HOUSE OF COMMONS

Scottish Affairs Committee

Oral evidence: Demography of Scotland and the implications for devolution, HC 746

Wednesday 27 April 2016

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Watch the meeting

Members present: Pete Wishart (Chair), Kirsty Blackman, Mr Christopher Chope, Mr Jim Cunningham, Margaret Ferrier, Chris Law, John Stevenson, Maggie Throup

Questions 64-133

Examination of Witnesses

Witnesses: **Dr Katerina Lisenkova**, National Institute of Economic and Social Research, and **Dr Alasdair Rutherford**, University of Stirling, gave evidence.

Q64 Chair: Good afternoon. Welcome to the Scottish Affairs Committee and our session on population demographics in Scotland. For the record, could you please say who you are, who you represent, and any brief opening statement you might like to make? We will start with you, Dr Rutherford.

Dr Rutherford: I am Alasdair Rutherford. I am a senior lecturer in social statistics from the University of Stirling.

Dr Lisenkova: My name is Katerina Lisenkova, and I am a senior research fellow at the National Institute of Economic and Social Research.

Q65 Chair: We are grateful. Let's just start with a few general questions. This is our second session, so we have already heard some evidence from the National Records in Scotland as well as various other organisations representing pensioner forums. This is just a general question. You will know of the Scottish Government's aspiration for population growth in Scotland, which is to meet the average population growth across Europe in the EU15 countries from the period 2000 to 2017. Have you any particular views on that aspiration and whether it is the right thing for Scotland to aspire to, Dr Rutherford?

Dr Rutherford: We have seen the projections for the growth in the Scottish population and how they compare to the rest of the UK. With an ageing population and falling proportion of working age, I can see that there is a desire to increase that. One way to tackle it is to try

to grow the population. I am not sure that that is a long-term solution, and I think it is challenging to influence that population growth, particularly with the levers that the Scottish Government, in particular, have available to them.

Dr Lisenkova: I agree. I would add I think it is more important to concentrate on the working-age population than the non-working population. The relative size of the different age groups is important, not just the total size of the population. I think there was a lot of attention to the size of the population because of the funding arrangements between Westminster and Holyrood. That is why the population growth has such particular attention.

Q66 Chair: We want to get to some of the issues and explore some of the funding arrangements, which gets us to the heart of what we are trying to explore in this Committee. We know that Scotland's population is growing. We have seen the statistics, and we saw the presentation, but it seems to be growing at a much less fast pace than the rest of the UK, particularly the south-east of England. Is there any good reason why that is the case, and is there anything that we can do to address that?

Dr Lisenkova: If you look at the components of change, so what is change? What is responsible for the change in the population size is fertility, mortality and immigration. On each of those Scotland is not faring better than the rest of the UK. The fertility is lower in Scotland compared with the rest of the UK, and life expectancy is also lower in Scotland, so both of these are contributing to a lower population growth. With immigration, in terms of the numbers attracted by Scotland, even though Scotland is attractive for immigrants and they do come—Scotland is a net receiver of immigrants—at the same time it is not as much as the rest of the UK. Each of these three components is contributing to this slower population growth.

Q67 Chair: Not only that, but we seem to have a higher dependency ratio. I know in Edinburgh there is a phrase that a lot of our guests thought was inelegant and did not respectfully define what was going on in terms of an ageing population. There is also a lower healthy life expectancy in Scotland compared with the rest of the United Kingdom. Have you any views about how this might impact on revenues and expenditure in Scotland? We are getting into some of the economic questions.

Dr Lisenkova: Scotland has a lower life expectancy and, as a consequence of this and other factors, it also has a lower healthy life expectancy, which contributes to both revenues and spending—revenues, in the sense that people of healthier working age contribute more in tax revenues; and expenditure, because if people are in the dependent stage of their life longer then this draws resources from the Government for care and health services. At the same time we have to say that, because of the lower life expectancy, some of the services that the Government provide to the population of Scotland are for a shorter period of time. For example, if you have a lower life expectancy you receive a pension for a shorter period of time on average in Scotland, relative to the rest of the UK. I think there was something else in this question.

Chair: Whether the higher dependency ratio has an impact.

Dr Lisenkova: Yes. You can call it the dependency ratio or the support ratio. In Scotland it is higher and it is projected that it is going to keep increasing compared with the UK,

although currently the difference is quite modest. Also, it depends on how you define this support ratio or dependency ratio. I looked at a very simple ratio: population 65 and above relative to population 20 to 64. Currently both Scotland and the UK as a whole have about 30% of people in the age group 65 and above, relative to the 20 to 65, but this is going to change and in 25 years Scotland is going to have 49% while the UK as a whole has 46%. You see that it opens up this gap and, from the point of view of revenue and expenditure, obviously this is not favourable, because you want people of working age growing faster than the people in the post-retirement age.

Q68 Chair: Just looking across the various powers, devolved and reserved, whether it is Westminster or Holyrood, they have it within their legislative gift to address some of these things. Do you think it follows, whether it is this Parliament or whether it is colleagues in the Scottish Parliament, that they could address this through policy decisions? You obviously have observed the new powers that they are about to secure through the Scotland Act 2016 and also what was secured already in Scotland in 2012. Is there anything more useful that the Scottish Government can now do, given they have secured these new powers?

Dr Lisenkova: Scotland now has powers in both tax raising and welfare obligations. It does give it some flexibility, but at the same time it also gives it some of the risks that it used to share with the rest of the UK. In this setting the recent discussion on the Scottish fiscal framework demonstrated that these risks are quite important. Both sides understand this importance but maybe do not necessarily agree about the way these risks should be shared in the future.

It is not necessarily immediately clear how these new powers can help Scotland to deal with the dependency ratio because of the welfare spending that is concentrated in the areas of care and disability. You can probably come up with some policy options there to increase efficiency of distribution of welfare spending.

In terms of taxation, you do get the powers but we should see how effective Scotland is in using them, because it is relatively difficult to change the taxation policy in one part of the country without affecting the behaviour of people in other parts. We need to see whether these powers are going to materialise in the changing policy potentially.

Dr Rutherford: I am aware that this point was made last time, but I, too, have some concerns about the focus on the dependency ratio and that sort of language. I guess that focuses on the working-age population when perhaps what is important is the working population. The health inequalities, particularly in Scotland, mean that people who are not of retirement age or younger than 65 may not be able to work due to ill health, but also there are significant numbers of older people beyond that age who are able to work.

The other element that it doesn't capture is the significant contribution through volunteering and informal care that people around retirement make, which can be a substitution between paid employment and voluntary contribution. That effort can enable other generations to work or be involved in the provision of public services. So, just because it doesn't impact the revenue does not mean that there is an economic impact of activities around that age.

