



SCOTLAND'S POPULATION NEEDS AND MIGRATION POLICY

Summary Paper

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INTRODUCTION

In February 2018, the Scottish Government published *Scotland's Population Needs and Migration Policy*, a discussion paper which explored:

- why migration is crucial to Scotland's future prosperity;
- how current UK migration policy is not appropriate for Scotland; and
- how a tailored approach to migration for Scotland could operate.

This summary provides an overview of *Scotland's Population Needs and Migration Policy*. The charts shown here are taken from the discussion paper and use data produced by the National Records of Scotland. This summary also includes information from two important reports published after *Scotland's Population Needs and Migration Policy*:

- the UK Government's Immigration White Paper published in December 2018; and
- an independent report by the Expert Advisory Group on Migration and Population, published in February 2019, about the impact in Scotland of the White Paper proposals.

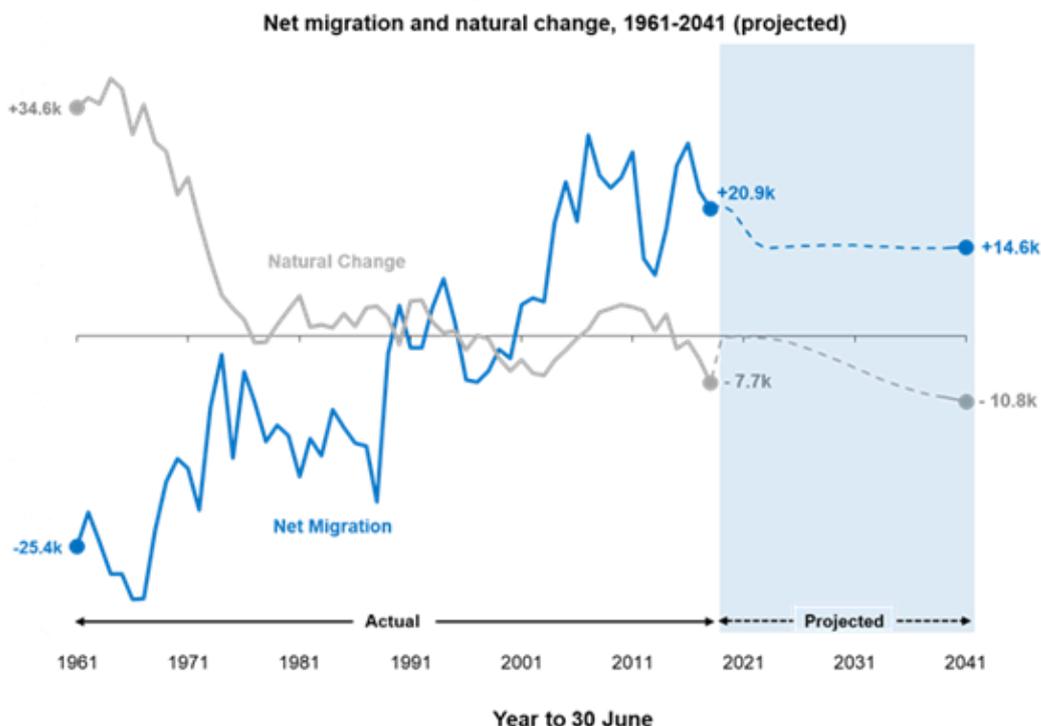
SCOTLAND'S POPULATION NEEDS AND MIGRATION POLICY

Why migration is crucial to Scotland's future prosperity

Population growth has been the main driver of economic growth in Scotland and the UK in recent years, ahead of productivity and participation in the labour market. A growing working age population is especially important as these people are most likely to be in employment, supporting a growing economy and contributing through taxation to fund public services.

