, driving the need for migrant workers. Scotland's unemployment rate is 4.1% but this varies significantly across Scotland: ranging from 2.1% in the Orkney Islands and 2.2% in Shetland to 6.4% in Dundee.

153. 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 citizens⁴⁹.

154. 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 2018, there were 66,600 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 12%⁵⁰.

155. The section below sets out more evidence on the contribution of workers from other EU countries to primary sector rural industries, which employ more people in remote rural (17%) and accessible rural (12%) areas than in the rest of Scotland (0.4%)⁵¹.

⁴⁷ Rural Scotland: key facts 2018, available at <https://www.gov.scot/publications/rural-scotland-key-facts-2018/>

⁴⁸ Rural Scotland: key facts 2018, available at <https://www.gov.scot/publications/rural-scotland-key-facts-2018/>

⁴⁹ Federation of Small Businesses, Evidence to the Scottish Affairs Select Committee Inquiry on Immigration and Scotland 2017.

⁵⁰ Agricultural Census 2018, available at www.gov.scot/stats/bulletins/01320

⁵¹ Scottish Government (2011) Rural Scotland Key Facts 2011. National Statistics: <http://www.gov.scot/Publications/2011/09/29133747/4>

156. Many roles within these sectors are below the skill level required to obtain a Points-based System Tier 2 visa to work in the UK and are often seasonal. Around 9,300 seasonal workers were engaged in Scottish agriculture in 2017⁵², 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 2017, and the volume of production more than tripled since 2003.

157. 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

158. The Expert Advisory Group on Population and Migration analysed the impact of a £30,000 threshold by local authority area and found that remote and rural areas would find it very difficult to attract any migrants with the imposition of such a salary threshold. Regionally uneven population change represents an additional challenge. In Scotland while in-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 out-migration. Reducing in-migration to those areas will thus have a significant negative impact. In rural communities small numbers of migrants can have a significant impact.

159. One of the sectors most heavily reliant on seasonal EU labour is horticulture. Taken together, horticulture and the potato industry account for £530 million of output in 2017. As above, the soft fruit sector in particular has grown across the UK and in Scotland.

160. 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) who are permanent British workers. 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 countries⁵³. 6,700 seasonal workers are needed annually in Scotland's soft fruits sector alone.

⁵² 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>

⁵³ Agricultural Census 2018, available at www.gov.scot/stats/bulletins/01320

161. 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 shortages⁵⁴. 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'.

162. 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.

163. Without a “lower-skilled” migrant route, the industry will be prevented access to reliable, seasonal labour. This will have a very 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.

Dairy farming

164. The picture is similar in the Scottish dairy sector. According to the Royal Association of British Dairy Farmers (RABDF) migrant survey, carried out in 2016, 56% had recruited staff from outside the UK. The overwhelming majority of farmers (93%) said that overall, the use of EU labour had been a successful option for their farm. This was an increase in the number of respondents recruiting overseas workers compared to the 2014 survey, when 32% of respondents had recruited from outside the UK. Migrant workers were not only recruited due to the insufficient levels of UK labour, also but because of their higher skill and qualification level.⁵⁵ Half of the overseas workers employed by respondents in 2016 were highly skilled or mainly highly skilled in dairy.

Meat processing

165. The red meat supply chain in Scotland generates an annual output of some £2.4 billion Gross Value Added, and employs more than 33,000 people, with migrant labour playing a key role in the sector⁵⁶. Scottish abattoirs produce around 170,000 tonnes of beef, 26,500 tonnes of sheep meat and 25,000 tonnes of pig meat annually.

⁵⁴ See NFU Scotland press release, February 2018: <https://www.nfus.org.uk/news/news/nfu-scotlands-seasonal-workers-survey-identifies-labour-shortage-fears>

⁵⁵ Royal Association of British Dairy Farmers EU Labour Survey 2014, available at: <http://www.rabdf.co.uk/labour/>

⁵⁶ 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>

166. 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 countries⁵⁷, 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.

167. 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 nationals⁵⁸. Any future shortage of vets would jeopardise the health and welfare of Scotland's livestock.

168. 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.

169. 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)⁵⁹. Low unemployment in rural areas associated with meat processing is again another factor limiting the local labour supply.

Sea Fisheries, Aquaculture and Seafood Processing

170. Around 15,000 people were employed in sea fisheries, aquaculture and seafood processing in Scotland in 2014, generating £952 million Gross Value Added in the same year.

171. There are around 230 fish processors in Scotland, employing approximately 7,000 people, the majority in shellfish processing. The processing industry is concentrated in the Grampian region, which makes up 51% of all of the processing units and provides 62% of Scottish processing employment⁶⁰.

⁵⁷ Food Standards Scotland, Service Provider, 2018

⁵⁸ "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/>

⁵⁹ "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

⁶⁰ Seafood Scotland website: <http://www.seafoodscotland.org/en/responsible-sourcing/overview-of-the-seafood-industry/processing.html>

172. 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 nationals⁶¹ versus estimates of 46% of the UK seafood processing workforce coming from other EEA countries⁶². 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 only⁶³.

173. The sea fisheries industry is also highly dependent on overseas labour. A 2015 survey⁶⁴ 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, Latvia, Lithuania, Poland, Romania and Spain. Crews from non- EEA countries came from four countries - Philippines, Ghana, Sri-Lanka and Belarus⁶⁵.

174. 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)⁶⁶.

175. Both seafood processors and sea fishing businesses have told us about the challenges of recruiting UK nationals to work in the sector. The low unemployment in many of the rural areas where seafood processing and sea fishing posts are based also contributes to the limited pool of available labour. Many business owners in both sectors have cited potential business failure if overseas labour could not be accessed. This was especially the case in sea fisheries. 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 investment⁶⁷.

Salary Threshold

176. Stakeholders in the agriculture sector oppose the concept of a salary threshold. 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.

⁶¹ Employment in Scotland Seafood Processing Sector: 2016. Marine Analytical Unit, Marine Scotland

⁶² Seafish (2016) Seafood Processing Industry Report 2016, available at http://www.seafish.org/media/publications/2016_Seafood_Processing_Industry_Report.pdf

⁶³ Employment in Scotland Seafood Processing Sector: 2016. Marine Analytical Unit, Marine Scotland

⁶⁴ Sea Fisheries Employment survey available at <https://www.gov.scot/publications/scottish-sea-fisheries-employment-2015/>

⁶⁵ Scottish Government (2016) Scottish Sea Fisheries Employment 2015, Marine Scotland Science, Marine Analytical Unit, available at <http://www.gov.scot/Resource/0050/00507777.pdf>

⁶⁶ Scottish Government (2016) Scottish Sea Fisheries Employment 2015, Marine Scotland Science, Marine Analytical Unit, available at <http://www.gov.scot/Resource/0050/00507777.pdf>

⁶⁷ Employment in Scotland Seafood Processing Sector: 2016. Marine Analytical Unit, Marine Scotland

177. 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.

Points-based System

178. For the vast majority of roles within this sector, including those that can attract a salary of over £30,000, 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.

Logistics and Passenger Services

179. 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.

180. 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.

181. Existing skilled labour shortages are likely to be exacerbated by the proposals in the UK's Future Immigration White Paper. 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 i.e. are less than £30,000 per annum.

182. 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 the matrix below as an approximate breakdown of EU nationals working within a number of areas across the wider logistics sector.

Figure 5 – 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

183. 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.

184. 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 Public Services

185. Public services and those who work in them are vital to the success of our economy and our society. Across the public sector EU citizens and migrants from outside the EU make a vital contribution, frequently filling skilled vacancies in hard-to-recruit specialisms and geographical areas. There are 16,000 EU nationals in employment in the public sector, which is just over 1 in 10 (12.1%) of all EU nationals in employment⁶⁸.

186. The Employer Skills Survey 2017 highlighted that 3% of the public sector workforce are EU nationals and 15% of establishments employ at least one EU national. Although measures are being taken in many areas to increase domestic routes into these sectors, EU citizens continue to play an important role⁶⁹.

187. The Scottish Government's Public Sector Pay Policy for 2019-20 directly applies to just under 40,000 full time equivalent employees in 45 public bodies, around 6% of the Scottish public sector workforce. The policy also acts as a benchmark for all major public sector workforce groups across Scotland including NHS Scotland, fire-fighters and police officers, teachers and further education workers.

188. The 2019-20 pay policy set a 3% basic pay increase for those earning below £36,500 pay threshold. This covers around 70% of public sector employees covered by the policy. The policy also encourages employers to award a £750 underpin for those earning £25,000 which is around 30% of employees directly covered by the pay policy. Only around 50% of employees would be within a £30,000 threshold.

Salary Levels

189. The average base salary for all bodies covered by the pay policy is £34,090. However, average salaries for individual bodies range from £22,371 to £59,571 reflecting the different functions and roles in individual organisations, ranging from security staff to specialist analysts.

190. Some employers have indicated that they have difficulty in recruiting to specialist roles namely finance and IT due to lack of skilled employees in the market. Perhaps thought could be given to how a points-based immigration system could highlight specialist skills.

⁶⁸ Annual Population Survey, 2017

⁶⁹ Employer Skills Survey, 2017

Primary and secondary education

191. 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 Scotland. There are particular challenges in recruiting teachers to remote and rural areas.

192. The recruitment and deployment of teachers is the responsibility of local authorities in Scotland, who have the statutory duty for education expenditure. Providing accurate data on the numbers of teachers from other EU countries working in Scotland is difficult: while there are over 1000 teachers (523 EU) registered to teach in Scotland from EU or non-EU countries, we cannot identify how many of them are actually in post in Scotland.