Q69 Chair: Given that 90% of the population growth in Scotland could be attributed to migration, and given that we have no levers at all when it comes to migration—in terms of

legislative responsibility—are we not fighting any opportunities to try to grow our population with our hands tied behind our legislative back, given that we have no powers at all to invite people into Scotland other than through inward migration through the United Kingdom?

Dr Lisenkova: Yes. I think this policy area has been discussed for a number of years and consecutive Scottish Governments did raise the issue that, because Scotland relies so heavily on immigration for the growth of its population, then having at least some policy levers in this area would be beneficial from a demographic point of view on development of the country. As you probably know, there used to be the policy that was different in Scotland from the rest of the UK and the Fresh Talent initiative, which was scrapped with the changes in the—

Chair: We are very familiar with it. We just had an inquiry into post-study work schemes, so it is something that this Committee has again considered.

Dr Lisenkova: The Fresh Talent initiative had just been introduced at the time I came to Scotland. I know that it was an attractive policy that attracted people to come and study and later work in Scotland. In this respect, having some options to influence immigration would be useful but within the levers that are available at the moment. They were available before as well, so obviously the Scottish Government have some options. They can make the country attractive from the point of view of the acceptance of the diverse population or from the employment point of view, but I don't think the new powers that were devolved add anything in the direction of allowing Scotland to attract more immigrants.

Q70 Chair: Do you have any views, Dr Rutherford?

Dr Rutherford: Yes. I think that is a fair description. There aren't direct policy levers. There are indirect policy levers, such as making Scotland an attractive part of the UK for people to migrate to when they come to the UK. Through labour market opportunities, quality of life and some of the decisions around taxation and benefits there are indirect levers that could influence those movements.

Q71 Chair: We are going to have a look at the European Union referendum in the course of the next few weeks in this Committee. Currently we have access to free movement of travel across Europe, which means that if we were to make Scotland an attractive place it would perhaps be a prime destination for people to come and live and settle. Is there a fear that if Scotland, for whatever reason, found itself out of the European Union we would not even have access to being able to try to secure populations to come and live in our wonderful nation from across the rest of Europe?

Dr Lisenkova: Yes, that is one of the consequences of this referendum.

Q72 Margaret Ferrier: As a supplementary to that, I heard this morning that in actual fact there are more non-EU migrants than EU migrants coming into the UK, but we have no control in Scotland over immigration laws. With the levers we keep getting told that we have by the UK Government our hands are tied, so do you agree that we should have had immigration devolved to Scotland in the Scotland Bill?

Dr Lisenkova: It is not just an economic question. It is very much a political question of how the powers are devolved between Westminster and the Holyrood Government. It is

borderline, so it is difficult to comment on some of the issues. It would be good for Scotland to control its immigration in the context of the demographic challenges that it has, yes, but would it be easy? No. Although, has it been done in other countries? Yes. Canada is an example of a country that has different immigration policy rules for different provinces, so it is possible. Is it easy? Probably not, and I think to a large extent the criticism of the devolution of immigration powers, on top of the fact that some of the powers have been devolved to Scotland, is the fact that it is hard to trace people once they are in the UK. Where do they work? How do you create conditions such that once people come to work and live in Scotland they stay in Scotland and don't move to the south-east, which some people claim is already overcrowded?

Q73 Maggie Throup: A couple of years ago the Scottish Government issued a report suggesting that, because the life expectancy had been so much different between Scotland and the rest of the United Kingdom, the retirement age should be lower in Scotland than for the rest of the UK. What do you think of that idea? It is based on the fact that pensioners would receive less of the pension that they had contributed to throughout their lifetime. I wonder what you think of this idea.

Dr Rutherford: There is certainly an actuarial argument for that; that the shorter life expectancy means that older people in Scotland are receiving less from their pension in the current situation with similar ages. Moving to a different age in order to make it fairer has quite a significant political element. It could certainly make it fairer actuarially in the amount that people receive from their pensions. I suppose the logical extension of that is perhaps the pension age should be dependent on an individual's life expectancy, around your health, as they vary geographically or because there are differences in the average but there is still a distribution. How far would we want to take that and how far would it still be considered fair? I think there is a financial case and one can make a fairness argument for that, but I think it is quite a complicated argument.

Dr Lisenkova: I want to add that there is currently a review of the pension age. One of the lines along which the review is going to be structured is inequality, not only in the context of regions, but inequality in people with different health conditions and between different social groups. I agree that how far you take these inequality issues is quite difficult. Where do you draw the line?

In addition, pensions connected to age—so we are talking about the old age pension—obviously depend on life expectancy and healthy life expectancy as well, but the availability of other benefits that allow people to stop working if their health prevents them from doing so should potentially reduce the necessity to differentiate the pension age between different groups. If you are not able to work for health or disability reasons, you should be able to have the option to do that without affecting the whole population of the country, if some people are healthy and they are able to continue a productive working life after a certain age.

Q74 Maggie Throup: Pensions are a reserved matter and health is devolved, so I think we are talking about life expectancy discrepancies and health inequalities. Do you think that should be addressed, rather than changing the pension age?

Dr Rutherford: Yes, I think trying to address health inequalities should be, and probably is to some extent, a policy priority. That is also challenging and longer term, since I think a

large factor is lifestyle choices, healthy behaviours, and that takes time to influence through policy.

Dr Lisenkova: I completely agree. I know that this is one of the policy areas that the Scottish Government pay specific and particular attention to, and lower life expectancy is quoted in anything that the Scottish Government are writing and connects with the demographic change. But what can be done and how long it will take before the effect is going to be felt is another matter.

Q75 Maggie Throup: If the Scottish Government did go ahead with suggesting different retirement ages, how do you think that would affect the way that Scotland could attract a different workforce?

Dr Lisenkova: It is a little bit difficult because as you said, pensions are a reserved matter, subject to decision at national level. If Scotland did get the concession of a lower pension age, this could draw people of pre-retirement age to move to Scotland. Then again, how do you set up the conditions to qualify for this lower pension age? You can dream up different constraints and say, "If you live in Scotland for a certain amount of time or contributed to the labour market for a certain amount of time, you are eligible for this". It is possible to create some kind of restrictions on that but I don't think any of the restrictions are going to be ideal. The incentive is clearly there to move to a region where there is a lower—

Q76 Maggie Throup: You don't think it is a solution to attract a different workforce?

Dr Lisenkova: It could be but it depends on the conditions. Potentially, the concession could attract people of pre-retirement age, which is not necessarily going to solve your problem of a working age population. All you are going to have is a big influx of people who want to retire earlier. At the same time, the pension is a reserved matter but, for example, health spending is not, and to a large extent the latter is connected to age, and older people tend to consume more healthcare. In this case it is not even clear whether it is going to be a winning strategy or a losing strategy financially.