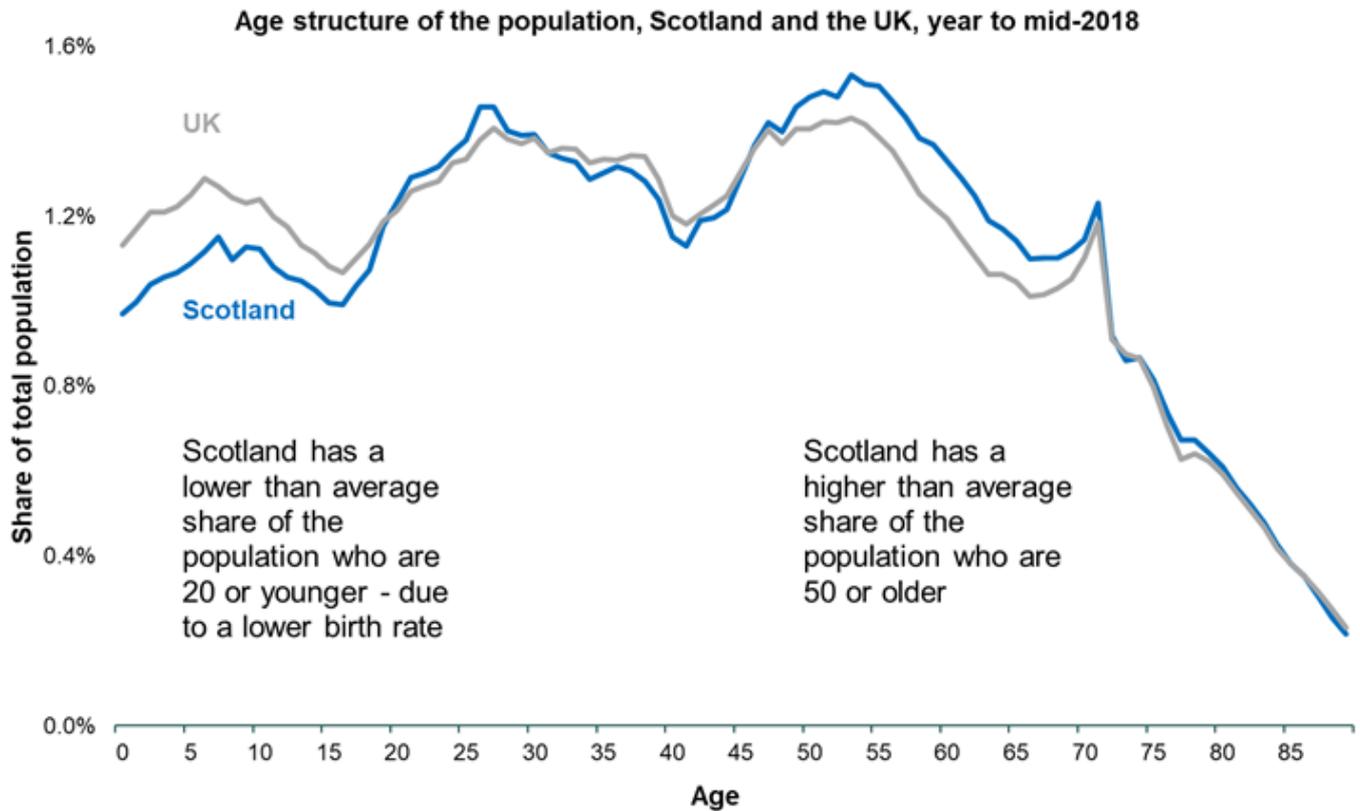
There are projected to be more deaths than births each year for the next 25 years. That means all of Scotland's population growth is projected to come from migration. Figure 1 shows how net migration (more people coming to Scotland than leaving) will drive this population growth.

Figure 1: Actual and projected natural change and net migration in Scotland, 1961-2041



The age profile of Scotland's population will also change. Figure 2 shows the age structure of the population in Scotland and the UK in the year to mid-2018. Currently, Scotland has a lower than average share of the population who are 20 or younger – due to a lower birth rate. Scotland has a higher than average share of the population who are 50 or older. Over the 25 years to 2041, it is projected that the number of people of state pension age will increase by 25%, while the number of people aged 75 and over will increase by 79%.