193. 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* 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.

194. 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.

Salary Threshold

195. As of 1 April 2019 the starting salary for teachers in Scotland, who meet the GTCs Standard for Full Registration is £32,043. Therefore the £30,000 threshold would not normally be difficult to meet. However, teaching has a number of women workers within the profession. The failure of the salary threshold to recognise the reality of part-time working and the potential discriminatory impact of this on a profession which has a large number of women in the workforce must be addressed.

196. Further, should teachers from outside Scotland be required to undertake any element of probation period in order to achieve the full standard for registration the salary for probationary teachers is £26,697. A threshold of £30,000 may therefore be prohibitive.

Higher education

197. 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 rankings⁷⁰. Universities Scotland estimate that the sector generates around £7 billion GVA to the Scottish economy every year⁷¹. Scotland's 18 higher education institutions employ 48,330 staff directly⁷².

198. In 2017/18 EU citizens accounted for 13% of all staff in Scottish higher education institutions (6,500 staff members), rising to 20% (4,570) of academic staff and 27% (1,685) of research-only contracted staff⁷³. There are 14,940 EU domiciled undergraduates at Scottish Higher Education Institutions. EU domiciled students accounted for 16% of the postgraduate research students in Scotland⁷⁴. In 2016/17, more than 2,500 students from Scottish institutions benefitted from the Erasmus+ programme for study or work⁷⁵.

199. 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.

Salary Threshold

200. Russell Group analysis of HESA data shows that across all UK Government universities, 20% of staff are on wages less than £25,000⁷⁶.

201. However, this is subject to significant regional variation: The Russell Group estimate that 26% of staff across all Scottish Universities earn less than £25,000⁷⁷.

⁷⁰ Times Higher Education World University Rankings 2019, available at <https://www.timeshighereducation.com/>

⁷¹ Contribution of Universities to the Scottish Economy; Biggar Economics for Universities Scotland, 2015

⁷² HESA Staff data, 2018, available at <https://www.hesa.ac.uk/data-and-analysis/staff/table-1>

⁷³ HESA Staff data, SG analysis

⁷⁴ HESA Staff data, 2018, available at <https://www.hesa.ac.uk/data-and-analysis/sb252/figure-8>

⁷⁵ UK National Agency for Erasmus+ (Feb 2019), "2014-2017 Higher Education mobility statistics", available at <https://www.erasmusplus.org.uk/statistics>.

⁷⁶ "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>

⁷⁷ As above.

202. 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.

203. 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.

204. 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.

205. 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.

Early Learning and Childcare

206. The Early Learning and Childcare (ELC) sector is expanding rapidly in Scotland with the introduction of policy to increase the provision of funded early learning and childcare from 600 to 1,140 hours per year by 2020. Around 8,500 additional workers are required to meet the needs of expansion. There is an imperative therefore to ensure recruitment of skilled and qualified staff is as simple as possible for ELC employers.

207. This led us to request ELC to be included on the Scottish Shortage Occupation List, a request which was not granted.

208. 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[128]. The uncertainties around Brexit could have significant consequences for those already part of the workforce, but also for the potential pool of candidates who may wish to work in ELC and live in Scotland.

209. 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)

Salary threshold

210. The review of the Scottish SOL this year did not include ELC workers. We do not have exception then, from the tier 2 requirements that inclusion on the SOL would bring.

211. The £30,000 would not suit the needs of the ELC sector.

212. 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.

213. 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.

214. 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.

Conclusion

Salary Threshold

215. The Scottish Government has significant concerns about the impact of a salary threshold and there is clear evidence that the current level of £30,000, or the 25th percentile, is too high.

216. The Tier 2 salary threshold will have a disproportionate effect on females. The proportion of jobs held by women with earnings over £30,000 per annum are much lower than for all workers. This suggests that women wishing to migrate to Scotland for employment purposes will be significantly less likely to earn sufficient to qualify under these proposals.

217. This proposed threshold would damage Scotland's economic, social and demographic prosperity. It would disadvantage rural communities and have a more significant impact on women and young people. We believe there should be a lower salary threshold reflecting the living wage; and that explicit recognition should be given to part time working.

218. If the UK Government is serious about moving to an Australian points style system then a salary threshold is no longer relevant, but past earnings are one of a number of areas where individuals could be awarded points.

Points-Based System

219. The current UK immigration system is described as a points-based system, but since 2012 there has not been a true points-based route in the UK immigration system.

220. Most international (non-EEA) migrants in Scotland (and the UK) are issued with a visa under one of the tiers of the current UK immigration system.

221. It is worth noting that in our 2018 discussion paper, *Scotland's Population and Migration needs*, we proposed a "Scottish visa" as an additional option in the UK immigration system, to allow an extra route for people who want to come to live and work permanently in Scotland.

222. This proposed a human-capital, points-based selection approach, with a broader range of criteria than the current UK immigration system allows for.

223. These criteria would attempt to capture the social value or wider contribution a person or family could make to life in Scotland, rather than focussing solely on high earnings or advanced qualifications.

224. The Royal Society of Edinburgh's advice paper on *Migration, Diversity, Rights and Social Protection* analysed the effects of withdrawal from the EU and free movement and concluded that "of the various approaches available, a differentiated points-based system would be the most effective in responding the Scotland's demographic, economic and socio-cultural goals".

225. Similarly, the independent *Expert Advisory Group on Migration and Population's* recently published second report, drawn on policy approaches in other countries, examined 5 case studies where migration has helped offset demographic pressures. These case studies are also notable in that they each contain varying degrees of regional differentiation built into their immigration systems.

- 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
- Sweden: 2008 Liberalisation of Labour Migration Policy

226. The five case studies illustrate a range of immigration policies designed to address different types of shortages. 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) – similar to the challenges faces in Scotland.

227. The report made clear that a points-based system can be applied to increase skilled-based migration and offer specific routes for regions or occupations, but this is not sufficient.

228. Scotland needs other migration routes to replace the significant levels of migration offered through freedom of movement, including family migration, and low-skilled routes.

Summary

229. In summary, the UK Government's proposed salary threshold and points-based system would not provide the flexibility that Scotland needs to sustain our working age population and would fail to take account of the regional population and skills variations that define our labour market.

230. The David Hume Institute's recently published report 'State of the Nation: Who will do the Jobs' supported this position:

"Scotland's immigration needs are distinct from those of England: in particular, we need higher rates of migration. This means that we require a system which can take account of different needs in different parts of the UK, as well as different needs across Scotland."

231. Scotland's population is facing significant challenges including de-population in rural areas, skills gaps and labour shortages in both public and private sectors. While our population grew in the last year, 14 of our local authorities experienced depopulation and projections are that all of our population growth over the next 25 years will be driven by migration. Therefore, while activity such as promoting fair work, employability support and reskilling and upskilling is aimed at increasing participation and productivity, Scotland needs to be able to attract talent from outwith Scotland to address our population challenges.

232. These challenges are explored in our paper (2018) and we have committed to publishing a further policy paper providing further developed migration solutions for Scotland.

233. The ability for employers in Scotland to attract the right people with the right skills could be significantly impacted by the UK Government's proposals. Very few occupations which require below intermediate level skills would provide a salary of £30,000 or above.

234. A research piece by four academic and research bodies, the Royal Society, the British Academy, Royal Academy of Engineering and the Academy of Medical Sciences, similarly concluded that a £30,000 salary threshold would be detrimental for research and immigration. At a UK-level, the median salary for technicians in UK universities is £26,280⁷⁸, with 42% of technicians earning less than £30,000 a year⁷⁹. While the majority of roles in the research and innovation sector meet the proposed skills threshold of RQF Level 3, for the most part these do not attract salaries of £30,000. Skilled people from overseas would be ineligible for a visa and without an (estimated) increase of up to 50% in the researcher workforce⁸⁰, the UK would be unable to meet its ambitions for the R&D Sector.

⁷⁸ Universities and Colleges Employers Association (2018), 'UCEA response to MAC report: Responding to recommendations of most concern to the higher education sector – November 2018'. Taken from <https://royalsociety.org/-/media/policy/Publications/2019/28-05-19-30k-salary-immigration-threshold-explainer.pdf>

⁷⁹ Universities and Colleges Employers Association (2018), 'UCEA response to MAC report: Responding to recommendations of most concern to the higher education sector – November 2018'. Taken from <https://royalsociety.org/-/media/policy/Publications/2019/28-05-19-30k-salary-immigration-threshold-explainer.pdf>

⁸⁰ Sir John Kingman (2018), 'Speech at the Royal Society 'Research culture: changing expectations' conference – 30 October 2018'. Taken from <https://royalsociety.org/-/media/policy/Publications/2019/28-05-19-30k-salary-immigration-threshold-explainer.pdf>

235. Additionally, a blanket immigration system would disproportionately affect regions and sectors of Scotland. Ernst and Young's Brexit Sectoral Impact Assessment⁸¹ highlights the sectors and regions which will be most deeply affected by an end to free movement:

"In Scotland, EU workers make up a notable share of employment in a number of sectors including agriculture where there are around 10,000 seasonal migrant workers, life sciences where EU workers account for 17% of the workforce and food and drink."

236. Scotland's Future Skills Action Plan and the accompanying Evidence and Analysis paper highlight the range of challenges we face now and in the future in ensuring we have a highly skilled and productive workforce supporting our ambitions for inclusive economic growth. These include: demographic changes, and in particular the ageing workforce, meeting skills needs in rural and island communities, technological advancement and digitalisation, EU Exit and the Global Climate Emergency.