Q77 Maggie Throup: Yes. Spending on healthcare it is going to cost something else.

Dr Lisenkova: Yes.

Dr Rutherford: Maybe there is potential to have an influence on the workforce where a change in the pension age or a flexible pension age might help people to make choices about their working lives and about whether they work longer, for example, if there is some flexibility in that. Deciding what a different age should be has the challenges of being able to divide differences in needs and health. If there is more opportunity for people to make choices themselves about at what point to retire and at what point to claim a pension, I think that flexibility could extend the workforce among older people.

Q78 Maggie Throup: Do you have any examples where there is a different retirement age in different provinces or states that we could look into?

Dr Lisenkova: To my knowledge I do not know of any country where a state pension age is different between the regions of that country, but there are countries where you have an option to retire earlier at the lower level of pension benefits, so actuarially you—

Q79 Maggie Throup: Over your lifetime you would get as much as but you take it over a longer time.

Dr Lisenkova: Exactly. You have an option to retire earlier but you will get a lower pension base. That arrangement exists in several countries.

Q80 Maggie Throup: Where that happens does it affect the workforce? Does it attract people to work there?

Dr Lisenkova: I am not able to comment on that.

Q81 Chair: Just before we move on from this, looking at international examples some of the figures we have seen are quite staggering about the difference between Scotland and the rest of the United Kingdom when it comes to life expectancy, particularly some of the figures of healthy life expectancy in parts of Glasgow being as low as 56.4 years and in some parts of Inverclyde and Renfrewshire being just over 60. Are there any other international examples where there is such a big disparity in terms of healthy life expectancy and life expectancy? When David Bell came to the Committee last Monday he gave the great example of a trip that he made from Jordanhill to Bridgeton and in the course of that trip on the train life expectancy dropped by 14 years. He made the same trip from Canning Town to Westminster and it started at the same point, at the high point for that trip to Jordanhill, and it went up to 83 years when he got to Westminster. This is a huge discrepancy in the United Kingdom, isn't it? Are there any other industrial countries that have this vast range of life expectancy?

Dr Lisenkova: I think the United States is a good example of a variable and vast difference in life expectancy, regionally and by social groups and racial groups. This is a country with big disparities, inequality that transforms into all different types of outcomes, and one of the outcomes is healthy life expectancy and life expectancy in general. In this context, I want to draw attention to the fact that the difference between the average life expectancy in the UK and the average Scotland is smaller than the difference within Scotland, as you said the 14-year difference within just Glasgow. In this case, commenting on the regional disparities and inequalities—

Chair: Is more important than the subnational ones that you get—

Dr Lisenkova: Exactly. This is not necessarily a regional question. It is a question of social class, healthy life choices, early development and very long-term changes in behaviour that are necessary.

Q82 Chair: It seems to be a unique feature in a modern industrial society that there is this huge discrepancy. I think it is something that will interest this Committee enough for us to have a look at this further because—

Dr Lisenkova: I am not prepared to give you numbers but I would put my money on it that you would find discrepancies comparable if not larger than that in the United States.

Q83 Margaret Ferrier: Surely this backs up the argument that the pension age should be lowered in Scotland because people are not going to live long enough to enjoy their retirement or their pension when it comes to them. It is restricted. The UK Government are increasing the age when you get your pension. A lot of the people in Scotland may have died by that time and will have no benefit. We heard last week from one of the people giving evidence that a lot of the pensioners felt that the national insurance contributions that they had been making for years and years was actually to pay their pension, and were quite dismayed to find out that that wasn't the case.

Dr Lisenkova: But in this context I said that the difference between the UK and Scotland is smaller than the difference between parts of Scotland or indeed within the UK as well. If we are going to start saying, "Let's do it by region" then the next argument will be, "Why not do it by postcode?" because people in neighbouring postcodes can have very different life expectancies. Where do you draw a line? The next one that was mentioned was, "Why not look at the individual circumstances?" because each individual has a different probability of living to pension age. In this case I think the policy becomes very complicated and such a blunt instrument as a pension age is very difficult to tailor to circumstances of every individual social group and every regional group. That is why I am advocating using other tailored instruments like other benefits or the flexibility of the pension age that allows people to choose when they go and how long they stay working.

Margaret Ferrier: You mentioned postcode lottery. It is indeed a postcode lottery and just because it may be complicated does not make it right. If you look at not just Scotland but the north of England and north-east of England, the life expectancy will be lower than in London and the south-east of England.

Q84 Chris Law: I want to ask a converse question to Pete's. Do we have good examples in Europe where there is very little difference in the health gap and the mortality rate within a country, within a nation?

Dr Lisenkova: Off the top of my head I cannot give you numbers but in general I think the European countries have lower inequality than the UK and the United States and they have lower inequality in the outcomes, speaking as a group, but I cannot give you any specific examples of this. Also mentioning disparities within countries—and you mentioned developed countries or industrialised countries—if we are looking at countries that are in transition or emerging that is where you do see huge differences. In China, for example, Shanghai has life expectancy comparable to the highest achievers in the western world while some of the rural and poorer provinces of China have life expectancy which—

Chair: I don't know if it is an interest of yours, Dr Lisenkova. We have all the statistics we require about life expectancy but is there any evidence of variations of life expectancy among comparable countries? That is all we can consider as a policymakers. We can't use China as an example for the UK but we can use European Union colleagues or other industrialised nations. If you have anything on that, it would be helpful to the Committee.

Q85 Mr Chope: What evidence is there of healthcare policy affecting life expectancy?

Dr Lisenkova: Advances in healthcare are driving improvements in life expectancy to some extent. We have mentioned many times lifestyle choices but improvement in

healthcare is a big contributing factor to improved life expectancy. The improvement that we have seen over the last 40 or 50 years has increased life expectancy dramatically. Another factor that is more public health rather than healthcare is the ban on smoking in public places. People thought that this would be a long-term measure that would improve life expectancy but they are already observing the improvement in lower mortality rates from diseases connected with smoking. There is vast evidence that healthcare does influence life expectancy.

Q86 Mr Chope: Healthcare is very much a devolved responsibility. In England, healthcare policy is very much centred on reduced healthcare inequalities. I don't know the extent to which those policies are applied in Scotland, but if they were applied more effectively in Scotland, that would overcome this disparity in life expectancy, wouldn't it?

Dr Lisenkova: It probably would overcome it but the question is we never know the counterfactual against which we are comparing what would have happened if they didn't. These two contributing factors, healthcare and life choices that people are making, both determine your life expectancy. In the absence of the equalisation that healthcare is adding, we don't know what kind of outcomes for life expectancy we would have that are potentially more dramatic. It is not possible to compare because we are not going to do an experiment of not providing equal healthcare.

