

MIGRATION PROJECT BOARD

Policy update

Key Messages

- Migration is one of four key areas which the First Minister will identify in the Programme for Government (PFG) as the focus of a series of options papers on new powers for future devolution.
- The Scottish Government response to the Migration Advisory Committee will both influence UK policy and provide a consolidated evidence platform upon which to construct new policy options.

[REDACTED]

- Migration Project Board members are asked to ensure policy teams are aware of the PFG commitment to develop policy options on migration, and are prepared to engage in policy development activity in due course.

Introduction

1. The Migration Project oversees two policy workstreams identified as key cross-cutting issues [REDACTED]:

- Migration
- Position of EU Nationals in UK

[REDACTED]

3. This paper is intended to summarise for the Project Board the current Scottish Government position on both strands, [REDACTED]

[REDACTED]

Current migrants

4. The Scottish Government published a position paper on the rights of EU citizens in the UK, and UK citizens in EU countries, on 17 July.¹ This was prepared in response to a UK government position paper on the same issue, which did not go far enough for Scottish Minister's interests.

¹ <http://www.gov.scot/Resource/0052/00522493.pdf>

5. It reiterated that the Scottish Government has repeatedly called on the UK to immediately guarantee the rights of all EU citizens, and expressed disappointment that it has taken over a year since the Referendum to provide any clarity about future rights and status.

6. Work is underway to consider options on enhanced support for EU Citizens and EEA nationals resident in Scotland. [REDACTED]

Future migration

7. Current Scottish Government policy on future migration broadly centres on three themes:

- Arguing for specific, but limited, Scottish schemes and flexibilities, including reinstatement of those that have been withdrawn;
- Highlighting deficiencies in UK policy for the Scottish context; and
- More recently, the proposition articulated in *Scotland's Place in Europe* for a differentiated approach to immigration to facilitate Scotland's access to the Single Market.

8. In the first category we might consider expansion of the Scotland Occupation Shortage List, or reintroduction of a post-study work route such as Fresh Talent. The second category includes opposition to the net migration target, the immigration skills charge, and the high income thresholds in the family migration route. The final category includes options such as regional visas or delegated control of, or influence over, a points-based system.

9. The Minister for Europe and International Development, Alasdair Allan, wrote to the Convener of the Culture, Tourism, Europe and External Relations Committee on 16 August, providing the Scottish Government response to a paper prepared for the Committee by Dr Eve Hepburn, latterly of the University of Edinburgh, on *Options for Differentiating the UK's Immigration System*. Dr Allan's letter, the text of which is included at Annex B, is a helpful summary of the current scope of Scottish Government policy on migration.

10. The 2017-18 Programme for Government will highlight migration as one of four key areas that the First Minister will seek new powers for Scotland, in order to sustain and increase economic growth. The PFG will include a commitment to publish an options paper on future migration policy. The timing of that publication is to be confirmed, but will be within the lifetime of the next PFG and will be sequenced with similar options papers in other areas (trade, social security and employment).

11. As noted in the earlier paper on the Migration Advisory Committee (MAC) will not publish their findings until Autumn of 2018, potential interim reports notwithstanding. However, the sequencing of their consultation with the PFG announcement and eventual output is helpful. In short:

- 5 September 2017 – potential date for publication of PFG and announcement of migration policy commitment
- 27 October 2017 – due date for responses to MAC call for evidence, and publication – format TBC – of consolidated evidence from SG on Scotland’s immigration requirements
- by Summer 2018 – publication of an options paper on migration policy for Scotland

12. The Scottish Government submission to the MAC consultation, as well as influencing the MAC findings and through that UK policy, could also provide a solid basis on which to develop policy options over the coming months.

13. With the boards’ agreement, a future meeting of the Migration Project Board will examine proposals to take forward the PFG commitment in more depth.

Conclusion

14. Migration Project Board members are invited to:

- note the commitment to develop policy options for future migration to Scotland;
- agree that a proposal on how that policy development work is to be conducted should be presented to a future meeting of the board; and
- encourage and ensure engagement with their business areas as appropriate in preparing policy options.


Migration & Free Movement of People Unit

18 August 2017

ANNEX A

Policy update: [Redacted]

[Redacted]

ANNEX B

Policy update: Letter from Dr Allan to CTEER Committee

I am writing to provide the Scottish Government response to the Culture, Tourism, Europe and External Relations Committee's inquiry into immigration. I am very grateful for the work of Dr Eve Hepburn, and of the Committee, in preparing a detailed analysis that commands broad support and builds consensus on the way forward. I welcome this inquiry and look forward to continued engagement with the Committee on this matter.

Introductory context

Although immigration is a reserved issue, as a nation, Scotland has a long history of welcoming people of all nationalities, and of supporting their integration into Scottish society. This is a history that has taken on even more importance in light of Brexit, and it is vital we send a message that Scotland remains a welcoming place for all those who have chosen to make this country their home.