237. The evidence paper notes the potential impact of a fall in EU inward migration and highlights existing challenges in the current system for non-EU workers:

"From a supply perspective, a fall in EU migration due to Brexit could exacerbate existing skills gaps in these sectors. Of the businesses in Scotland that reported hard to fill vacancies in the UK Employer Skills Survey, 41% tried to recruit non-UK nationals to fill them. Of those businesses that tried to recruit non-UK nationals, a large majority (89%) tried to recruit EU nationals. This suggests that if recruiting EU nationals becomes significantly harder after Brexit, there will be a major impact on businesses currently using this as an employment strategy to mitigate hard to fill vacancies."

"Data from the UK Employer Skills Survey shows that the Highlands & Islands and South of Scotland already have issues with difficulties in obtaining work permits for non-EU staff and this is a reason for some hard to fill vacancies in these regions. Depending on the agreed immigration framework for EU nationals, this issue could be exacerbated, particularly in these regions."

238. While the Plan sets out actions we are taking to address the challenges we face, we are clear that Scotland's economy and continued prosperity will continue to rely on our ability to attract workers across a broad range of skills levels, many of whom will not reach salary levels set out in the paper.

⁸¹ <https://www.gov.scot/publications/sectoral-impact-analysis-brexite-readiness-assessment/>

239. Finally, the David Hume Institute report references the immigration system in Canada as demonstrating how individual provinces can have a say over defining their immigration needs in partnership with the federal government.

“The Canadian PNP and the Canada-Quebec Accord show that systems can be built to accommodate the distinct needs of sub-national units within a federation or union. The Canadian example also demonstrates that asymmetric devolution – such as that in the UK – could be acknowledged via bilateral agreements between central and devolved governments.

Evidence suggests this approach has mitigated depopulation in some provinces, and has had a significant economic benefit. With more than 80% of participants remaining in their province of arrival, the evidence also suggests that as long as economic opportunities exist, many people will settle long term in their new community.”

240. The David Hume Institute reports states that if strong agreements at UK and SG level were put in place alongside robust governance arrangements, there is little to stop us taking a similar approach and developing an immigration system that works for Scotland and other parts of the UK.

Stakeholder Views

241. The Scottish Government wrote to stakeholders to draw their attention to the Migration Advisory Committee's call for evidence and encourage businesses to consider and if appropriate respond for their organisations.

242. It is not clear how many organisations across Scotland have responded to the call for evidence, however, of those that the Scottish Government have seen or been alerted to, all have argued that the proposed salary threshold is too high.

243. In many sectors already facing skills shortages there are legitimate concerns that the extension of the salary threshold to EU citizens will further exacerbate this, and in many instances, many result in downsizing or closure of businesses.

244. The salary threshold will have a more significant effect in rural/remote areas, for women and other part-time workers, and on sectors such as agriculture, fishing and social care.

Summary of Stakeholder views (outlined below)



Enterprise and Skills Agencies

245. Three of Scotland's Enterprise and Skills Agencies: Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland, submitted aligned responses to this MAC Commission.

246. Following consultation with their networks (including industry leadership groups, sectoral skills groups and industry bodies) they concluded that the proposed minimum salary threshold of £30,000 is substantially greater than the typical salary for many of Scotland's sectors; and the extension of this could exacerbate current, or create, skills shortages across Scotland.

247. The median salary in Scotland (full and part time workers) in 2018 was £23,833⁸², thus leaving ample room to lower the threshold while also protecting the jobs/salaries of domestic workers.

248. The required salary progression to £35,500 (projected to increase annually) within 5 years in order to be eligible to apply for permanent settlement is often outwith the pay progression policies or capabilities of many employers.

249. The minimum salary threshold currently does not accommodate the circumstances of part-time workers. Unless this is rectified, there will be unintended consequences which perpetuate inequalities (such as gender and urban/rural opportunities).

250. The £30,000 minimum salary threshold for full-time experienced workers should be lowered in line with the proposal to expand the skills threshold to include intermediate level skills (i.e. RQF 3 – 5).

251. There should be more focus on the value and need of the job, rather than a salary threshold e.g. with an ageing population there will be greater need for increased numbers of social care workers, however, data shows that it is unlikely that many workers in this sector are paid £30,000 ('Caring'⁸³, Leisure and Other Service Occupations' have median salary levels of £16,923 and £24,551 for 25th and 75th percentiles respectively for full-time employees)

252. There is a regional dimension to salaries meaning that the same job may attract a lower salary in a rural or remote location, hence there will be a disproportionate impact of setting a minimum salary threshold on such regions and communities.

⁸² Annual Survey of Hours and Earnings 2018

⁸³ As above.

National Farmers Union Scotland

253. National Farmers Union Scotland (NFUS) represents over 8,500 agricultural businesses (farmers, crofters and growers) across Scotland. NFUS ran a wide-ranging consultation with their agricultural members and other allied industries in order to inform their response to the MAC.

254. NFUS stress their significant concerns with the proposed salary and skill thresholds, and their disappointment with conclusions previously reached by the MAC which negates both oral and written evidence submitted by NFUS.

255. They state that any application of a Points-Based System must be done flexibly in order to meet the needs of the Scottish agri-food labour market.

Issues with Recruitment

256. 50% of NFUS members who employ (other) temporary and permanent workers reported problems in recruiting non-UK workers in the last three years, 59% reported poorer worker retention in the last 3 years, and 65% that they struggled to attract returnees (normally who fill these roles). Cited reasons for this were the negative perceptions due to the UK's political environment as well as the weak pound.

257. These shortages meant 29% respondents experienced difficulty undertaking tasks in the business due to a shortage of labour, and an inability to meet supplier orders.

258. Repeated efforts to recruit local or domestic workers have not been successful, meaning this workforce shortage will continue and likely to be exacerbated in future. A lack of access to temporary workers from outside the UK would have a significant impact on businesses: 63% outlined that they would be 'unlikely' or 'very unlikely' to maintain the existing business structure; 64% that they would downscale their business; and 39% said they would cease current activity.

Salary Thresholds

259. NFUS object to the concept of a salary threshold 'as a matter of principle', considering them a 'blunt and inflexible tool', ineffective in ensuring gaps in the labour market can be met.

260. Their consistent position (set out in previous submissions to MAC commissions) is that if the tiered immigration scheme is not amended to provide access to lower paid workers, then the Shortage Occupation List must be expanded.

261. Without non-UK workers in roles that aren't typically defined by academic skill and which do not pay a salary over £30,000 then the supply chain – farms, processors and hauliers – will be unable to maintain the current provision of food to UK consumers.

Points-Based System

262. The vast majority of roles within Scottish agri-food – including those that can attract a salary over £30,000 – have no pre-requisite for academic qualifications. NFUS therefore urge the MAC to not be constrained within an ‘academic’ definition of skill.

263. It is vital for this sector that any Points-Based system does not prescribe points solely on academic qualifications: but perhaps could apportion points for job roles on the basis of ‘manual’ or ‘technical’ skills.

264. NFUS would be open to exploring how individuals could be assigned more points where they can evidence taking up a role that offers in-work training and/or who will undertake further skills development and workplace qualifications in addition to their employment.

265. They also advocate for consideration of the social capital of non-UK nationals (who in the agri-food sector, fill permanent roles in rural and remote parts of Scotland). These individuals have a demonstrative impact far beyond their participation in the economy e.g. through their families’ participation in rural schools.

266. A new Points-Based System, if designed suitably, could complement those strategies already underway to address Scotland’s demographic and population challenges, which are having an impact on rural economies in particular. The new system must have a means by which points can be apportioned based on the geographic location of certain roles.

Scottish Manufacturing Business

267. A private manufacturing business in Scotland with over 500 employees, from UK, Ireland, EEA and non-EEA countries, which does not wish to be named, similarly responded to the MAC.

268. The business attests that the current salary required for the Tier 2 immigration rules is too high; there should be no minimum salary threshold that is above the Living Wage.

269. The salary threshold has already impacted the firm by restricting their recruitment to the UK and EU only (where a salary threshold does not apply), limiting their access to the skills pool (as the technology skills required are placed globally rather than within Europe).

270. Pay within their factory starts at £17,700, and over 20% of the permanent workforce have self-reported as non-British. Within the temporary workforce the proportion is even higher.

271. Most of the business' recruitment lies within the new entrant and experienced worker rates (i.e. in the range of £21,000 – £28,000). If these requirements were extended to EU citizens they would struggle to attract and retain enough workers to the lower skilled, lower paid roles which enable the manufacturing business to operate.

272. There would be a significant detrimental impact on the businesses without the current group of EU nationals.

273. This would place the business at a 'significant disadvantage' and would struggle to meet our customer demands. It would not be economically feasible to adjust salary scales to meet the Tier 2 (General) visa salary requirements.

Scottish Ballet

274. Scottish Ballet is a registered charitable company and is Scotland's national dance company, founded in 1969.

275. They state that the minimum salary threshold is too high if applied to EU citizens.

276. The settlement threshold of £35,800 is also too high – while some of their EU employees may have tried to apply for settlement, their salary falls below £35,800.

277. If a salary threshold is to apply, there should be a variety to meet employer needs, with variation by region and occupation (and new entrants/young workers).

Scottish Care

278. Scottish Care is the representative body for independent social care providers in Scotland, encompassing private and voluntary sector providers of care home, care at home and housing support services. Their members comprise over 400 organisations of various sizes, collectively employing over 100,000 staff: the second largest health and care workforce in Scotland (after the NHS), with UK and Ireland, EEA and non-EEA workers.

