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Home Affairs Committee
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**Home Affairs Select Committee
Inquiry into Immigration
Scottish Government written submission**

Dear Chair

1. I am writing in response to the Home Affairs Select Committee's inquiry into developing a consensus on an effective immigration policy. The Scottish Government welcomes this inquiry, particularly in light of the outcome of the EU Referendum and the impact on freedom of movement and the rights of EU nationals.

Scotland's demography

2. The Scottish Government's position on the importance of inward migration is clear. Controlled migration is important to Scotland's future, both in terms of contributing to sustainable economic growth and mitigating the effects of demographic change. The UK Government is committed to reducing migration to the UK, but this fails to take account of the differing demographic needs across the UK.
3. The Scottish Government fundamentally believes that Scotland's people are key to our future prosperity. We know that the growth of our population is crucial to the growth of our economy. Put simply, for there to be more economic activity, there have to be more people to undertake that economic activity. This relationship underlies our purpose target to match European (EU15) population growth over the period from 2007 to 2017.
4. Stimulating population growth is a key driver of sustainable economic growth. Population growth:
 - increases the size of the labour force and with it, the amount that an economy can produce.
 - increases the demand for goods and services, creating business and employment opportunities.

- Population growth is also important for supporting the population and viability of businesses in 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.
5. Understanding our demography is essential to understanding Scotland. And in Scotland, most of our population growth is supported by inward migration. We know that the population of Scotland is projected to increase by 7% between 2014 and 2039. However, we also know that 90% of the increase over the next ten years is projected to come from migration. If current trends continue, net inward migration is projected to be the main contributor to Scotland's population growth over the next 25 years. This is a result of the much smaller contribution of natural change (births minus deaths) to population increase in Scotland. This is markedly different to the projections for the UK as a whole, where 51% of the projected population increase over the next 10 years is due to natural change and 49% is due to migration.
 6. We also know that people in Scotland are living longer. The number of older people in Scotland is projected to increase significantly with the population aged 75 and over projected to increase by 85% by 2039. Scotland's median age (the age where half the population is above that age and half below) is currently almost two years higher than the UK. Scotland's median age is projected to rise from 41.9 years to 45.2 years by 2039 compared with 40.0 years to 42.9 years for the UK as a whole. Given these demographic challenges, inward migration can play an important role in helping tackle our ageing population.

The need for a more flexible immigration system

7. A key priority in addressing our ageing population is attracting working age migrants to make Scotland their home. That is why we need the UK Government to deliver an immigration system that meets Scotland's needs – because we depend heavily on new Scots to support our economy and communities. However, net migration targets and caps are too blunt an instrument to address the complex needs of our economy.
8. We have opposed many changes to the immigration rules that we believe create barriers to business and industry in Scotland accessing the talent it needs to grow. For example, we remain deeply concerned that the UK Government's restrictions on family migration are having a damaging impact on many ordinary, hard-working Scottish citizens, their families and our economy. The UK Government has increased financial thresholds for spousal visas and made it more difficult for family members from overseas to join British citizens. We support greater flexibility in these rules.
9. We also continue to call for an end to a short-sighted and simplistic focus on migration targets. The UK Government's focus on arbitrarily reducing net migration figures, irrespective of the value migrants bring, what skills shortages they could address, or what contribution they could make, is wrong for Scotland and is harming our economic prospects. The UK Government's immigration rules and restrictions should be in themselves sufficient to adequately manage migration without additional, arbitrary caps and targets which take no account of the valuable contribution migrants make to our society and economy.
10. Too many harmful UK Government policies are driven by a wish to drive down migration, for example, the new Immigration Skills Charge, which will penalise Scottish businesses for employing the skilled migrants they need. The charge constitutes an additional

bureaucratic and financial burden on Scottish businesses, and we are concerned that it will act as a barrier to the employment of skilled staff.

11. We also believe that the UK immigration system needs to provide for regional and national differences. Scotland's needs are different from those in the rest of the UK. For example, where there are regional salary differentials, a 'one-size fits all' approach simply will not do. Scottish salary levels are different from those in the South-East of England and it is not reasonable that a single threshold is used throughout the UK. Scotland deserves the same chances as any other part of the UK, and the existing points-based system could be adapted to provide greater flexibility and reflect regional differences.

