

DISCUSSION GROUP 3 LABOUR MARKET AND SKILLS WITH REGULATION

Host: Jamie Hepburn MSP, Minister for Employability and Training
Co-host/Speaker: Marc Crothall (Chief Executive, Scottish Tourism Alliance) / Charles Livingstone (Partner, Brodies LLP)

Context

The Minister for Employability and Training, Mr Hepburn, explained this National Economic Forum seeks to build a solid understanding of the reaction and impact of the EU Referendum on businesses of all sizes across Scotland and identify the key priorities for the business community going forward. It also aims to explore potential business opportunities arising and what might be required to realise these opportunities. Mr Hepburn also explained that the First Minister was very keen to hear views from the business sector to inform Scottish Government thinking.

Co-host Introductions

Charles Livingstone explained that he is a member of the Brexit advisory group at Brodies LLP and they were currently considering what the result of the referendum means for EU and International law. The advisory group were also looking at the impact on the labour market in event of removal of freedom of movement and possible immigration controls.

Marc Crothall shared that in addition to being CEO of the Scottish Tourism Alliance (STA), he was also a member of the UK Tourism Council in London. He went on to say the STA recently surveyed tourism trade bodies regarding Brexit and to date they have received 420 responses containing mainly concerns. He stressed the importance of EU nationals in the tourism labour market, highlighting that 22,000 work in Scottish tourism. The industry needs labour to grow and this is an area he would like to explore further.

KEY DISCUSSION POINTS

Through the discussion a number of key points were made, across four related themes: workforce; skills; immigration; and education/students.

Workforce

- Messaging that Scotland voted to remain doesn't seem to be reaching people abroad.
- Some prospective EU workers have indicated they no longer want to come to the UK as they feel they are not welcome.
- Many large companies have put recruitment on hold due the uncertainty after the referendum result and Visa situation.
- Some UK nationals have expressed that they may consider leaving the UK due to the result.
- Concerns about not being able to access European Structural Funds and the knock on effects e.g. funding for vulnerable people getting into work may be lost.
- Suggestion made that some entry level jobs are seen as "dead end" at the moment – there needs to be more career progression opportunities available.
- Migrant labour accounts for 18 per cent of the hospitality workforce in Scotland. If the migrant workforce is reduced then costs of services may rise.

- Consumer behaviours are changing and there is a need for more data on this as well as future consumer behaviours driven by advances in technology.
- Seasonal work in particular rural economies rely heavily on migrant labour.

Skills

- There is a digital skills gap in Scotland at the moment that could worsen due to international competition and potential restrictions on freedom of movement.
- The pace of improvement across the digital landscape must improve, especially in rural areas as digital innovation drives productivity.
- Making use of digital platforms drive people to improve and learn.
- Issue of relying on migrant labour because of skill gaps in indigenous population was raised.
- Hospitality association has taken on 3,000 apprentices in roles that offer progression and transferable skills.
- Skills shortage in care industry due to depopulation was highlighted – particularly in rural areas with an aging population. Other sectors with a shortage of skilled labour include those like naval building.

Immigration

- Suggestion that there should be case studies highlighting how rewarding and welcoming working in Scotland is.
- Highlighted the need for EU agreement on the rights of UK nationals living abroad.
- Suggestion that the drop in the value of the pound, combined with high living costs may be deterring some prospective migrants from moving to the UK.
- EU nationals should be sign posted to SG portal <https://www.mygov.scot/citizenship-and-living-in-scotland/> for information on living and working in Scotland.
- Suggestion that consideration should be made for a 'light touch' approach for immigration related to jobs with skill shortages exist, although it was recognised the UK Government may not respond favourably to such ideas.
- Argument made that immigration polices need better coordination. Stressed that UK immigration system needs to prove it can meet industry needs.
- There needs to be a clear plan on how we will deal with the possibility of no free movement.
- Suggestion that Scotland should consider replicating 'joint sovereignty' models of immigration e.g. Australian or Quebec.

Education/Students

- EU students who start their own businesses tend to secure investment, experience high growth and employ many people.
- EU students have expressed apprehensions since the result of the vote.
- Stressed that there needs to be clear message on the future for EU students.
- Point posed around a possible knock on effect as existing EU students may be unable to stay on and apply the skills they have learned during their education within Scotland.
- Highlighted that some courses filled with majority of EU students – these courses may not be viable in the longer term .
- Suggestion that lower numbers of EU students could harm the taxpayers return on investment in Universities and Colleges.
- There is a gap in data on what students do after graduating and this data should start to be gathered.

- Point made that schools should do more to highlight jobs in industries struggling to recruit and where skills shortages exist, for example STEM.
- Suggested that governments need to make more of an effort to promote the use of digital technology and show its benefits.