279. In its entirety, the sector provides 89% of the care home places in Scotland and over 50% of home care hours for older people.

280. Scottish Care make clear in their response their finding that the salaries required by the Tier 2 (General) immigration rules are too high.

281. The settlement income threshold of £35,800 is also too high for the social care sector, where earnings are only around £17,000 per annum (less than half of this).

Salary Thresholds

282. Scottish Care members strongly contend that the £30,000 proposed threshold is “totally and wholly inadequate” and “unrealistic”.

283. They state that there should not be a minimum salary threshold that is above the legal requirement – the national minimum wage.

284. They also propose that any salary threshold should not be applied universally but that there should be a variety to reflect employer needs: appreciative of sector needs and skills demand.

285. Given the social care sector’s prevailing workforce shortages, compounded with geographic factors such as rurality and remoteness and Scotland’s particular demographic challenges (an ageing and vulnerable population away from urban centres), they argue for a distinctive migration approach both geographically sensitive (regional or national) and sector appropriate.

286. Social care is a sector which attracts low salaries and is often portrayed as a low-skilled, entry level sector (which Scottish Care dispute). Nevertheless, the vast majority of roles would not meet the proposed skills or salary thresholds.

They argue therefore for an immigration system which ascertains skills level beyond only the consideration of traditional qualifications or salary levels (which would omit many social care positions) – akin to some of the Canadian practices. Likewise they attend to some geographically sensitive routes that are applied in Australia.

Conclusion

287. Scottish Care conclude their submission by stating their view that it is critical for the social care (and nursing) sector to be able to easily recruit from within and outwith the EEA: both in terms of workers providing support to the sector, and through them, for those who rely on its services.

288. They evidence increasing difficulties faced by providers in recruiting from the EEA post Brexit⁸⁴ (for example, 77% of care home providers indicated more increased difficulty in 2018 than previously, and 89% of care at home/housing

⁸⁴ Research carried out by Scottish Care over the last four years for both the care at home, housing support services and the care home sector has consistently highlighted current recruitment and retention challenges in the social care sector in Scotland:

- 77% of care home providers indicated that they are having greater difficulty in recruitment staff in 2018 than in previous years, with annual turnover of 24.5% and a substantial increase in the use of agency staff (by over two thirds of organisations);
- An estimated 6 to 8% of the care home workforce originated from the EU and a further 6% from other countries. Brexit is already having a significant impact on this labour market.
- The care at home and housing support research indicated similar challenges: 9 out of 10 organisations surveyed had vacancies and 89% their difficulty filling support worker posts.
- 9.6% - 12% of the workforce were described as coming from the EEA and 1.7% from outwith Europe. The impact of Brexit upon both further recruitment for support workers and the existing workforce is significant, and particularly given the high vacancy rates. In total over a third (35%) of the care at home and housing support workforce is replaced each year.

support providers, where up to 12% of the workforce are from the EEA), and which for many members has thus ceased to be a viable route. They warn even after the conclusion of a Brexit settlement it may take years to restore relationships and trust to enable a return to previous levels of EEA migration.

289. The social care system in Scotland is significantly dependent upon the skills, experience and abilities of those who came to Scotland from elsewhere. These individuals have contributed a great deal to the care of some of Scotland's most vulnerable citizens.

290. They conclude that the current recruitment and retention crisis facing social care in Scotland must not be made worse by a migration system that 'deters or presents any undue barriers and obstacles'. Without a workforce from out-with Scotland, the social care system will be unsustainable and unable to meet increasing demographic demand.

Convention of Scottish Local Authorities (COSLA)

291. The Convention of Scottish Local Authorities (COSLA) represent the views of Scotland's 32 local authorities, and acts as the employers' association for local authorities. Total employment in local government in Scotland was 251,000 in June 2019⁸⁵.

292. COSLA make clear in their response that Migration is crucial to Scotland's economy, to Scottish local authorities and to our local communities, and that Scotland has benefited significantly from membership of the single market, and the continuation of free movement of people would be the most advantageous system for Scotland.

293. They are clear and consistent that the salary threshold is too high and presents a barrier to many occupations, key sectors and in local areas.

294. Rather than on an arbitrary salary threshold, they stress that the system should instead focus on the value and need of the job.

295. The key ask from councils was for flexibility in the immigration system: one which takes account of economic diversity; recognises demographic challenges across Scotland (and other parts of the UK); and is responsive to national and regional requirements.

296. A one-size-fits-all immigration policy could accelerate depopulation with significant implications for economic activity.

⁸⁵ Scottish Government, Local Government Employment, June 2019 - <https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/PublicSectorEmployment/LAPSE>

297. COSLA and their member councils express concern that Scottish perspectives haven't been, and continue not to be, involved in the MAC's decision making-processes. There is a definite need for Scottish stakeholders to have a greater role in planning and monitoring their immediate and projected labour shortages in the development of an immigration system - which must have the capacity to look beyond the national level to local level needs.

298. A Regional Sponsorship Scheme (similar to in Australia) could be favoured, which enables regions to recruit staff from overseas on a specific 'Skills In-Demand' list, with a requirement to live within the region for a set period. This would be able to reflect regional variation in both salaries and job shortages.

299. COSLA conclude that while they would advocate for the continuation of freedom of movement as the most advantageous system for Scotland, in the absence of this, the immigration system must be more flexible and work for every part of the country. COSLA and our member authorities therefore want to see the introduction of an immigration system which takes account of the diversity that exists within Scotland, and is responsive to the economic and demographic challenges faced by different parts of the country.

Salary Threshold

300. The overwhelming response from the member councils similarly agreed that there should be no minimum salary threshold – but if one was to be applied, this should not be anything other than the Living Wage.

301. The proposed salary threshold would significantly impact on council and local area workforce/sectors, especially when expanded to EEA citizens. For example, Angus Council reported that 88% of employees working in manufacturing (excluding professional jobs such as senior engineers) would not meet the £30,000 threshold⁸⁶; and 69.7% of the roles in Dumfries and Galloway council filled by European citizens are below the £30,000 threshold. They predict an impact will be particularly felt in education, where recruiting teachers to the region has been difficult, and they currently have EU nationals employed in e.g. modern language teaching positions, with salaries ranging below the threshold.

302. Member councils report that the salary threshold is a 'blunt instrument' which will effectively rule out the option of migrant labour for local businesses, impacting on local economies. Strong views were held on how the proposed immigration policy would hinder the socio-economic development in some areas.

303. All but one member council indicated that the settlement threshold (£35,800) is also too high, and should be revisited.

304. The settlement income threshold also assumes significant career progression over the five-year period (not always the case); for those who started at the minimum threshold of £30,000, their salary must have increased by almost 20%.

⁸⁶ Available from www.makeuk.org/Services/Brexit

305. In Glasgow, for example, average wages have not increased by 20% during the last 5 years (true for the public sector as a whole). And of the 304,200 jobs surveyed in 2017, only 2.6% would meet the settlement threshold.

306. They state the settlement threshold is an 'arbitrary figure', 'divorced from the realities of pay and progression increases' and would similarly economically disadvantage rural Scotland. This also has the potential to exacerbate current trends towards ageing populations and depopulation, would make it much more difficult for employers to attract workers, and may also have a discriminatory impact in relation to age and gender.

Occupations in Threat

307. As noted above and elsewhere in this report, the proposed salary threshold would have a particularly detrimental impact on the health and social care sector; a point emphasised by councils in their responses. While some roles would meet the proposed *qualification* threshold, they would not meet the £30,000 limit. In order to meet the needs of health and social care sector, the salary threshold needs to be significantly lower.

308. Particularly in the context of an ageing population, the sector faces increasing demand for care workers which are already struggling to be filled.

309. Highland, for example, has a population ageing faster than the Scottish and UK averages, meaning a starker increase in demand for health and social care. Skills Development Scotland anticipate the need for 3,400 Health Professionals and 3,800 new recruits in the Caring Personal Service Occupations between 2018 and 2028 to meet replacement and expansion demands. However, the average nurse salary in the UK is only £24,664, meaning that these essential posts could not be filled by migrant workers.

310. Health and Social Care is an example of a sector with jobs of high social value but not high wage. The critical support provided by individuals in these roles is threatened by the proposed salary threshold.

311. The impact of the UK Government's proposals would thus have repercussions felt beyond the health and social care workforce to those in need of care and support.

312. COSLA and their member councils also raise concern about the impact on the early learning and childcare workforce.

313. With a required workforce increase of an estimated 8,000 to 20,000 by 2020⁸⁷, the sector already faces significant recruitment challenges. However, as evidenced by East Renfrewshire, Early Years Officers and Pupil Support Assistants (positions currently filled by EU nationals) do not meet the £30,000 threshold - despite meeting the proposed qualification threshold. Aberdeen City Council similarly cite their potential reduced teacher numbers by the threshold (which would not allow them to sponsor probationary teachers).

314. There are many other occupations within local government which will also be impacted by the proposed salary threshold: such as catering, cleaning, IT, Probationer Teachers and School Support, and Agricultural Workers.

315. The Western Isles, as a remote and rural area, envisage the long-term impact of cessation (or lessening) of economic EU migration to their islands will have impact on all of the fishing, shellfish, retail, construction, tourism, and healthcare/social care sectors (many of the Consultants in the Western Isles, for example, are EEA nationals).

316. It is clear that the remote and rural communities in Scotland are particularly dependent on workers from the EU, in a range of sectors, in roles that may not meet the £30,000 salary threshold.

317. In small communities, small numbers of workers have an aggregate economic and social impact beyond their occupation/sector itself to local schools, businesses, and communities. The proportionate impact of reduced EU migrants will therefore be a lot greater.

