

# Scottish Affairs Committee

## Oral evidence: Demography of Scotland and the Implications of Devolution, HC 82

Wednesday 14 September 2016

Ordered by the House of Commons to be published on 14 September 2016.

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Members present: Pete Wishart (Chair); Deirdre Brock; Mr Christopher Chope; Margaret Ferrier; Chris Law; Ian Murray

Questions 274 - 312

### Witnesses

I: Dr Alasdair Allan MSP, Minister for International Development and Europe, Sarah Mohammed, National Records of Scotland and Nikola Plunkett, Head of Migration Strategy.

## Examination of Witnesses

Dr Alasdair Allan MSP, Sarah Mohammed and Nikola Plunkett.

*[This evidence was taken by video conference]*

Q274 **Chair:** Minister, a big wave from London. How are you?

**Dr Allan:** Very well. And you?

**Chair:** We are very grateful for you giving up your precious time to come and speak to us again this afternoon. This is the second time we have observed you in glorious technicolour and widescreen, and we cannot even start to say what a delight that is.

We know we have an hour of your time, Alasdair, so we will see what we can do to try to get through our questions. We are very grateful for your attendance today. For the record, could you possibly say who you are and if there are any opening statements that you want to give, and then we will also hear the same from your two colleagues who are placed it looks like either side of you from here?

**Dr Allan:** Okay. Thank you very much, Chair. I will just introduce them on that basis. Nikola Plunkett and Sarah Mohammed are here with me today and may introduce themselves. I just want to point to the fact that I am delighted to have the opportunity to be with you again and to contribute to the Committee's inquiry about Scotland's demography.

I am certainly grateful to the Committee for their interest in the demography of Scotland. It goes without saying, but I will say it anyway, that a key part of our future prosperity is our people. We know that the growth of our population is crucial to the growth of the economy. I am clear that for there to be more economic activity, there have to be more people to undertake that activity. This relationship underlines our population target to match the EU-15 on population growth.

The point is that in Scotland most of our population growth is supported by inward migration. As you are aware, immigration is fully reserved to the UK Government. That means it is an essential plank of our economic and demographic health that is outwith the control of the Scottish Government. That is why we need the UK Government to deliver an immigration system that meets Scotland's needs because we depend so heavily on new Scots to support our economy and our communities. The Scottish Government certainly does not share the UK Government's concern about driving down migration at any cost. In Scotland, I want to put on the record that we welcome migrants and the important role that they play in our businesses and communities.



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Committee members will be well aware that the Scottish Government have consistently asked the UK Government to provide a more flexible immigration system that meets Scotland's specific demographic needs. In particular, we have called repeatedly for the return of a dedicated post-study work immigration route that would allow talented international graduates to remain in Scotland.

In conclusion, I will just repeat our request for the UK Government to listen to the Scottish Government's views on migration. We want the UK Government to work with us to provide an immigration system in Scotland that supports our economic and demographic future. I am very happy to take questions about it.

Q275 **Chair:** We are very grateful. Thank you, Minister. Perhaps your two colleagues would like to introduce themselves, and if they have anything by way of a short introductory statement, too. I cannot see the names. The picture is reasonably good for us, but it is all a bit light. Minister, is that Nikola who is on your right? This right-left business is going to be a bit tricky for us, so we will start with you, Nikola, please.

**Nikola Plunkett:** I am head of migration strategy in the Scottish Government.

**Chair:** We have just had Mr Chope join us after a Division in the House of Commons, so we are all very excited by him turning up just now.

**Mr Chope:** Don't be sarcastic, Chair. Normally, the convention is that if there is a Division, the Committee does not sit during the course of Divisions.

**Chair:** Please, if we can, is that Sarah?

**Sarah Mohammed:** Hello. I am Sarah Mohammed. I work in the National Records of Scotland. I work on demographics and statistics.

Q276 **Chair:** Thank you ever so much. Minister, Scotland's population is at its highest ever. According to the latest census figures, it seems to be rising quite significantly. Is it the intention of the Scottish Government to continue to grow Scotland's population? If it is its intention, what are the reasons behind the desire to see further population growth in Scotland?

**Dr Allan:** I think it is important, firstly, to put that in context. It is accurate. You are quite right to say that Scotland's population is at its highest ever, although that does come after a long period of 50 or 60 years where Scotland's population has hardly gone up at all. Obviously, it is also a longer period than 50 or 60 years, probably 150 years, where the characteristic of Scotland's demography has been the net export of people and a history of emigration.

We are conscious of the fact that for the long-term health of the economy, population growth is a reasonable thing for us to seek to do, the way that other European countries do. The reason behind it is obviously to grow our workforce and also to address our ageing



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population demographic. I think it is also important to put on the record that although we have had a period of growth in the 10 years that we are in just now—2007 to 2017—only 10% of that growth in our population comes from what you would call natural increase of the population. The other 90% has come from factors to do with migration. That is why we emphasise again and again that we have a particular demographic issue in Scotland that is not simply going to be solved without migration of people.