Q87 Maggie Throup: You have different healthcare models between Scotland and England that you could compare.

Dr Lisenkova: Yes, but it is hard to control the lifestyle choices.

Maggie Throup: But you do have a bit of a comparison.

Dr Lisenkova: Yes.

Q88 Mr Chope: Can I ask you something else about population? The Treasury confirmed last week that by 2030 there would be a net increase of 3 million people in the population of the United Kingdom as a result of net migration. What percentage of that increase do you think will end up in Scotland?

Dr Lisenkova: I don't know. What share of the total?

Mr Chope: At the moment the population of Scotland is about 8.5% of the United Kingdom. Do you expect 8.5% of that 3 million to end up in Scotland or do you think it will be lower than that?

Dr Lisenkova: I think on current trends Scotland attracts the lower share of the net migration than its population share.

Q89 Mr Chope: Why is that?

Dr Lisenkova: I don't know.

Q90 Mr Chope: This is very important if we are looking at issues relating to population and population trends. Within the United Kingdom as a whole, in my view, people do not want to see that level of net migration. Indeed, the Government were elected on a policy of reducing net migration to the tens of thousands and yet it does not seem as though Scotland is "benefiting" from net migration.

Dr Lisenkova: No, I think Scotland is benefiting. This is the rate that Scotland is attracting, so Scotland is a net receiver of people, and the net migration is positive. It is at historically high levels at the moment. The question is: is it proportionately as high as in the rest of the UK in relative terms? I would also add here that a lot of the discussion in the immigration debate is about the pull and push economic factors that are attracting and getting people to migrate, while immigration is in fact a very complicated issue that is influenced by a vast array of reasons: why people move to one bit of the country, the net working effects, climate, culture, language, a war in the region of the country from which people are immigrating. All of these factors are absolutely outside the area of economics but we are trying to squeeze all of this and explain it in terms of economic factors. I am an economic modeller and I can say that the economic models that try to predict what immigration levels will be are usually very wrong. Economics is not a dominant reason that drives it.

Q91 Chair: Would there be any value in looking at additional legislative levers that would make Scotland a much more attractive destination for people who are coming from the rest of Europe?

Dr Lisenkova: What do you mean? What do you have in mind?

Chair: If there are draw factors, for example, for the south-east and London, which seems to be main destination for inbound migration to the United Kingdom, is there something that we could do in a legislative policy arrangement that would encourage people to go to Scotland? You used the example of Fresh Talent that encouraged people to go there. Is there anything further beyond that that Scotland could do to get possibly more than its population share of those who are coming to the UK?

Dr Lisenkova: One area where Scotland has additional powers is employment and education and all of the things connected with employment services. If Scotland becomes a very dynamic labour market which has a lot of employment opportunities for people who are coming to the UK, I am sure that that information would spread quickly. I am sure it would help if the policy of the Scottish Government was to go to the European countries or further regions of the world to spread the news that we are creating jobs at a pace that is higher than the south-east and London. At the same time, as I say, the other aspects of choosing where to go are not going to be easy to change because the south-east already has a big network of immigrants and it is known that networking is a big factor in determining where people are going to go. Things like climate and culture also play a substantial role.

Q92 Mr Chope: You can't predict what percentage of this additional 3 million people are going to come to Scotland?

Dr Lisenkova: The best we have at the moment is the historical trends. Usually what you do in these circumstances is say, "This is what we know, this is what happened historically and this is the proportion that Scotland attracted." You try to extrapolate from that, but of course this is not a crystal ball.

Q93 Mr Chope: I agree with you about the folly of trying to look into the crystal ball, as the Treasury was doing trying to predict the impact on the economy nationally of leaving the European Union. That is obviously absurd crystal ball gazing. But the Scottish Government have increasing powers over the economy of Scotland that could make it a more attractive destination for people, including migrants. Why isn't that happening?

Dr Lisenkova: The policy choices that are made subject to the constraints within which the Scottish Government operate obviously do not make it more dynamic and more attractive for employment, education, retirement, social amenities and all the other aspects that people are considering when they decide where to settle.

Q94 Mr Chope: I have come across people who are moving from Scotland to Dorset, where there is a much higher life expectancy, because they don't like the prospect of changes in Scottish economic policy and particularly taxation. They are being driven out of Scotland by Scottish Government policy. That can have an impact.

Dr Lisenkova: They are not driven out by Scottish policy. They are driven out by the expectation of what the policy could be. This is the opposite. They are trying to predict what is going to happen and this has not happened yet.

Mr Chope: It has not happened yet.

Dr Lisenkova: Yes. That is why. Actually, at the moment there is no indication that this will happen in the near future as well.

Q95 Margaret Ferrier: Dr Rutherford, you wrote an article and it highlighted that Scotland has led the way in providing every household with a person over 60 with telecare services, which is just one example. The research highlights that Scotland leads in some key areas of ageing research. What areas other than what I have mentioned does Scotland lead in and how is this research being used in the rest of the UK?

Dr Rutherford: One of the areas where research has been particularly advanced in Scotland is making use of administrative data, health data in particular but links to other data sources in order to understand patterns of health and patterns of service use. Scotland has some of the best health data in Europe certainly, perhaps with the exception of some of the Nordic countries that have extensive administrative data. In particular we have the ability to link up a number of different health datasets and to look at patterns of service use across primary care and GPs and prescriptions and so on. There is a body of research taking advantage of that and of the developments in that area. For example, work looking at the interaction of health and social care services, how does formal care provided at home affect the chances of older people with dementia having emergency admissions to hospital and evidence showing that it reduces that risk, which has implications not just for the health of people but also for the cost of their care.

The potential for data linkage has attracted interest in the work we have been doing on linked health and social care and attracted funding from the National Institute of Aging in the United States because they are interested in the potential to answer questions that can't be answered elsewhere where the data are not available. Incidentally, one of the reasons they are interested in Scotland is that they have similar health inequalities and comparable

life expectancy, so there are comparisons to be made. Other areas are in dementia research, medical and social gerontological research as well, looking at the design of spaces and housing for people with dementia and looking at dementia-friendly communities and in particular translating that research into practice. We have the Dementia Services Development Centre at Stirling that is one of the leading centres in turning the research into practice and advice for organisations.

Just briefly, a third example that I think was mentioned at a previous session, we have developments in a longitudinal study of ageing for Scotland, Healthy Ageing in Scotland, HAGIS, which is just at the pilot stage but there is a lot of international interest in that because of the potential to combine good quality longitudinal survey data with administrative data on health and social care use. It is not just looking at patterns and how they are changing but to understand the pathways as people's health develops as they age. Those are some examples where Scotland is leading in these areas.