Figure 2: Age structure of the population, Scotland and the UK, year to mid-2018



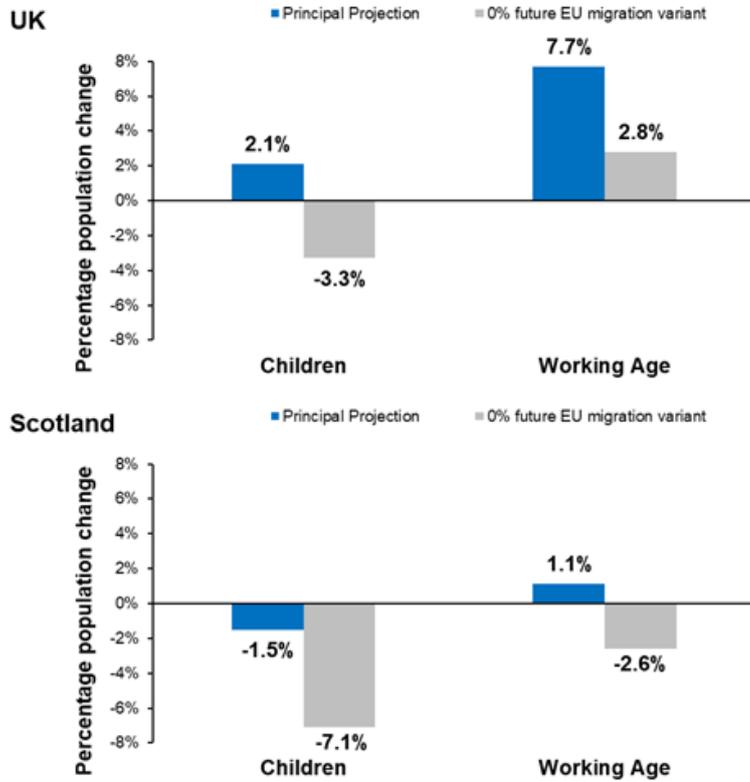
Footnote
1) Ages 90 and over have been left out for illustration purposes

However, over the same period the working age population will grow only slightly, by around 1%. Changes to migration affect the age structure of the population in Scotland more than in the rest of the UK. If EU migration is reduced, it is projected the working age population in Scotland will decline while it continues to grow in the rest of the UK. Figure 3, over, illustrates this projected change in working age population in both Scotland and the UK. The principal projection assumes no change to migration policy, while the variant projection shows the impact of removing all EU migration.

Scottish Government analysis shows that, on average, each additional EU citizen working in Scotland adds over £10,000 to government revenue and over £34,000 to GDP (or the size of the economy), each year. If migration from the EU was to fall by half after the UK leaves the EU, this could mean GDP in Scotland being 4.5% lower by 2040 than it would have been otherwise. This is equivalent to almost £5 billion per year by 2040.

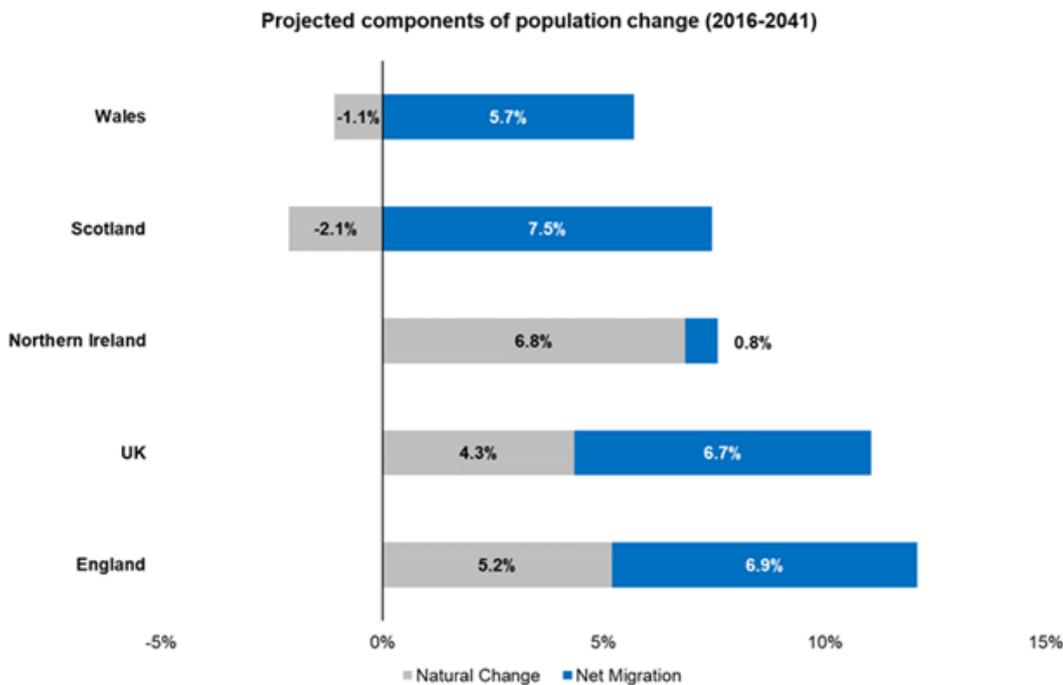
Figure 3: Projected population change by age groups, principal projection and 0% future EU migration variant and principal projection, UK and Scotland, 2016-2041