Overseas students

12. We are working hard to attract the best international talent to our universities and workforce. Our universities and colleges also need to be able to compete effectively for the brightest and best international students. Scotland has long been an attractive destination for international students but current UK student visa policies send a negative message to prospective students and the impact of this is of significant concern to us and to the higher education sector.
13. Higher Education Statistics Agency (HESA) data published on 14 January 2017 show that Scotland has seen a 3% increase in (non-EU) international entrants in academic year 2015-16 compared to 2014-15, and an increase in EU students of 1%. While we welcome these year-on-year increases they remain small, and are overshadowed by a significant medium-term fall in the number of new entrants from key markets in the last six years. For example the number of Indian students has reduced by 58% between 2010-11 and 2015-16, from 1,985 to 840, and the number of Nigerian students has reduced by 47% in the same timeframe, from 1,395 to 735.
14. As well as calling for more flexibilities within the current student visa regime, we have called repeatedly for a return of a dedicated post-study work immigration route for Scotland. This would allow talented international graduates to remain in Scotland. The route would be an important lever for attracting the best international student talent, securing essential income streams, and allowing talented graduates to continue contributing to Scotland after their studies end. There is consensus in Scotland, amongst business, education and every political party represented in Holyrood that we need a return of the post study route to allow talented students to remain and contribute to the Scottish economy.
15. Scottish Ministers gave evidence to the Scottish Affairs Committee in 2015 on this issue. We were dismayed that the UK Government rejected the report of the Committee to reconsider post study work immigration routes for Scotland, yet again choosing to ignore a wide range of interests and concerns in Scotland. We welcomed the Scottish Affairs Committee's report on the 'Demography of Scotland and Implications for Devolution' published in November last year. The report called for the UK Government to work constructively with the Scottish Government to explore the possibility of a post study work route for Scotland. 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.

16. We consider that international students' coming to Scotland reflects the quality of our teaching and research offer in a very competitive global market. These students bring positive academic, cultural, social and economic contributions and are to be encouraged. The Scottish Government is extremely concerned about the latest announcements around the Home Office consultation on the points based system which we understand will cover both work and study visas. We will offer a robust challenge to this consultation if there is any possibility that Scotland's Higher Education sector and its excellent reputation could be damaged by the proposals contained therein.

Benefits and impacts of immigration

17. Following the EU referendum, it is more important than ever to stand up to negative rhetoric surrounding immigration and to strive to provide a welcoming and tolerant society for all those who have chosen to make their home here. Unfortunately, divisive, misleading and inflammatory information regarding migration is all too easy to come across.

18. Contrary to the Prime Minister's remarks earlier this week about the negative impacts of immigration, there is robust evidence that migrants are not a drain on society and can contribute significantly if they are given the same rights and opportunities as any other citizen.

19. The Scottish Government published two reports last October: one on the impacts¹ and one on the characteristics² of migrants and migration. These reports help to debunk many of these myths. They confirm the long standing view of the Scottish Government that our migrant workforce make positive contributions to our economy and local communities. Many sectors of the Scottish economy are reliant on migrant labour, which helps meet demand for labour and also address skills shortages.

20. This research disproves claims that migrants are a strain on the benefits system, and finds that in particular, Scotland's recent non-UK migrants are actually more likely to be in work than people born in Scotland. Another popular myth is that migrants "force down" wages. In reality, studies have found little or no impact on average wages as a result of migration, particularly in periods when the economy is strong. Where adverse effects on wages due to migration do exist, they are actually likely to be greatest for workers who are themselves migrants.

21. It is important to consider this evidence and how it can help to shape opinion. We must continue to call for an increased maturity and responsibility in how migration is discussed and the onus is on all of us to be conscientious as we choose our words.

Refugee Integration

22. The past twelve months have been a time of unprecedented change for refugee resettlement in Scotland as we have stepped up to play our part in responding to the refugee crisis.