We are concerned that the UK Government's restrictive immigration policy is at odds with these wider aims of being an open, welcoming nation. Like the Committee, I also have concerns that the UK Government's approach to immigration is damaging to Scotland's demography, economy and society. You will understand that these concerns have now deepened as the UK Government works to take Scotland out of the European Single Market and therefore end free movement.

The position of the Scottish Government is that Scotland's interests, and the interests of the UK as a whole, are best served by continued UK membership of the European Single Market, through the European Economic Area (EEA) Agreement. Among the many benefits of this approach is the continued ability of EEA Nationals to live and work in Scotland, and the UK, after Brexit. That is the position we set out in Scotland's Place in Europe, and is the position we continue to advocate to the UK Government.

Whether or not Scotland does secure continued membership of the European Single Market, and free movement of people, there is a strong case and a growing consensus that UK policy on immigration does not address the distinctive migration needs of Scotland. This only becomes all the more pressing if the UK Government settles on a hard Brexit outside the European Single Market.

Over the years, the Scottish Government has pressed the UK Government to introduce a fairer, more flexible immigration system which meets Scotland's specific needs. We understand the importance of controlled migration to Scotland's future, both in terms of contributing to sustainable economic growth and mitigating the effects of demographic change.

Scotland's demographic profile

The population of Scotland is projected to increase by 7 per cent between 2014 and 2039. However, as much as 90 per cent of the increase over the next ten years is projected to come from population flows into Scotland: 57 per cent from net international migration and 32 per cent from movement within the UK (please note the numbers do not sum to 90 due to rounding). This is markedly different to the projections for the UK as a whole, where the projected population increase over the next 10 years is due to a combination of natural change (more births than deaths) and migration, with each contributing 51 per cent and 49 per cent respectively to the UK's population growth.

If current trends continue, net inward migration is projected to be the main contributor to Scotland's population growth over the next 25 years. Despite this, the UK Government remain committed to reducing migration to the 'tens of thousands' – a policy which fails to take account of Scotland's acute demographic challenges. A fair and sensible immigration system should be sufficient to manage numbers of migrants without an arbitrary cap which sends the wrong message to those looking to make Scotland their home.

Dr Hepburn's report recognises that the Scottish Government remains on track to meet the Population Purpose Target in the National Performance Framework, to match average European population growth from 2007 to 2017. By 2016, average growth rates in that period were 0.50 per cent for Scotland and 0.41 per cent for the EU15, and the population of Scotland is now at its highest ever.

Sustaining Scotland's population growth will remain a key priority for this government. Growing Scotland's population, principally through migration, will increase the size of our labour force, and with it the tax base, drive improvement in our economic performance, and support essential public services now and in the future, when we expect more people to live longer beyond retirement. It is also vital that we sustain the population and viability of Scotland's many rural and coastal communities, to ensure that local industries have access to a labour force that allows businesses to compete and grow. This is something that I have a particular interest in, as MSP for Na h-Eileanan an Iar.

Dr Hepburn's work, and the work of the Committee, has drawn attention to Scotland's demographic profile, and the role of inward migration in responding to that challenge. As I mentioned in my previous letter to the Committee, the Scottish Government is also taking forward work to assess and present the latest evidence on the benefits of migration to Scotland. This has included a wide range of analysis to understand the contribution of EU nationals in strengthening Scotland's demography, the economic contribution of EU nationals, the regional impacts of EU migration, the impacts on communities and services, and public attitudes to migration. The findings are presented in the slidepack I have sent alongside this letter.

National Records of Scotland is working with the Office for National Statistics to agree the assumptions on future levels of fertility, mortality and migration to incorporate into the next set of 2016-based national population projections. These

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projections will be released on 26 October 2017 and will provide important evidence on the future size and age structure of the population in Scotland and the rest of the UK.

Scotland as an attractive and welcoming place to live

I note that Dr Hepburn's proposals included identifying the 'key influencers' in attracting migrants to Scotland. Scotland is an attractive place to live and work - Scotland ranks highly on the Nation Brand Index among comparable countries in reputation and attractiveness, with a similar profile to nations like New Zealand, Denmark and Austria. Scottish Ministers are keen to continue promoting Scotland's many assets to the wider world and to tell the story that Scotland is an exceptional place to live, work, study, visit and invest.

It is a Scottish Government priority to continue enhancing the wider world's awareness of Scotland's attractiveness, and to encourage people to choose Scotland as their future home – in spite of restrictive UK immigration policies. We are working in partnership with VisitScotland, Scottish Enterprise and Universities Scotland to jointly promote Scotland as a place to live, work, study, visit and invest. Working together will extend the reach and impact of our message overseas, and will build on and enhance Scotland's positive international reputation. Ensuring that Scotland has the skills we need

Increasing Scotland's international reputation as a welcoming nation is even more important in the current political context – where the rhetoric on immigration is often negative and divisive.

The negative discourse on migration fails to recognise the significant contribution that migrants make to Scotland and the UK every single day. The reality is that without the skills and experience of people from other parts of the UK, the EEA or the wider world, Scotland would be a much poorer place.