Q96 Mr Cunningham: Last week the Committee heard that Scotland has an increasing number of one-adult households. What problems do this group of people have accessing formal care services?

Dr Rutherford: As you say, we do have increasing numbers of single-person households and that increases in older age. To some extent it is the death of partners but also an increasingly likelihood of divorce and more people who are choosing to live on their own as well. There is evidence suggesting that people living on their own can have a higher risk of emergency hospital admissions, of poor health, and the evidence indicates that to some extent that is to do with isolation and smaller support networks. If you have an informal care network that could involve a spouse, wider family, the community around you, that has an impact on your health and on the chances of your health declining and having health crises. I think that smaller informal care support networks for people living on their own are a significant factor.

Q97 Mr Cunningham: Do they have problems in accessing either formal or informal care?

Dr Rutherford: I don't have evidence directly on whether they have problems or not. I suppose the evidence that would be relevant is that informal care networks, often spouses but also children, can play a really important role in helping people to access formal care services and even taking on informal care manager roles. That is one element of the informal care that isn't directly providing service. The support role can have a significant effect on whether people are able to access formal care services and a lack of an informal care network can affect that.

Q98 Mr Cunningham: Are the majority of adults who live on their own well off or does the higher number tend to be among the poorer members of society?

Dr Rutherford: I am not sure I have an answer to that.

Q99 Mr Cunningham: It would be very interesting to know that. Coming on to the funding settlement for the Scottish Government in addressing this problem, would that help?

Dr Lisenkova: I don't know.

Q100 Mr Cunningham: So it is not quite a pounds, shillings and pence problem; it is something else?

Dr Lisenkova: It is not an area that I am specialising in so I don't know if there are links between care for the single-person households and the new settlement, although some of the welfare benefits that are devolved now are to people with disabilities and to different care packages. Obviously those that are related to the care provision are not relevant in this respect but packages related to ill health and disability benefits are the ones that are now devolved. I don't know in which way they are targeted and to what extent they are prevalent in the single-person households.

Q101 Mr Cunningham: Is this something you would want to look at?

Dr Lisenkova: Maybe.

Dr Rutherford: I am not sure that it is purely a financial matter. I think that there could be policy to support people in accessing services. I am not sure about analogies to resources and the decision to do that. From my research as well in the informal care networks, at the individual level there can be a lack of planning in older age, having difficult discussions and making difficult decisions about what sort care you want to access. It is a difficult topic that people don't want to discuss.

Q102 Mr Cunningham: Assuming—just assuming because we don't have any figures—that the bulk of people in those situations are poorer off, it would be very difficult for them to have to start planning things, wouldn't it?

Dr Rutherford: I suppose by planning I mean thinking about whether there is informal care support available from family and friends, whether they are wanting to access formal care or whether they are wanting to remain in their own house. From the work that I have done, that is something people find difficult to talk about. I think some of the conversations that we have at the macro level about this demographic time bomb can make those discussions more difficult because they focus on the negative. More could be done to acknowledge, as I said earlier, the positives of ageing and the positive contribution of older people that would help people to have that discussion more positively. The evidence shows that where people have thought about what they want to happen and discussed it with others they are better able to access services and less likely to be involved in a health crisis.

Chair: I think we could conclude that more possibly needs to be looked at on the whole issue. I am sure there are issues about single households' impact on housing resource, for example, and your ability to access care if you are living on your own. You may perhaps depend on a spouse or a child to help you in these caring issues. It is an interesting area that I think that we might want to pick up as we go forward in the Committee.

Q103 Chris Law: You will both be aware of the Scottish Government's wishes for the population to grow in Scotland. However, in the light of immigration, employment, pensions and the overall funding settlement for Scotland being reserved, would you agree that the Scottish Government do not have sufficient policy levers in order to grow the population?

Dr Lisenkova: It still has some policies that it can effect. Education and health are devolved powers and these services do provide the Scottish Government with some levers in this respect because the public services determine to some degree whether people are going to move to this part of the world or not, but they don't have any direct policy levers.

Q104 Chris Law: The idea of the Scottish Parliament being one of the most devolved, powerful parliaments in the world is a bit ridiculous coming from the UK Government, but that was stated quite regularly in Parliament here during the debate over the Scotland Bill. Would you agree on that, particularly when it comes to growing the population?

Dr Lisenkova: One day they claimed that. I don't think population is the factor that they concentrate on mostly. The focus determines whether it is one of the most powerful regional governments or not. If you are looking from the point of view of demographic policy and the ability to grow population, having control of immigration gives the Canadian provinces more powerful regional governments than in the UK.

Q105 Chris Law: Dr Rutherford, do you share that view?

Dr Rutherford: Yes. I think it is challenging either at the UK level or at the Scottish level to have a big impact, apart from over the long term, on population growth through life expectancy or fertility rate and so on. Immigration is where there is potential to have influence on population in the shorter term and obviously that power is reserved.

Q106 Chris Law: There has been a lot in the English press about the strain on public services from the number of migrants coming into the UK. Is there any evidence of a strain on public services and welfare expenditure in Scotland as a result?

Dr Lisenkova: Even in the context of the UK, the research that I am familiar with finds that immigrants are net contributors to the Treasury and I don't expect that Scotland has a particularly different situation. In terms of the net contribution, I mean they contribute more taxes than they take in benefits and services. The strain on the public services that is discussed simply reflects either lack of planning—short-term adjustments when there is a big influx of immigrants in the region and the services just do not cope—or lack of investment. When people come into a country and they start paying taxes, if the provision of services does not catch up with this new stream of revenue, you still will have a strain on public services. It could be one of the two and probably a combination of both.

Q107 Chris Law: There has been so much made of it in the press and we are coming up to the debate on the EU referendum and our relationship with the EU. Am I clear in saying that the number of immigrants coming into this country is actually a net asset to the UK?

Dr Lisenkova: Yes.

Q108 Chris Law: And to Scotland as well?

Dr Lisenkova: My research on this particular issue of immigration was in a UK-wide context. My expectation is that Scotland is not different in this respect, but in terms of the UK-wide context, immigrants are net contributors on average. Obviously you can then

segregate them by classes, groups, education level, where they are coming from, and then you will see different pictures for different groups, but an average immigrant is a net contributor to the Treasury.

Q109 Chris Law: I suppose the follow-on question from that is: why is there so much scaremongering in the press and in some areas within Parliament here about this? Where is it coming from?

Dr Lisenkova: This is where we are entering into the area of personal opinion rather than scientific inquiry. My personal opinion is that it is an ideological issue.