Regional Wage Variations

318. Councils also emphasised the regional variation in salaries and raised concerns the salary threshold would impact regions differentially. Areas with lower wage levels will thus be disadvantaged – even with a job-specific threshold – concentrating migrants in areas of higher salaries.

319. For example, average salaries in Highland are 3% below the Scottish average (which in turn is below that of London, the South East and east of England), and workers will only earn 81% of what a Londoner earns. Scottish Borders is another low wage economy: with an annual median wage of £20,000 that falls well below the salary threshold, only an estimated one in four jobs would be available to migrant workers.

⁸⁷ A Blueprint for 2020: The expansion of early learning and childcare in Scotland - <https://www.gov.scot/publications/blueprint-2020-expansion-early-learning-childcare-scotland-quality-action-plan/>

Part-time Workers

320. As raised elsewhere, the salary threshold must also consider part-time jobs. COSLA note that while there are some who work part time through choice (or forced choice through necessity), there are also instances e.g. in rural communities, more peripheral areas or on islands, where the scale of service required dictates what can be offered.

321. In order that these communities are not disadvantaged, the system must recognise posts that do not meet the salary threshold due to their part-time nature.

Points-Based System

322. Many councils supported the position of awarding points-based on areas in need of increased population (specifically highlighting population and demographic challenges they are facing: for example, North Ayrshire, one of eight local authorities (all in the West of Scotland) anticipated to see population decline, with an impact on regional economic inequality⁸⁸.

323. There is a significant need for inward migration to increase the number and proportion of working age population in specific areas (such as the Highlands and Islands). A Regional Skills route could help to meet this need.

Macduff Shellfish

324. Macduff Shellfish is a seafood processing business with 434 employees.

325. EU Citizens comprise a significant majority of their workforce at 70%: only 29% are UK citizens and 1% are non-EU employees (via an ICT Tier 2 Visa from the parent company).

Salary Threshold

326. Macduff Shellfish argue that there should not be a minimum salary threshold above the legal requirement like the national minimum wage.

⁸⁸ Many areas of Scotland are facing population decline:

- North Ayrshire is expected to see a 2.1% decrease by 2026 (fourth highest rate of decline behind the Western Isles, Inverclyde, and Argyll and Bute), with a disproportionate decrease in the working age population compared to retirement age.
- In 1998-2018, Highland's *natural rate of population change* declined by -3,410, and increased solely due to inward migration. Over the next 10 years, the population is projected to decrease by 1.2% due to natural change, and therefore inward migration is essential.
- Highland also face significant demographic challenges, with the largest decrease in the 25 to 44 age group (-10.9%) and largest increase in the 75+ age group (+57.4%) – with an associated increase in demand for health and social care.
- Similar is seen in other areas such as the Western Isles and Shetland, and the Highlands and Islands as a whole.

327. If there is to be a salary threshold, they argue that this should not be applied universally across the economy and the UK, but has a variety to reflect employer needs.

328. They also suggest a salary threshold of either £30,000 or the 25th percentile is too high.

329. Macduff Shellfish argue that any national figure will not allow for regional variance, nor the nature of the region (rural/urban).

330. They reference Aberdeen and Aberdeenshire as an example: there are a large number of relatively low paid rural jobs (agriculture, forestry, fishing) but average salaries are offset by a particular sector (in this case oil, gas and increasingly wind energy sectors).

331. Although the region enjoys high employment levels, there is a particular shortage of semi-skilled manual labour. A high £30,000 threshold will exacerbate that demand.

332. They state that local recruitment drives have had only very limited success (similar to NFUS/etc), hence a heavy reliance on EU workers. This is a feature of many large food processors in the area.

333. They warn that additional barriers to employing EU citizens will lead to increasing automation and job losses, and thus hasten rural depopulation.

Scottish Seafood Association

334. Scottish Seafood Association (SSA) are a membership organisation representing 80 members in the fishing industry (Inc. transportation and storage), based in the North East of Scotland.

335. Their members are mostly SMEs with under 50 employees, from UK and Ireland and countries.

Salary Threshold

336. The salary required by the Tier 2 (General) immigration rules is too high and is not what than the sector would pay.

337. Their organisations cannot pay this salary: as a global seafood producing industry, competing in a global market they must have access to a global workforce whilst respecting the living wage/minimum wage laws of the UK.

338. The Seafood sector is dependent on access to migration labour, but the proposed salary requirements are set too high for the level of skill.

339. They state the significant risk to the sector of lost opportunity in the event the caveats to access global workers (non-EU labour) is set above the that of local workers. The sector needs to compete competitively in a global market. Access to global workers is vital for the continuation seafood production.

340. The salary thresholds do not reflect pay in the sector nor minimum/living wage thresholds. There should be no application of a salary threshold above the living wage, and should consider variations by sector/region, occupation and new entrants.

341. The industry already faces difficulty in attracting young people – particularly in the North East of Scotland which experiences low unemployment. In order to produce for the domestic and global market, the immigration system must take ensure continued access to a global labour market.

Royal Society of Edinburgh

342. The Royal Society of Edinburgh (RSE) is Scotland's National Academy. In their response to the MAC⁸⁹ the RSE outlines key points and considerations on migration, as well as answers to the specific questions posed by the MAC.

343. They are clear that the UK should promote a narrative of being 'open for business' and a welcoming destination for immigrants. Further, given the future labour market may differ significantly from that of today, the immigration system must be flexible enough to deal with potentially significant changes.

344. The UK research base has been internationally recognised as one of the strongest in the world, which is partly predicated on its ability to attract the highest quality staff from around the world. In order to maintain this, it is vital the immigration system is affordable and can attract researchers at all career stages.

345. Scotland's research and higher education base relies heavily, and disproportionately compared to the rest of the UK, on contributions made by EU and international staff.

346. Scotland is more dependent than the rest of the UK on sectors such as social care and healthcare, agriculture and food services and these areas will require continued access to labour from elsewhere. It is, however, unlikely that many workers in these sectors will meet the skilled route criteria and may not be attracted by the option of a temporary route.

⁸⁹ Salary Threshold and Points-Based Migration System: Royal Society of Edinburgh Response, 2019 - <https://www.rse.org.uk/wp-content/uploads/2019/11/AP19-12.pdf>

Salary Threshold

347. The RSE are clear that salary is not an adequate proxy for skill. In Scotland the majority of workers earn less than the proposed threshold, and in certain professions no employees would meet it⁹⁰.

348. Further, a salary threshold would only serve to disadvantage part-time workers⁹¹ – therefore disproportionately impacting women – and certain geographic areas, which are less likely to have jobs that meet the criteria of £30,000.

349. They note the difficulty of defining and quantifying skills, and posit that a salary threshold should not be utilised without clear communication of the expected benefits and the evidence-base for this.

350. The application of the proposed salary threshold to EU nationals (currently exempt) could cut overseas net migration to Scotland by almost half (from over 13,000 annually to between 6,600 and 9,000)⁹².

351. The RSE, similar to views expressed elsewhere in this document, argue that if a salary threshold is to remain, it should be a flexible threshold with variations/consideration for occupations facing severe shortages - particularly where these jobs may be vital to the economic or social wellbeing of local communities.

352. There should also be consideration of a scheme with the specific aim of attracting and retaining migrants to rural and remote areas which face declining populations - which could potentially include a list of shortage occupations that do not meet the skills threshold.

353. The Scottish economy is more dependent than the UK on sectors such as social and healthcare (14.2% of all jobs, compared to 13.2%), accommodation and food services (7.1% vs 5.4%), and agriculture, forestry and fishing (1.6% vs 1.1%); sectors which will require continued access to labour. However, as noted above and elsewhere in this response, many workers in these sectors will not meet the criteria. A temporary route, without the opportunity (or simplicity/ease) of settlement, may not be sufficient to attract these workers.

354. Similarly, the threshold is also likely to disproportionately affect certain geographic regions. Rural areas of Scotland are less likely to have jobs that meet the threshold, while conversely these areas, due to depopulation and an ageing population, are those most in need of increased immigration.

⁹⁰ Expert Advisory Group on Migration and Population Report for Scottish Government; Feb 2019, available at <https://www.gov.scot/publications/uk-immigration-policy-leaving-eu-impacts-scotlands-economy-population-society/>

⁹¹ The proposed £30,000 salary threshold relates to actual salary as opposed to “full-time equivalent” and cannot be pro-rated. Part-time workers from overseas looking to be employed in the UK would therefore be particularly impacted. This would clearly have a disproportionate impact on women looking to immigrate to the UK.

⁹² Expert Advisory Group on Migration and Population Report for Scottish Government; Feb 2019

A Differentiated Migration System for Scotland

355. The RSE proposes a case for a differentiated immigration system for Scotland as most effective in responding to Scotland's demographic and economic needs.

356. The RSE suggest that Scotland could develop its own points-based system for recruiting (especially high skilled) labour, along the lines of the Australian or Canadian decentralised (points-based) systems being examined by this commission.

357. The schemes (they state) are well placed to cater for sub-national variations in demographic conditions, skills or sectoral shortages; and can be targeted to promote the permanent settlement and integration of immigrants. This could offer a promising model for Scotland to address its distinct demographic and economic needs and, in particular, to consider how these needs vary within different Scottish regions and localities (e.g. urban conglomerations versus rural and remote rural regions).

358. While differentiated points-based systems have clear advantages for Scotland, they also raise potential challenges. Such schemes typically build in generous rights for entrants, with no restrictions on access to employment – or, indeed, to welfare and public services. They would offer a set of rights (for those selected to enter) that go beyond those currently provided under free movement provisions, which may prove politically unpalatable to some.