Projected population change by age groups for the UK and Scotland (2016-2041)



Scotland relies on migration for population growth more than any other part of the UK. Between 2016 and 2041, migration is projected to be larger component of Scotland's population change than for the UK as a whole or for any other part of the UK.

Figure 4: Natural change and net migration as proportion of projected change in population between 2016 and 2041



How a tailored approach for Scotland within a UK framework could operate

The Scottish Government believes that devolution of some new powers, over migration policy within a UK framework, could start to meet Scotland's needs. Scottish Ministers would set the criteria and rules for a visa to enter the UK that would let migrants live and work in Scotland, with a Scottish tax code. Holders of this visa would have to live in Scotland and could not live elsewhere in the UK. The Scottish tax code is an example of an existing framework based on residence.

Both migrants themselves and employers recruiting workers would have a choice of routes through the UK immigration system. They could still apply for one of the other visas within the UK immigration system, which would allow for living and working in Scotland with the ability to move elsewhere in the UK. Alternatively, a devolved 'Scottish visa' would be an additional option for people who want to live, work and eventually settle in Scotland, and would not place additional administrative burdens on businesses or individuals. The 'Scottish visa' would be an extra option in the UK system, and not a separate bureaucratic process. The Scottish Government would want to work in partnership with the UK Government to deliver this additional 'Scottish visa'.

The Scottish Parliament would set the rules and criteria for the 'Scottish visa' as appropriate to Scotland's needs, preferences and interests. The 'Scottish visa' described in *Scotland's Population Needs and Migration Policy* would not have a sponsorship role for employers, removing a significant burden from the small and medium enterprises which make up a higher share of the economy in Scotland than in the rest of the UK. Employers taking on someone holding this visa would not need to be licenced by the Home Office, as it would not be a sponsored visa. Furthermore, the immigration skills charge would not apply, as currently defined by the UK, and there would be no salary threshold – although earnings could be part of the selection process, encouraging highly skilled people to take up quality jobs in Scotland but not excluding anyone solely on the basis of salary.

Other countries such as Australia and Canada have regional immigration schemes to allow states and provinces to attract and retain people with the skills and attributes needed to benefit the local economy and local communities.

UK GOVERNMENT IMMIGRATION WHITE PAPER

In December 2018, the UK Government published a White Paper setting out its plans for a new immigration system if and when free movement is ended. The Scottish Government welcomes some proposals in the White Paper; such as removing the Resident Labour Market Test for employers and abolishing the cap on the number of skilled worker visas available. We also support the proposal to lower the skill level requirement from graduate roles only to those requiring A-levels or Highers, and above.

However, the plan to impose a £30,000 salary threshold for all roles will mean that a majority of jobs in Scotland would not be eligible. Implementing a high 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.

Many of the costs and barriers associated with the current system are due to remain in place and be extended to EEA migrants, including sponsorship requirements and high fees and charges (such as the Immigration Skills Charge). These will be additional burdens for many businesses which have not used the current system, and have relied on free movement.

The proposal to introduce a transitional temporary worker visa for all skill levels lasting only 12 months and requiring a 12-month cooling off period, will not help many businesses and public service providers which require access to a broader pool of talent over the long term.

Finally, the White Paper proposes extending post-study leave to remain from four months to six months for Bachelors and Masters graduates, and 12 months for PhDs. This falls well short of the two years post-study work offered to all graduates by the Fresh Talent scheme previously available in Scotland, which the Smith Commission recommended reintroducing.