23. We note that the All Party Parliamentary Group on Social Integration' interim report published earlier this month recognised our strategy, *New Scots: Integrating Refugees into Scotland's Communities*³, as a partnership with COSLA and the Scottish Refugee

¹ <http://www.gov.scot/Publications/2016/10/5974/0>

² <http://www.gov.scot/Publications/2016/10/6840>

³ <http://www.gov.scot/Resource/0043/00439604.pdf>

Council. Scotland's approach is that integration should provide a positive experience for our asylum seekers and refugees from day one. This in turn means that they will be able to play a full part in society and want to continue their lives in Scotland. *New Scots* provides a clear framework for all those working towards refugee integration. It assists in co-ordinating the work of the Scottish Government and its partner organisations, like Scottish Refugee Council and COSLA, as well as others in the public, private and third sectors. The strategy has demonstrated what can be achieved when partner organisations work together toward the common goal of integrating refugees.

24. The current *New Scots* strategy runs to the end of March 2017. We are committed to developing a new strategy, in collaboration with partners, to build on the achievements of *New Scots*.

Free movement of people

25. We know that free movement of people facilitates economic growth and is particularly important to Scotland in order to grow our population and to help address skills shortages and mitigate the effects of our ageing population. Scotland also benefits immeasurably from the social, cultural and intellectual impact of the 181, 000 EU nationals living here. Not only would restricting EU freedom of movement be significantly damaging to the vibrancy of our nation, but it would have serious implications for our population growth.
26. Last November, the National Records of Scotland published new illustrative population projections for Scotland to 2039⁴, based on varying potential levels of EU migration. As I outlined above, Scotland's population is projected to grow by 7% between 2014 and 2039. However, in a situation where EU migration to Scotland stops completely, population growth is only projected to grow by 3%. In this scenario, with no EU migration, the number of working age people in Scotland is expected to fall by 3%, at the same time as an anticipated rise of 28% of those in pension age. This indicates a worrying reduction in the size of the workforce and an associated increase in Scotland's dependency ratios.
27. These projections clarify the importance of retaining EU freedom of movement in Scotland. Migration is key to supporting sustainable population growth and any move to limit migration, whether from within or beyond the EU, has the potential to seriously harm our economy. We are very concerned by the language used by the Prime Minister around 'controlling numbers' of EU nationals coming to the UK once the UK leaves the EU.
28. The Committee will be aware of the publication last month of 'Scotland's Place in Europe'⁵, which proposes to keep Scotland, and preferably the whole of the UK, in the European Single Market whilst retaining access to the UK market and the provisions of the Common Travel Area. Remaining part of the single market means retaining freedom of movement. The two things are indivisible. The paper calls for a more flexible approach to immigration across the UK to help Scotland address our specific economic and demographic needs. Scottish Ministers are clear that these proposals are a compromise, and are put forward in a spirit of seeking consensus, and it is now up to the UK Government to give the proposals in "Scotland's Place in Europe" serious consideration. We have not yet seen evidence that Scotland's voice is being listened to or our interests taken into account.

⁴<https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/population-projections-scotland/2014-based-additional-variants>

⁵<http://www.gov.scot/Publications/2016/12/9234>

Conclusion

29. It is essential that Scotland maintains its population growth to ensure that we have an appropriate demographic profile to sustain all of our population living full, supported and productive lives.
30. And to achieve this, it is crucial that Scotland has an immigration system which enables businesses to attract and access the skills and talent needed to boost Scotland's long-term competitiveness and to support Scotland's Economic Strategy. We also need to keep attracting the best international talent to our universities and colleges.
31. I hope that this written submission is useful in explaining the Scottish Government perspective on the importance of inward migration and I ask that the Committee recognises that Scotland has specific requirements. We must ensure that Scottish business and economy are not negatively affected by the UK Government's desire to reduce net migration, and Scottish Ministers will continue to press the UK Government to deliver an immigration system that meets Scotland's needs. It is imperative that the Scottish Government is consulted early in any changes to the immigration system, especially in light of the EU Referendum result and the impact this will have on free movement.
32. I would of course be happy to answer any other questions the Committee may have or provide further information required.

Dr Alasdair Allan