359. Furthermore, concerns have been expressed over onward migration under such systems. However, while it is appropriate and potentially informative to look at statistics relating to onward migration in other countries, it should not automatically be assumed that such behaviour would be replicated under a UK system due to considerably different geography, levels of migration and economic factors. In the MAC's May 2019 review of the Shortage Occupation List, the Committee noted concerns around onward migration and suggested that a scheme could be piloted to facilitate migration to rural and remote areas.⁹³ The scheme would then need to be monitored over several years and the outcomes evaluated. The Committee's offer to provide advice on the design of such a pilot scheme should be taken forward.

360. Finally, the RSE notes that one of the main challenges for Scotland and the rest of the UK will be retaining a supply of labour for low-skilled and seasonal work. From the perspective of Scotland, clearly it will be important to ensure that any UK-wide sectoral scheme is tailored to meet Scotland's particular labour market needs. For example, while the UK Government has announced a seasonal workers pilot scheme, allowing fruit and vegetable farmers to employ up to 2,500 non-EU migrant workers for seasonal work for up to six months, this would be insufficient: Scottish farms alone employ up to 10,000 non-UK nationals in this sector.⁹⁴

⁹³ Migration Advisory Committee, Full review of the Shortage Occupation List, p335
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806331/28_05_2019_Full_Review_SOL_Final_Report_1159.pdf

⁹⁴ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/scottish-affairs-committee/news-parliament-2017/future-scottish-agriculture-post-brexitevidence-17-191/>

361. Such sectoral schemes, however, are often associated with far less generous rights and social protection compared to the channels available to high skilled workers, or to EU nationals under current free movement rules. The RSE strongly opposes any reduction in the rights of temporary workers, which could lead to problems of exploitation and socio-economic precariousness, impede integration and potentially generate irregular forms of work and movement. Such impacts could also have undesirable wider effects on EU nationals already settled in Scotland. It could trigger a downturn in migration that is facilitated by networks with migrants already resident in Scotland and stimulate those currently in Scotland to move elsewhere in the EU or to return to their countries of origin.

Culture Counts

362. Culture Counts is a third sector representative organisation, who responded to the MAC providing evidence on behalf of their nation-wide members in the arts, entertainment and recreation industry.

363. Other than comments on the salary threshold and points-based system, Culture Counts propose a number of improvements for a future immigration system for the interests of UK producers and festivals, including:

- Expanding the Visitor Visa rules around Permit Free Festivals list to include EEA;
- Extend Permitted Paid Engagement to three months (the one month currently provided is not sufficient to cover a performer's rehearsal time and 25-day run at the Fringe Festival followed by another engagement beyond Edinburgh – which for many makes a UK visit viable/cost efficient).
- Distinguishing 'high-risk' and 'low-risk' by nationality is too simplistic;
- Secure the ability of cultural Services Specialists to move around within the EU (45% of the current UK creative industries service exports go to the EU) and where possible internationally – within Mode 4 GATS agreements.

Salary threshold

364. In their response, Culture Counts argue that if the UK became a 'third country' no longer able to employ workers from the EEA through freedom of movement, the salary threshold of £30,000 (or £35,800 settlement threshold) is too high and would present a barrier for the sector.

365. In order to remain creatively competitive, many organisations in the UK regularly employ highly-skilled specialists from a pool of EEA competitors.

366. Culture counts propose an alternative model whereby visa applicants could earn 'additional salary-threshold points', where the salary for the job earns below the threshold, but additional points are granted due to the applicants' contribution to soft power or to the social, cultural, economic or environmental benefit to the UK.

367. Otherwise, Culture Counts believe there should be no minimum salary threshold below the real living wage.

Part-time Workers

368. Culture Counts clearly state that part-time working patterns should be accounted for within the threshold calculation.

369. They cite evidence from a recent TUC report, *The Motherhood Pay Penalty*, which found that women remain the primary caregivers: over half of the mothers in the study (54%) in work at 42 worked part-time, opposed to only 3% of fathers. Further, women working part-time earn 32% less per house than women working full time.

370. Therefore salaries within the immigration system, currently judged by calculating earnings solely, must be amended with consideration for part-time and other working patterns: otherwise are prejudiced, discriminating against women and caregivers.

Points-Based System

371. Culture Counts propose an additional category of 'diversity' ought to be considered in a points-based system, due to the necessity of this to 'fuel innovation through the exchange of ideas'.

372. Culture counts members reported that the Australian system in place for freelancers in entertainment and culture is 'expensive' and 'time-consuming', and that the Canadian model would be the 'overall favourite' system.

Russell Group

373. The Russell Group provide strategic direction, policy development and communications for 24 research-intensive universities in the UK⁹⁵. Their submission of evidence⁹⁶ was informed by Russell Group universities' responses and supplemented by analysis of datasets provided by the Higher Education Statistics Agency (HESA).⁹⁷

374. The Russell Group outline that the UK's higher education and research sector is dependent on its ability to recruit and retain international staff, and their analysis shows that the extension of the minimum salary threshold for entry and settlement to EU nationals will seriously obstruct the recruitment and retention of skilled workers, who are vital to UK Research and Development.

375. The [UK Government's immigration] proposals would negatively impact on the operational, teaching and research functions of universities across the UK.

376. The impact would be particularly acute for part-time workers, especially women, specialist technical staff and early-career researchers.

377. Based on their evidence, they recommend the removal of salary requirements as a necessary condition of entry for skilled workers – for example through a sponsored points-based route that judges applicants based on factors reflecting their skills and value to UK research.

378. This could supplement or replace Tier 2 or take the form of a new Global Talent visa route which does not have a minimum salary threshold.

379. If this is not possible in the short-term and Tier 2 is to include minimum salary requirements, these requirements should be significantly reformed before they are extended to EU nationals in a new system. Reforms should include:

- Calculating salaries pro-rata to reflect modern ways of working and allow the recruitment of part-time staff to avoid discriminating against women and early-career researchers.

⁹⁵ The Russell Group's 24 members comprise the Universities of: *Birmingham, Bristol, Cambridge, Cardiff, Durham, Edinburgh, Exeter, Glasgow, Imperial College London, King's College London, Leeds, Liverpool, London School of Economics and Political Science, Manchester, Newcastle, Nottingham, Oxford, Queen Mary University of London, Queen's Belfast, Sheffield, Southampton, University College London, Warwick, and York*. <https://russellgroup.ac.uk/about/our-universities/>

⁹⁶ The Russell Group response to the MAC; Nov 19 - <https://russellgroup.ac.uk/policy/policy-documents/mac-response-nov-19/>

⁹⁷ EY analysed HESA data in March 2019, with a new dataset analysed by the Russell Group in October 2019.

- Reflecting occupational variation in salary so applicants must meet the lower of occupation or general salary thresholds. Currently, applicants must meet the higher of the national or occupational thresholds, meaning applicants may have to meet higher thresholds than the recognised average rate for their occupation. This will inhibit the recruitment of skilled technicians.
- Lowering the experienced worker threshold to £21,000. In the absence of a new points-based route that relies on skill rather than salary, or the modifications to existing salary thresholds proposed above, an experienced worker rate of £21,000⁹⁸ would allow Russell Group universities to recruit skilled workers integral to research.
- Re-evaluating minimum salary thresholds for indefinite leave to remain (ILR) and the 6-year cut off for skilled work visas. A new minimum salary threshold for ILR should reflect average national pay progression for recent graduates and experienced workers.

380. Points-based-routes could help deliver an immigration system that supports the UK's ambitions within research and innovation. However, they stress that this requires clarity on who the points-based routes would aim to recruit; what employer involvement would be; and what rights these routes would grant.

Salary Threshold

381. While the Russell Group welcome the MAC's proposal to lower the skilled threshold so that RQF3 and 4 occupations are eligible for the Tier 2 route, by including these lower-skilled jobs, the 25th percentile of earnings of Tier 2 occupations will decrease.

382. They therefore disagree with the MAC proposal to retain the £30,000 threshold, rather than lower it in line with a new calculation of the 25th percentile of earnings. This will mean applicants to RQF 3 and 4 roles are likely to be ineligible (and undermining the lowering of the skills threshold).

383. Entry criteria should reflect a range of national objectives, including ambitions to strengthen the UK's economy and boost productivity through growing research and innovation capacity.

384. 85% of Russell Group universities responded that they either agreed or strongly agreed minimum salary thresholds should be tailored for new entrants – initial earnings for graduates are typically lower than experienced workers and if minimum salary thresholds are retained they should reflect this.

⁹⁸ At the experienced worker rate

385. Universities also noted their concern that extending the thresholds to EU nationals would prevent them from being able to recruit some skilled talent: currently, EU nationals apply for a wider range of positions than international applicants, from which they would likely be excluded if the existing minimum salary threshold is extended.⁹⁹

386. The negative impacts of minimum salary thresholds for entry would be particularly acute for the recruitment of part-time workers, teaching and education professionals (including early career researchers and academics), the social and natural sciences and technical staff working in STEM areas.

387. If current recruitment levels remain constant, the Russell Group calculates that the extension of the minimum salary thresholds would prevent at least 1,200 skilled EU nationals from taking up roles at Russell Group universities every year (as a highly conservative estimate which does not factor the ageing workforce, expansion in R&D, increasing domestic shortage, etc).

388. If thresholds are used as a necessary condition for entry for skilled workers, and in the absence of other reforms to minimum salary thresholds (e.g. no pro-rated salaried), the experienced minimum salary threshold should be lowered to £21,000.