EXPERT ADVISORY GROUP ON MIGRATION AND POPULATION REPORT

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. The group also found:

- Restricted routes for EU migration 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.
- The proposals are likely to have a pronounced gender effect, with fewer women able to meet the salary threshold, especially in rural areas and areas of disadvantage.
- The proposals will significantly change the patterns of migration Scotland has seen over the last 10-15 years.

CONCLUSION

The UK Government has said it wants the UK immigration system to work for all parts of the UK. While Scotland is part of the UK, the Scottish Government has set out how it thinks tailored migration policies are increasingly necessary to enable Scotland to continue to succeed and remain attractive to migrants in a post-Brexit scenario.

In implementing a 'Scottish visa' the Scottish Government would work with stakeholders and communities to design responsive solutions that work for Scotland, giving local accountability for decisions. The Scottish Government wants to provide reliable solutions, and understands that stability in immigration policy is beneficial for attracting migrants and to businesses who are making investment decisions based on access to skills and workers.

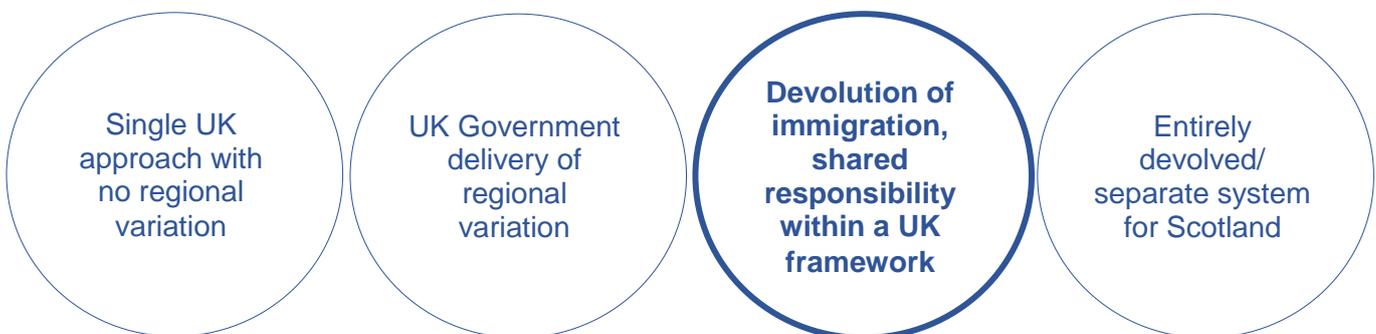
Business organisations and employers in Scotland support a flexible immigration system that can respond to distinct circumstances in Scotland.

"We need the flexibility that allows Scotland to have the people it needs to grow." **CBI**

"Other countries successfully operate regional migration schemes which target the specific needs of their economies and SCDI believes that there are workable options for more differentiation in the UK's system." **SCDI**

"We need to see the UK Government listen to what Scottish businesses are telling them – that these proposals [in their White Paper] don't suit our needs, nor the needs of our local communities, nor those of the Scottish economy." **FSB Scotland**

The Scottish Government doesn't currently have the powers needed to deliver tailored immigration policies for Scotland. A devolved migration policy within a UK context would start to allow Scotland's most acute needs to be met. Shared responsibility for migration would mean additional routes, options and solutions for Scotland, which would be less restrictive for businesses in Scotland than existing UK policy.



The Scottish Government will continue to gather and reflect on the range of views from stakeholders in Scotland on their priorities for the immigration system. This in turn will inform engagement with the UK Government on the future immigration system for the UK. The Scottish Government is committed to achieving solutions that enable Scotland to be able to attract and retain the people we need to grow our economy, provide public services and tackle demographic challenges.

REFERENCES

- *Scotland's Population Needs and Migration Policy*, Scottish Government, February 2018, available at: www.gov.scot/publications/scotlands-population-needs-migration-policy/
- *The UK's future skills-based immigration system*, UK Government, December 2018, available at: www.gov.uk/government/publications/the-uks-future-skills-based-immigration-system
- *UK Immigration Policy After Leaving the EU*, Expert Advisory Group on Migration and Population, February 2019, available at: www.gov.scot/publications/uk-immigration-policy-leaving-eu-impacts-scotlands-economy-population-society/

CONTACT

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