Q110 Chair: Just one thing that I have noted. I have been speaking on home affairs for 10 years in this Parliament and when immigration figures come out in Scotland we celebrate an increase in the population whereas down here they could not be more miserable about the fact the UK's population has gone up. Does that suggest perhaps a different attitudinal, cultural approach towards how respective nations see immigration? Is there any evidence that suggests that Scotland possibly sees the benefit of immigration a bit more keenly than the rest of the United Kingdom?

Dr Lisenkova: Just from an observational point of view from the press and the attitudes, it was a personal inquiry. I don't have any statistics on that but from the anecdotal evidence available to me and my personal observations I would say that Scotland has a more positive attitude to immigration. There could be all sorts of reasons behind this and one potentially is that Scotland does get a smaller share of immigrants proportionally to its population than the rest of the UK. Another one is that a lot of immigration is concentrated in the south-east, which is one of the most highly populated areas, if not the most highly populated area in Europe while Scotland is a sparsely-populated country, especially if you ignore the belt between Glasgow and Edinburgh. I am not saying that these are the main reasons but these are reasons that are contributing, so there are objective reasons for that . On top of this, there could be any number of sociological, attitudinal, political and ideological reasons to contribute to it.

Q111 Margaret Ferrier: I was hearing this morning that there is a strong perception that migrants are wanting to come to the UK for benefits. Evidence has shown that migrants are net contributors. The evidence from Dustmann and Frattini stated that, "EU migrants have paid more in taxes than they have received in benefits, helping to relieve the fiscal burden on UK-born workers and contributing to the financing of public services". It goes on to say that there is £1.12 contributed for every £1 received and those from the rest of the UK put in £1.64 for every £1. So they are contributing to the UK economy rather than being a drain on it.

Dr Lisenkova: This is part of the evidence that I was referring to, yes. There is other research and I think most of the researchers are finding that at least from the point of view of fiscal, if you are only considering it on fiscal issues, then the immigrants are net contributors. The big reason for that is the age distribution. Immigrants tend to be younger and working age. They come and start contributing right away while they have already had the education spending in their home country. They are going to be heavily dependent on the state for health and pensions if they stay, but this is in the future. During the time when they arrive at a prime age they contribute through paying taxes and working in the country but they are getting less in benefits than the average British person.

Q112 Chris Law: A question for Dr Rutherford. In some of your articles you suggested that ethnic minority people face different problems and issues when accessing care services. What are the problems they face and what measures could the UK and Scottish Governments take to ensure that their needs are met?

Dr Rutherford: The evidence shows that among some groups there can be underuse of formal services and perhaps reluctance to access some of the formal services to which they would be entitled. Some of those formal services are not necessarily set up to take into account different cultures, different cultural expectations about family support and care. Some of the recommendations from the research are that in the design of services and in the training of staff there should be support to increase the cultural understanding that there are different expectations about care in older age and wider support networks. For some groups cultural differences in language can be an issue and that can lead to social isolation and so on. I think cultural differences linked to underuse of formal care services is probably the biggest issue.

Q113 Chris Law: To follow on from that point, is it a lack of education of those who are providing the services about how to reach out to those different ethnic groups?

Dr Rutherford: Some of the fieldwork that has been done interviewing both service users and staff providing services suggests that that is the issue that leads to misunderstandings or a reluctance to access the services where people are entitled.

Q114 Chris Law: What specific measures would you like to see as policies?

Dr Rutherford: It is perhaps an extension of the personalisation of services, rather than thinking of having a menu of services, looking at what people's support needs are and then ensuring that they have access to those services. I think that is the direction that policy is going in. It has to look carefully at how those needs are evaluated and understood to make sure that it takes the cultural context into account. In a sense, we are going in the right direction, just making sure that those needs are accounted for.

Q115 Kirsty Blackman: These questions are mainly for Dr Lisenkova but feel free to jump in if you think that they are relevant. How have differentials in population growth between Scotland and England affected the block grant so far?

Dr Lisenkova: In a direct way because of the way the block grant is calculated, because of the Barnett formula. The change in the block grant is equal to the change in the corresponding UK level of spending on a comparable item and then the share of the Scottish population relative to the rest of the UK population. In this context the change portion of the block grant is directly affected by the population growth rate. Another bit that is important to keep in mind is that since Scotland was experiencing different population growth compared to the rest of the UK, the level of the block grant, not the change but the level per person, has been changing. If Scotland has a slower population growth rate this level is increasing and if it has a faster population growth rate compared to the rest of the UK then it would be decreasing. In the recent past and projected in the future is that Scotland is going to have a slower population growth rate.

In this context, the way the Barnett formula was applied until this new round of devolution had two opposing effects on the level of public spending per person. The first one is beneficial coming from the level and the other one is negative coming from the change. In terms of the change, you are getting less if your population is growing slower but in terms of the level you are getting more because your population is smaller now. In some respect the balance between these two forces determine whether the Barnett settlement gets better or worse for Scotland.

Q116 Kirsty Blackman: As you said, the block grant does not take into account lower life expectancy and the percentage of non-working people compared to the older population and things. Is there any public spend in Scotland that does take things like that into account?

Dr Lisenkova: Not to my knowledge. I cannot guarantee that there is none because I am not familiar with all possible public spending at different levels of the Government, but not to my knowledge. I would be surprised if there was.

Q117 Kirsty Blackman: If it were possible to replace Barnett with a needs-based formula—I know some work has been done on this previously—what do you think the impact would be? Do you think it would be likely to increase or decrease the funding for Scotland?

Dr Lisenkova: This is a good question and it opens up a whole new area. I think why this needs-based approach has not been followed, and it is very difficult to follow, is down to how we determine needs. Even trying to use objective measures like population growth and the per capita growth in the discussion with the new fiscal framework already raised a range of options, agreement about which was very difficult. If we start adding qualitative measures such as needs it raises the difficulty of agreement to an entirely new level. In this context, depending on who you ask about the needs, I would assume that the block grant can increase or decrease. The estimates that I have seen, but I have only seen several people doing estimates, suggested that Scotland would get a smaller block grant if it is based on needs, but I can imagine a different approach that would result in a different outcome.

Q118 Kirsty Blackman: The only assessments I have seen have taken into account rurality and taken into account the rural population areas, and I think that that probably should be a determining factor. The local authorities in Scotland are funded by a needs-based formula, so the COSLA formula is a needs-based formula and it has a number of determining factors. Is there anywhere else that uses a formula like that successfully? Is it possible to use a formula like that successfully?