Salary threshold for Settlement

389. The Russell Group similarly state that the proposed minimum salary threshold for settlement (£35,800) could prevent UK institutions from retaining skilled workers. Currently, non-UK, non-EU nationals can stay in the UK to undertake skilled work for a maximum of 6 years before they must apply for indefinite leave to remain (ILR): by April 2024, to be eligible, they must meet the salary threshold of £40,100¹⁰⁰.

390. Graduates of UK universities, eligible for a new entrant threshold and with a starting salary of £20,800 would therefore have to increase their salaries by nearly £20,000 in 6 years in order to remain in the UK – in considerably higher than average pay progression for UK graduates.

391. Over a third of Russell Group universities indicated that the existing income thresholds for settlement were above the incomes of those applying to settle. Some also reported that staff left the country earlier than they would have done due to the requirement to apply for settlement (as opposed to extending their stay).

392. To allow employers to retain staff, the Russell Group propose that skilled workers are permitted to extend their stay without applying for settlement, and that the minimum salary threshold for settlement is lowered¹⁰¹.

⁹⁹ As per the MAC's recommendations, caps on skilled (tier 2) labour should be removed. Having caps on skilled labour risks minimum salary thresholds increasing in months where the quota for skilled workers has been met. Our analysis throughout assumes these caps will be removed.

¹⁰⁰ Home Office Immigration rule changes September 2019

¹⁰¹ "If settlement thresholds are to be retained, they should be lowered commensurate with average national pay progression from new, lower minimum salary thresholds for entry"

Part-time workers

393. 26% of Russell Group staff are employed on a part-time basis¹⁰². The minimum salary thresholds' calculations on *actual* salary rather than *pro-rated* salaries therefore discriminates against these part-time workers, not because of their skill level, but their hours worked.

394. This would be at odds to university (and wider economic and labour market) commitments to support flexible and inclusive working environments (e.g. considering new parents and carers). Given that women comprise the majority of the part-time workforce (72%) this policy will discriminate against women in particular.

395. Minimum salary thresholds which are not pro-rated are also likely to impact on the recruitment of teaching professionals¹⁰³. This group includes early-career researchers and academics. Of those earning less than £33,000, 69% are on part-time contracts¹⁰⁴ and only 9% would likely have been eligible for a new entrant's threshold¹⁰⁵.

396. Over the last 2 years, Russell Group universities recruited an average of 770 skilled EU Teaching and Educational Professionals a year to roles paying less than £33,000 – the occupation threshold for higher education teaching professionals. If extended at existing levels, minimum salary thresholds that are not pro-rated are therefore likely to impact the UK's ability to attract early-career academics and researchers.

Points-based System

397. The Russell Group notes that while the Australian immigration system has points-based routes, the system is not points-based in its entirety. They therefore call the UK Government's commitment to an 'Australian-style' points-based system ambiguous, and make responding to the consultation challenging.

398. They call for further consultation on points-based systems due to the complexity of the issue.

¹⁰² The average EU part-time employee at RG universities works 0.5 of a full-time equivalent role.

¹⁰³ Universities will employ two occupation types under activity SOC (231) 'Teaching and Educational Professionals': 'senior professionals of educational establishments' (SOC 2317), with an experienced threshold of £40,200, and 'higher education and teaching professionals' (SOC 2311), with an experienced threshold of £33,000. HESA data used for this response is not broken down to these '4-digit' levels. However, universities reported they employ proportionally negligible numbers of international 'senior professionals of educational establishments' in activity SOC 231. Our analysis therefore assumes all occupations in SOC 231 are higher education and teaching professionals.

¹⁰⁴ Based on recruitment data provided by HESA for the academic years 16/17 and 17/18.

¹⁰⁵ Our analysis looked at numbers of those who had been recruited at the end of study at a UK university and under the age of 26 at the point of application who earned less than experienced worker salary thresholds, but above the new entrant threshold. For teaching and education professionals, we used the higher education teaching professional (SOC code 2311) new entrant threshold of £26,500. As HESA salary data is provided to the nearest thousand, we estimated that those in the £26,000-£27,000 bracket were evenly split between those earning less and greater than £26,500.

399. Points-based routes could be a way of achieving cross-party goals to grow the UK's R&D capacity (which relies on the UK's ability to attract and retain skilled workers), but this depends on the design of these routes and the underlying capacity to operationalise them.

400. However, a poorly designed points-based route could damage the competitiveness of the sector.

401. The Russell Group conclude by calling for further clarity on who points-based routes are designed for and the opportunity for further discussion.

Expert Advisory Group on Migration and Population

402. The Expert Advisory Group on Migration and Population (EAG) was established in October 2018 to provide independent, expert advice to the Scottish Government on the impact of migration, population growth and demographic change on Scotland's devolved competence.

403. The group has published two reports, UK Immigration Policy After Leaving the EU: Impacts on Scotland's Economy, Population and Society (February 2019) and Immigration Policy and Demographic Change in Scotland: Learning from Australia, Canada and Continental Europe (November 2019).

404. Both reports are relevant to this commission and have been referenced elsewhere in the Scottish Government's response.

Salary Thresholds

405. The EAG state that given 63% of workers in Scotland earn less than the proposed £30,000 salary threshold for Tier 2 entry, this proposed threshold is too high for Scotland.

406. Even if the salary threshold were reduced to £27,500, 58% of workers earn less than this: and 53% earn less than £25,000. In occupations including textiles, social care, leisure and travel, sales and elementary occupations, almost no jobs would qualify for the £30,000 threshold.

407. Noting that the MAC's Call for Evidence specifies that the 'existing salary to be paid for an occupation is set at the 25th percentile of the full-time earnings distribution measured using ASHE, or £30,000, whichever is higher', and considering the most recent ASHE data, the EAG calculated how the proposed Tier 2 limit would affect the occupational spread of migrants in Scotland.

'Tier 2 Gap'

408. The EAG observed the difference between £30,000 median annual salary for full-time workers at the 25th percentile where that salary is less than £30,000 – the 'Tier 2 Gap'. This shows that full time workers in skilled trades would need to be earning £8,000 above the 25th percentile to qualify for the proposed limit. Those in caring and personal service occupations would need to be earning £13,000 above this percentile.

409. The threshold would have a pronounced disadvantage on the young and the female. Only 25% of 22-29 year olds meet the £30,000 threshold, and a far lower proportion of female employees meet the threshold; in many predominately female occupations, salaries do not even exceed £25,000. The proposed Tier 2 arrangements would thus create a gender disparity in the supply of future migrants.

410. The regional distribution of salaries in Scotland is such that specific areas would be more affected than others. For example, 49.5% of jobs in East Renfrewshire would meet the £30,000 threshold – versus only 16% in Na h-Eileanan Siar. Very few migrants would be able to move to those areas under Tier 2: limiting labour migration in areas that already experience low levels of productivity and face challenges of depopulation.

411. Relaxing the salary threshold to £25,000 would mean only five local authorities would have less than 40% of jobs meeting this threshold.

Exemptions

412. The EAG propose that the social care sector may need to be exempted from these salary thresholds. Less than 10% of those in caring personal service occupations earn above £25,000, and none earn £30,000. Budgetary pressures of local authorities mean there is little prospect of raising salaries in social care.

413. Therefore the proposed changes will exacerbate existing labour shortages in many areas: with the effects felt on friends and family who have to assume (more) responsibility for care (and again, predominantly affecting the female family members).

High Public Value versus High Wages

414. The EAG also make reference to the consideration of the societal value of certain roles, which may exceed market wages.

415. For example, in relation to the maintenance of populations in rural areas: the EAG found the proposed threshold would have a particularly detrimental effect on remote and rural areas facing population decline. Mainly rural areas saw only small natural increase (between 2007-2017) but this was more than compensated by in-migration; remote rural and island areas, by contrast, experienced negative natural change, which was not balanced by in-migration.

416. They conclude that demographic challenges for these areas will be exacerbated by the end of free movement and the proposed Tier 2 threshold. For remoter rural areas and islands, attracting working-age migrants (from EU and elsewhere) is the only realistic option to avert a downward demographic spiral driven by the age structure legacy of selective out-migration during the last decades of the 20th century. The proposed changes to migration policy would have a 'double' demographic effect on these areas of Scotland, with far-reaching implications, for economic activity, provision of services, and well-being.

Points-Based System

417. As outlined above and elsewhere, remote and rural areas of Scotland are likely to face especially acute challenges in attracting migrants under the proposed Tier 2 threshold.

418. In their submission the EAG make reference to the intention of the Australian State Specific and Regional Migration (SSRM) Scheme, which is designed to address similar challenges in its non-urban and remote regions (which face a decline in natural population increase and lower rates of in-migration, similar to Scotland). Indeed, in recognition of the contribution of in-migration in mitigating these trends, the SSRM has recently been expanded: with the increase of the quote of permanent visas and the introduction of two new regional visas.

419. SSRM schemes vary across regions, and many regions have multiple channels of entry. Relevant to Scotland is where the schemes relax various dimensions of the selection criteria for regions (entry criteria at federal level), through, for example:

- Including a wider range of occupations for regions – including some at lower skilled levels
- Relaxing requirements for age and language skills (like the Regional Sponsored Migration Scheme (RSMS)).

420. Most SSRM schemes offer pathways to permanent settlement, which may be conditional on resident and work in the relevant region.

421. Recent reforms have strengthened residency conditions for regional visas, through increasing the required length of stay in regions. For example, the new Skilled Employer Sponsored Regional (Provision) visa, replacing the RSMS, requires entrants to live and work in the region for 5 years before earning permanent residency, including having a taxable income at a minimum level for at least 3 years: the goal of this is to promote retention in remoter regions.