Eight per cent of the workforce in Scotland's five highest exporting industries – over 50,000 people – are migrants. This includes manufacturing of food and drink, professional scientific and technical activities, manufacture of chemicals and rubber, mining and quarrying and wholesale and retail.

We also know that large numbers of migrants living in Scotland were employed as managers and directors (16,500), sales assistants and retail cashiers (10,300), and also worked in fields such as caring and personal services (9,300) and teaching and education (8,900). Without the contribution of migrants to these industries, our economy would certainly be worse off.

Additionally, in response to the challenge posed by Brexit, a wide range of companies have been consistent and clear since the EU referendum that the continued availability of labour is essential. Scotland's rural and island communities depend on workers from Europe in a range of sectors, with tourism alone employing more than 20,000 non-UK EU nationals, 10.8 per cent of the total workforce. Around 8,000 people employed in the food and drink growth sector are non-UK EU nationals, with up to 15,000 more employed in the seasonal soft fruit and vegetable

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sectors. Scotland's public services also rely on access to this labour force; approximately three per cent of health and social care staff in Scotland are from other EU countries.

Scottish Government research published last year highlighted that European migrants, particularly those who have moved to the UK in recent years, make a more positive contribution to the public purse, in terms of the taxes they pay and the costs of public benefits and services they receive, than migrants from outside Europe and people born in the UK.

It is clear that Scottish business and public services must be able to continue to attract and access the skills and talent needed to boost Scotland's long-term competitiveness and to support Scotland's Economic Strategy.

EU Citizen's Rights

Since the referendum, we have worked hard to ensure that our EU national population feels welcome and secure. We hope that they wish to continue to make a strong contribution to our country and that is why we repeatedly called for assurances for their rights to be protected in the place that they choose to call home.

While we welcome greater clarity and insight into the UK Government position, it is intolerable that it's taken a year for the UK Government to bring these proposals forward and that EU citizens have been left in a huge amount of uncertainty about their future. Additionally, the position that the UK Government have set out still leaves many unanswered questions which affect people's daily lives.

The Scottish Government has published a response to the UK Government's paper on safeguarding the rights of EU citizens. This outlines the areas in which the UK Government should seek to provide greater clarity for EU citizens here, and UK citizens in EU countries. We have again reinforced the need for the UK Government to properly consult and engage with the Devolved Administrations to clarify these points, and to ensure that the Scottish Government has the opportunity to properly engage with the Scottish Parliament.

Differentiating the UK immigration system

Alongside our policy on remaining within the European Single Market and therefore retaining free movement of people, we will continue pushing for broader regional and national differences within the wider UK immigration system.

A post-study work route in Scotland is one option we continue to pursue. The outcome of the EU referendum makes it even more important that the UK Government honours the recommendation in the Smith report to explore a potential post study work route to ensure Scotland continues to attract and retain talent from around the world. This would be an important lever for attracting the best international student talent, securing essential income streams, and allowing talented graduates to contribute to Scotland after their studies end.

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More widely, there is growing recognition that a strong case exists for Scotland to have responsibility for our own immigration policy - as we set out in Scotland's Place in Europe, a one-size-fits all approach to immigration is no longer appropriate and Scotland needs to explore a distinctive approach.

As Dr Hepburn notes, the Scottish Government has in the past pointed to examples of successful differentiated immigration systems to highlight that there is precedent for regions within one country to be empowered to identify and address their own specific immigration needs.

Dr Hepburn's analysis helpfully examines differentiated models in other territories, and I note that, in common with Scotland, many regions in Australia and Canada are facing specific demographic challenges. It is encouraging to see how smoothly these systems can operate, with appropriate interfaces between national and sub-national government. Such systems do not create borders or barriers between provinces or states – instead they help to grow the population and boost economic growth in response to specific regional circumstances.

Conclusion

Scotland has benefited enormously from migration, and in particular from EU citizens exercising their rights to come to Scotland to live and work. The nature of Scotland's demographic and economic circumstances mean that in order to succeed in future, inward migration must continue to feature prominently in our population growth.

It is evident that UK immigration policy does not adequately reflect Scotland's demographic, population and skills needs, and nor does the negative rhetoric from the UK Government on immigration do anything to enhance Scotland's international reputation as a welcoming nation.

Retaining membership of the European Single Market will secure Scotland's access to free movement of people and will help mitigate some of the impact of demographic change, provide access to skills and will contribute to our vibrant communities.

The Scottish Government will continue to call for a less restrictive and more humane system from the UK which recognises individual and demographic circumstances. We will push the UK Government to provide flexibilities within the immigration system to meet Scotland's particular needs. However, we must also work to ensure that Scotland is not negatively impacted by the UK Government's fixation with reducing net migration. We will continue to set out a distinctive vision for future immigration into Scotland, and advance the case that this would be best achieved if the appropriate powers were devolved.

Dr Hepburn's policy options offer an incredibly useful and practical contribution to this debate and I am keen to continue discussion with the Committee on these proposals.

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