Dr Lisenkova: I don't know any other country that uses this formula successfully and I think the reason is that it adds to the complexity of determining the needs within Scotland. The difficulty when we are discussing this in the context of the UK as opposed to Scottish local authorities is that the UK's regions or countries are very unequal in population size and the leverage that they have. In other countries the discussion about how the funds are distributed between the provinces or the regions sometimes is easier to have if the regions have a comparable size. For example, in the UK there are the devolved parliaments in Scotland, Wales and Northern Ireland. There is no devolved parliament in England because the UK-wide political debate is so much dominated by England purely because of the size of the population. In this context it is difficult to imagine some kind of above-regional

body that is going to be impartial and decide the question of regional allocation. In the context of Scotland it is much easier and the Scottish Government can have the role of saying, "We are impartial and we want to maintain some level of cohesion between the regions and that is why we are acting in the interests of the whole of Scotland in allocating the funds". At the level of the UK it is very difficult to achieve because there will be, if not a bias, a perception of a bias towards England.

Q119 Chair: Could I go back to what you said about the Barnett formula and the population? Barnett is a population-based formula and it is supposed to be a convergence formula too. Any changes and fluctuations and a change in comparative population of Scotland vis-à-vis the rest of the United Kingdom is going to have a huge impact on and consequence for how Scotland is funded. I didn't quite pick it up properly and I would like you to reiterate it: with a fall in population I think you were suggesting that Scotland might be a net winner in terms of the Barnett formula. Could you explain a little bit more about how that actually works?

Dr Lisenkova: Yes. A net winner per person. Let's think about the Barnett formula as two components. When the Barnett formula was introduced, as far as I understand it was a little bit of an historical accident and now nobody wants to revisit what happened at the beginning when it was set up. The level of Scotland per capita spending that the Barnett formula resulted in was higher than in the rest of the UK. The idea was that if we are going to apply this adjustment factor, which is going to be proportionate to the population growth, then over time there will be a convergence, and this is correct. If the population growth rate in Scotland and the UK was the same this convergence would happen relatively quickly because—

Q120 Chair: Just on that, surely it would be in the UK's interests, given there are great concerns and anxiety about the Barnett formula, to give us the sufficient levers to grow our population so that that convergence can take place? The concerns about Barnett are such that Scotland is funded at a higher proportion per person compared to the rest of the United Kingdom and this is based on a historical population drag. Surely it would be in the interests of the United Kingdom, a sense of fairness, to ensure that we had the necessary legislative levers to grow our population so that Barnett does not then become an issue?

Dr Lisenkova: It is an interesting question but I don't think it is addressed to the right person. I can give you my opinion that if the goal is to equalise the per person spending between the rest of the UK and Scotland then equal population growth in Scotland and the rest of the UK would lead to convergence much quicker than what we are observing at the moment. As I said, on the level component, if you calculate it per person then the slower the population growth the larger the component gets.

Q121 Chair: I would be interested in your views on this. I think this is an issue that we are repeatedly going to come back to. You mentioned some of the conversations about the fiscal framework and that was per capita per population and this opened it all up. If you have any further observations about that or anybody else you could refer us to we would be very interested. I think it goes to the heart of what we are trying to explore in this inquiry about what impact a slower population growth in Scotland is going to have on the spend available and our ability to properly finance services in Scotland.

Dr Lisenkova: In the context of the new fiscal framework, a lot of discussion is about the population growth, which is understandable because of the different formulae for indexation that are offered in the fiscal framework. The one that has been picked that allows this per capita indexation, allows Scotland to maintain the same level of funding if per capita growth in tax revenues and the welfare spending is the same between UK and Scotland.

Chair: Yes, we are all familiar with the aspects of it.

Dr Lisenkova: I am just trying to direct your attention to it. We are talking about the total population but very little attention has been given to the different age groups growth within the population. What you mentioned is the dependency ratio. We can observe that some of the devolved taxes, for example income tax, are very heavily dependent on the size of the working age population because this is where it is concentrated. This tax is going to grow slower in Scotland because of the slower growth in the working age population. At the same time, if the welfare powers that Scotland has are concentrated on the old age, which is possible—

Chair: Old age and caring is basically what it is, yes.

Dr Lisenkova: Exactly, age and caring. If this group grows quicker in Scotland than in the rest of the UK, you have this balance. Even though at the per capita level you might be hedging yourself, your revenues are going to grow slower and your welfare spending is going to grow faster and in this case you are not protected from this—

Q122 Chair: And we do not have the necessary levers to grow our population then. I think what you are suggesting is that there may be difficulties and problems down the line for Scotland. One of the things that came out to this Committee from UK Ministers when we were looking at the fiscal framework was almost like a challenge to Scotland to grow its population so that we would not be faced with the very scenario that you present. What I think is coming across is that while we have been challenged to grow our population, we have not been given the necessary means to achieve and secure that through policy levers. Would that be a fair assessment or am I putting words in your mouth here?

Dr Lisenkova: To some extent population is a very difficult matter and trying to grow population, whether in Scotland or in the UK, is not very easy. There is no one or two or three buttons that you can press and get to a desired level of population growth because it is determined, first of all, by the combination of the three factors—fertility, mortality and migration—and each of them is the combination of myriad reasons that are contributing to their individual development. They are not only connected with the policy and the economic factors or social factors that the Government can have any control over. A lot of it depends on the behaviour that people choose for themselves. In this context demographic policy is very difficult in many contexts, be it the UK and other countries, and even more complex and difficult in the context of Scotland with the limited powers that Scotland has at the moment.

Q123 Margaret Ferrier: Bearing in mind that we in Scotland have been calling for the reintroduction of the post-study work visa, which would go some way to attracting and retaining the best and brightest students to come to Scotland's world class universities and then contributing to our economy once they leave the university if they have a year or two

years to give back to the country where they have studied, do you believe that we should continue to pursue this with the UK Government?

Dr Lisenkova: If the goal of growing population stays, yes. In general I think it would be beneficial for Scotland to have some control over its immigration policy. The Fresh Talent initiative is a win-win from every point of view because you are attracting people who have received education in the country, are already integrated, have skills because they went to the universities, want to contribute to the labour market and they are young and don't require a lot of welfare or health spending. In this context of the ageing population, this is the group that you should be trying to attract: young, educated people who are highly employable and who are at the same time not going to be heavily dependent on the state for various welfare and health spending.

Q124 Chair: That is the exact group that we are losing, according to the evidence we have been presented with. There is a spike in inward immigration to Scotland around the student age from 18 to 23, 18 to 25 and then at that point we lose them and there tends to be a net loss. I think that is the point Ms Ferrier is raising here, that we seem to be able to attract people into our education system but we are losing the means and the capabilities to retain them. Would that be a fair—

Dr Lisenkova: Yes, I think there is a drop right after the university where a lot of people move out, but at the same time—I don't know the net numbers—in inward and outward migration there is a spike in this age group in both directions. The question is whether the net balance is in favour of Scotland or not.

Q125 John Stevenson: The Scottish Government have indicated that they want to grow their population and England clearly has a faster growing population, but would you agree that in reality it is not England, it is part of England that has a rapidly increasing population and that there is a lot of parts of England that have similar issues to Scotland?