422. The Canadian Provincial Nominee Programs (PNPs) are similar oriented towards attracting and retaining migrants in remoter areas of the country – but do not have a residency requirement. Instead, settlement is promoted through selection based on propensity to settle in the region ('adaptability' - points) and a concerted programme to promote integration and settlement.

423. Both programmes have increasingly acknowledged the importance of specific job offers as a criterion of selection.

424. The Australian and Canadian regional programmes imply absorbing additional complexity (in terms of the number of schemes) and a generous package of rights and pathways to settlement. They reflect a recognition of the importance of immigration for flourishing local communities in more peripheral areas, and a political commitment to addressing challenges of depopulation.

Tech UK

425. Tech UK represent over 850 businesses within the digital and technology sector, ranging from FTSE 100 companies to start-ups.

426. Employment in the digital technology sector is increasing, with 2.1m jobs in 2017 (ref), yet faces challenges in the domestic labour market with a chronic skills gap. Migration from EU and the rest of the world is key to the sector's continued success.

427. In their response, TechUK and their members argue that salary is not proxy for skill level and the salary threshold is **too high** and should be lowered in line with the change in skills threshold.

428. They also state they see **no clear benefits** to a new points-based system.

Access to Talent

429. SMEs in the technology sector report access to talent as their principal concern, and currently face significant problems recruiting talent due to a combination of: extreme competition for domestic talent; difficulty bearing the costs and administrative burdens of recruiting non-EU talent; and depressed recruitment from the EU, cited reasons due to Brexit uncertainties and UK no longer a 'welcoming country'. This is causing a major impediment on growth, where companies "cannot get the talent they need"¹⁰⁶.

430. Linear modelling by Tech UK using existing trends suggests that should the pace of job growth continue at the current rate, an additional 1.5 million new tech jobs would need filling by 2030¹⁰⁷. Non-EU workers make up a greater proportion of the tech workforce and could grow by up to 750,000 by 2030¹⁰⁸, meaning the UK would need to add an average of 92,000 non-UK nationals **per year** by 2030.

¹⁰⁶ techUK Report: Tech SMEs and no deal Brexit, 2019 - <https://www.techuk.org/insights/reports/item/16122-techuk-report-tech-smes-and-no-deal-brexit>

¹⁰⁷ TechUK Report: the UK Digital Sectors After Brexit, 2017 - <https://www.techuk.org/insights/news/item/10086-the-uk-digital-sectors-after-brexit>

¹⁰⁸ As above.

431. In some ‘cutting-edge’ technologies where even global level expertise is scarce, UK tech firms face strong competition internationally and the simplicity of migration systems can be a decisive factor. Securing this talent can be the decision maker for tech businesses on where to place their investment. For example, between 2004 and 2015, 234,000 jobs in “advanced industries” (inc. tech) created a further 147,000 “non-tradeable” jobs within the local area¹⁰⁹.

432. Thus EU and other migrant workers do not only ‘fill a gap’ but **create opportunities** for domestic workers.

433. The Migration Advisory Committee report’s own into EEA migration in the UK found that migrants, particularly those employed in the tech sector who tend to be high-skilled and well remunerated, make a net contribution to the UK economy¹¹⁰.

434. Despite this, TechUK have found we are discouraging talent away from the UK because of ‘mood and narrative’, which has ‘just as much of an impact on decision as immigration rules themselves’.

435. Migration has been, and continues to be, a primary driver of growth within the UK’s tech sector and is critical in delivering continued innovation and competitiveness. The European contribution to this growth must not be underestimated and a conversation about migration driven by an unrealistic expectation of the skills available domestically will inevitably damage the sector and the wider economy.

Tier 2 (General) Visa

436. IT roles account for 35% of all Tier 2 applications for year ending June 2019¹¹¹ and TechUK welcome the proposals to improve the Tier 2 (General) visa including the abolition of the Resident Labour Market test, removal of the cap of numbers, and lowering of the skills threshold.

437. They however further advocate that visa fees for the UK are **too high** (significantly more expensive than other EU hubs) and present as too complex and bureaucratic; placing unsustainable and unnecessary burdens on employers. They state that it must be streamlined and simplified (where employers have avoided this by recruiting EEA workers predominately, which they will no longer be able to do so).

¹⁰⁹ Resolution Foundation: A rising tide lifts all boats? 2017 -

<https://www.resolutionfoundation.org/app/uploads/2017/07/A-rising-tide-lifts-all-boats.pdf>

¹¹⁰ MAC Report: EEA Migration in the UK, 2018 -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF

¹¹¹ UK Government statistics: Why do people come to the UK to Work, 2019 -

<https://www.gov.uk/government/publications/immigration-statistics-year-ending-june-2019/why-do-people-come-to-the-uk-to-work>

Salary Thresholds

438. TechUK disagree with the assumption that salary is an appropriate proxy for skills level.

439. They further argue that the proposed £30,000 (or 25th percentile) threshold is **too** high and must be lowered in line with the proposed skills threshold and the labour market.

440. Many jobs in the Digital sector do not earn £30,000 and yet are vital to the UK.

441. While the proposed Skilled Route makes possible to recruit medium as well as high-skilled EU workers, without lowering the salary threshold, employers' ability in practice to recruit will be significantly limited. Overall, 60% of jobs held by EEA workers in London would not meet the proposed skills and salary threshold¹¹².

442. TechUK cite Bristol as an example of a region which would be significantly impacted by the proposals.

443. Bristol became the UK's leading tech hub in 2019 with £320,000 turnover per worker, and 26,999 digital tech jobs in 2017¹¹³. However IPPR found that if the £30,000 proposed threshold were applied, 75% of EU employees in this region would be ineligible. This would leave businesses in the region struggling to recruit essential staff.

444. TechUK note the UK Government's own evidence that a £30,000 threshold could contribute to between a 0.4% and 0.9% reduction in UK GDP by 2025.¹¹⁴

445. Further, the ability to remain in the UK (for migrants) is a significant factor and the salary threshold for **settlement** would require significant pay increases in order to meet it.

446. TechUK also report concerns over the difference in the minimum salary threshold and for settlement, in that a migrant would have to increase their salary by nearly £6,000 in 5 years to remain (a 19.3% increase). This increase is **unattainable**.

447. They state the situation is 'even worse for new entrants', where the proposed threshold of £20,800 would require a 72% increase within five years to qualify for settlement.

¹¹² GLA Economics: Potential impacts of Immigration Policies based on skills and salary thresholds in London, 2019 –

<https://www.london.gov.uk/sites/default/files/executive-summary-cin58-59.pdf>

¹¹³ Tech Nation: Annual Report – Bristol, 2018 – <https://technation.io/insights/report-2018/bristol/>

¹¹⁴ Home Office : Technical Paper to accompany 'the UK's future skills-based immigration system' economic appraisal: Annex B – 2018

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/768013/technical-paper-to-uks-future-skills-based-immigration-system-economic-appraisal.pdf.

448. Considering annual growth in average weekly earnings for employees in Great Britain was 3.8% in 2019¹¹⁵, TechUK argue that this is unfeasible and something the MAC should look into when considering the salary threshold.

Exemptions to Salary Thresholds

449. TechUK would argue for exemptions to the minimum salary threshold for new entrants, part-time workers, and have considerations towards salary.

450. The New Entrants exception to the salary threshold, currently £20,800 or the 10th percentile, reflects that early career individuals cannot command the same salaries as those with several years' experience. This threshold should be set at a level that **actively helps** companies bring new talent into the industry.

451. However TechUK argue that limiting the proposed route to only full-time highly skilled routes shuts out talented international part-time workers. The proposed threshold does not currently allow for part-time work, as is fixed and cannot be prorated.

452. Median annual earnings for all part-time employees in the UK digital sector was £11,500 in 2018, and part-time and flexible working is common in the UK tech sector. Thus the route is **not** reflective of modern working patterns, and ought to be revised to consider part-time workers.

'Australian-style' Points-based System

453. TechUK note that it is 'not clear' what aspects of Australian's immigration system is being proposed for the UK, but that what has been confirmed is that a UK points-based system would require a job offer from a registered employer.

454. However, one of the key features of the Australian system is that a job offer is not required.

455. The Australian system has also been employed to increase migration above the level achievable by relying on employer sponsorship.

456. TechUK state they 'do not see the benefits' of a points-based system, and that it is unclear how it would differ from the Tier 2 skilled worker visa already in place; and that the UK's previous points-based systems (the Highly Skilled Migrants' Programme from 2002-2008 and the Tier 1 (General) Programme from 2008-2010) were shut down.

457. If the UK Government proceeds with a points-based system, TechUK and their members agree that age should not play such relative importance in comparison to other categories (as in Australia) as age often brings experience.

¹¹⁵ ONS: Average weekly earnings in Great Britain: October 2019 – <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/october2019>

458. They further argue that the ‘satisfactory level’ of English language should be determined by the employer and not an arbitrary test (as for example, is less necessary in a technical role); skill level should be highlighted by work experience and not salary; and that additional points for having studied in the UK are not necessary.

Conclusion

459. TechUK conclude their submission by stating the need for **trust and public confidence** to underpin the future system, which will be delivered by a high-quality, effective system that works and is well understood.

460. They clearly argue that the system should **redefine skills**: where salary is not a proxy for skill level, and any determination for entry into the UK on the basis of ‘skills’ must acknowledged skilled jobs that are neither highly paid nor require particular academic qualifications.



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