Dr Lisenkova: Yes, north of England.

Q126 John Stevenson: I represent Cumbria and we have an issue in Cumbria that we cannot grow our population. Are some of the solutions that Scotland might look for similar to those that regions of England might look for?

Dr Lisenkova: Absolutely. In general, the same issues that Scotland is discussing in the context of Scottish devolution with the rest of the UK should be discussed with regional powers within England. In this case, if Scotland was talking not to England as opposed to the English regions, the balance of power in terms of the population would be much more equitable. I think discussion of the English devolution has started but it will be a long time before it reaches anything like Scotland has at the moment.

Q127 Kirsty Blackman: Just on that, there is a key difference, though, between English regions and Scotland in that they are funded differently. If funding depends on your population in Scotland in a way that it does not depend on your population in English regions, surely it is less of an issue for English regions than it is for Scotland?

Dr Lisenkova: You are only discussing this from the point of view of the fiscal situation, but regional development is not limited to the fiscal issues. There are all sorts of concerns, other than the fiscal issues, where you want your region to be dynamic, attractive, grow faster, have good employment opportunities and a dynamic labour market. There is a kind of virtuous cycle in this, that if you have all of this, you will have a positive fiscal spill-over effect. But you are right, yes.

Q128 Chair: We are very much enjoying this conversation, it has been very helpful to the Committee, but I am going to put you right on the spot here for our last question. It is to ask you: is there one thing that you can suggest that would help Scotland's population growth proceed to make Scotland more attractive to people to come in to settle, one thing that we are not doing that we could do that would secure that? I know it is a very technical and complex and obviously—

Dr Lisenkova: There is no magic bullet. I think this is the power you don't have, but the one that I would say is making access to the Scottish labour market easier for immigrants from outside the European Union. People from within the European Union are already here and people from outside of the European Union have very restricted access to the UK labour market at the moment. Most of the channels that were open have been closed and part of this is because of the big influx of immigrants from the European Union. If Scotland had its own immigration policy and it could vary the requirements and the types of visas that are available for people in the channel for employment and for education, for example, this would definitely have positive—

Q129 Chair: You will obviously be very much aware that there are some national immigration policies that exist in countries like Australia and Canada. Would that be something that you would be thinking about?

Dr Lisenkova: Yes. This is, in a sense, a magic bullet because it allows you to fix the issues in the short to medium term. Nothing else that you can do now is going to affect your population growth for a generation in other dimensions but immigration is one policy area where quick results are achievable.

Q130 Chair: Thank you. Is there anything that you would like to offer us, Dr Rutherford?

Dr Rutherford: I have had slightly longer to think about it. I am not sure I have a magic bullet either. I suppose the area that I would focus on would also be the labour market. As we have heard about, what is important is the distribution within the population, so perhaps it is working population that we should be looking at. Increased flexibility in working in older age in that period up to retirement makes it a more attractive place to work in older age but also supports people to remain in the labour market if they want to and are able to. Again, some of those powers may be powers that are reserved and so are not within the power of the Scottish Parliament, but in particular flexibility on working hours and the employment of people are important.

Q131 Mr Chope: The answers you have just given to the Chair's last question are interesting. The United Kingdom Government were elected on a commitment to reduce net migration to the tens of thousands. If you want to attract people who were not born in the

United Kingdom or in the European Union to Scotland, why can't you start off by attracting people in that category who are currently in England?

Dr Lisenkova: The thing is that people who are not in the United Kingdom do want to come to the United Kingdom. There is virtually an inelastic supply of people of working age in this world and countries are in competition for them. They want to pick the best and in the point-based systems that Canada and Australia have they are picking the winners in the immigration market and the UK tries to shut itself out of this market. But people want to come to the UK and they would want to come to Scotland as well if they had an option, but they don't.

Q132 Mr Chope: In a sense you are arguing for a points-based system that we could deliver if we were outside the European Union and had control over our own immigration policy. At the moment our immigration policy is distorted by the free movement of people that requires us to have an unlimited number of people coming in from the European Union and prevents us from being able to pick and choose among the people we want to have in this country and need to have in this country by allowing more people in from outside the European Union but fewer from inside the European Union.

Dr Lisenkova: You are putting words in my mouth. That is why I specifically said about the people from outside of the European Union because this is the area that is controlled by Westminster. Speaking about the European Union immigrants, especially the new wave of immigrants that has come in from eastern Europe, they are the kind of immigrants that any country would want to attract. They are usually educated; they are usually young; they are very hard working. Their participation rates, compared to British-born people and people from other immigration backgrounds, are very high because they do come here to work. For that reason they don't rely as heavily on the welfare system. In this context I don't want to compare one group against the other. What I am saying is that the group that does not have access to the UK labour market at the moment is the one that if Scotland had an option of its own immigration policy could have been attracted to it.

Dr Rutherford: England is obviously facing the same demographic challenges, not that there is an excess of people of working age that Scotland could attract but there is also an incentive for England to attract and retain people of working age for the same reason. That competition between two parts of the UK for working age people is a zero sum game in a sense. It is the same demographic challenge across the UK. There are differences between different parts of the UK but we are seeing the same demographic trends.

Q133 Mr Chope: You could say you have the same demographic challenge across a lot of the EU countries and one of the consequences of high levels of EU migration into the United Kingdom is a reduction in the labour market pool in countries in eastern Europe whereas we know that there are a lot of countries outside Europe where there is a significant surplus of younger potential workers. We could attract those people instead of the ones from the European Union and allow those European Union countries to retain their own talent.

Dr Lisenkova: I have heard this argument in the Brexit debate and I think that it is a valid argument in the global context and for the sustainability of the EU in a wider context. Unfortunately, I don't think that this is an option that is being considered by the UK Government because the idea of reducing immigration to the tens of thousands includes

EU and non-EU immigrants. The desire to reduce immigration is across the board, not only immigration from within the EU but also immigration from outside of the EU.

Margaret Ferrier: I think we have to remember that it works both ways and that the free movement of people helps Britons study, work and retire in the EU. A total of 1.2 million Britons live in other EU countries, so almost as many as the number of EU citizens living here. The free movement works both ways.

Chair: I am not going to ask you a last question about how we address some of the demographic issues, but we are very grateful for your evidence today. As we say to all the witnesses who come forward to the Committee for this inquiry, if there is anything further that you feel you could add, please do. I think there are a couple of things that we are going to take forward from some of the evidence we have secured today, which is very helpful, particularly around some of the economics. If you have any further examples of that or anybody we should be looking to secure evidence from, please give that to the Committee. Thank you for coming down today. It has been very interesting and thank you for attending.