**Q277 Chair:** I am grateful for that. We will come on to some of the issues to do with the dependency ratio, as it has been categorised, in terms of our inquiry. There are a couple of things that strike me. The first thing is that when I was first a Member of Parliament, there was a real concern that Scotland's population might slip below 5 million. There was a sense that the long-term to medium-term projections might have meant that. Since then, we have almost celebrated when there has been an increase in population in Scotland, yet, when we hear Home Office Ministers at the Dispatch Box or see them on the media, they could not be more miserable about an increase in the UK population. Would there be any sort of reason why there is a difference, a different type of tone adopted by the Scottish Government and the UK Government, when there are these announcements of population figures?

**Dr Allan:** I think part of the difference is the one I have pointed to, which is the fact that for many decades Scotland has worried about population and worried about the history of emigration, which has contributed to many parts of the world but has historically left Scotland feeling vulnerable economically. For that reason, we do celebrate the fact that our population is growing. I will ask the officials to come in on this, but it is important to point to the fact that the factor behind this is largely related to the influx, if you want to use that word, of people coming in in the last 10 to 20 years.

Specifically, many of those people have, of course, been from the European Union. That leads us to another debate, although I will not detain Mr Chope on that just now. The point is that population growth is celebrated in Scotland, and I think there is a wide political consensus in Scotland that we do need to grow our workforce. It is not an issue of political contention.

**Q278 Chair:** Thank you. Do any of your officials want to come in with that? I am quite interested in this cultural difference that there is about our respective responses when it comes to population growth.

**Nikola Plunkett:** As the Minister was explaining, in Scotland we are very dependent on migrants for our population growth. Over the next 20 years or so, about 90% of our projected population growth is going to be down to migration. We are much more heavily dependent on our migrants for that population growth than the rest of the UK.



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For the rest of the UK, about half of their population growth is down to migration over the next 20 years or so, and about half of it is due to natural change, like births and deaths. In Scotland, migration is far more key. More widely, we know that Scottish people are more positive about migration and the impact that it can have on our country than those in the UK as a whole.

**Q279 Chair:** Thank you for that. We have heard from National Records and the Scottish Government that it is the intention to match the average growth of European Union countries, the EU-15 countries. Is this still the ambition of the Scottish Government and are you on track to meet that target?

**Dr Allan:** Yes. We are at the moment meeting those figures. We are certainly on target to match the average European, EU-15, population growth over the period from 2007 to 2017, so we are marking our performance assessment up for 2013-2014 and 2014-2015.

The average annual population growth rate since 2007 for Scotland and the EU was 0.49 and 0.39 respectively, so at the moment we are meeting the targets that we set ourselves. What is in our mind now is how the longer term pans out and how the graph starts to look for us in the years between now and 2039.

At the moment, the figures would tend to indicate that on present trends we will have much more rapid growth in population in England than is foreseen in Scotland. For instance, by the year 2039, the figures we project for Scotland would be 5.7 million population in total, so a steady but relatively modest growth over the next few years.

**Q280 Chair:** Thank you. In the UK and in this House, we hear lots about population caps or immigration caps that are trying to put some sort of limit on the amounts of numbers that come to the United Kingdom. Is there any sort of optimum limit that you would suggest that Scotland should follow? Is such a proposal helpful if we are looking at population growth, which might start to get out of hand or might start to be a little bit concerning?

**Dr Allan:** I think this is probably where the two policies, or the two policy outlooks, on questions of immigration diverge in that Scotland is simply not in a position where we are thinking in terms of that kind of cap being put on people coming into the country. We do not find ourselves in that situation where that is a relevant question. The relevant question for us is how we grow the size of our economy and the size of our workforce and how we map our demographic trends. There really is not that strong impetus for us to start thinking in terms of caps.

**Q281 Ian Murray:** Minister, just a supplementary on that question. Is there any thinking from the Scottish Government's perspective, though, on what level of immigration is required and what level of immigration would, therefore, be unreasonable on the basis of a surplus of workforce



or a lack of housing supply or public services? Is there any work being done to model what that kind of migration would look like? If we had some of that kind of modelling, we would be able to determine what kinds of policies could be put in place to meet that demand.

**Dr Allan:** I understand and appreciate the point that you make, but we are so far from that situation in Scotland and the outlook is so much in the opposite direction. For instance, you mentioned public services and the pressure on them. In actual fact, in Scotland the real pressure for us is how we ensure that we have a workforce to run the public services and how, in particular with an ageing population, we can do that.

I do not want to pretend for a moment that the question you are asking is not an important one, but we are talking about having a 5.7 million population in 2039. We are simply not in a position to look at things in the way you suggest.

Q282 **Ian Murray:** Why are you not in a position to look at it in that way? We all agree that the population of Scotland must grow, because if you look at the life expectancy and the differentials between working population and non-working, to dependency ratio, which I am sure we will come on to later, there must be a figure that you need to come to to say that we need to have X migration to be sustainable.

Unemployment is what, 4.8%. The dependency ratio is slightly worse than it is in the rest of the United Kingdom. Net migration in the UK is 300,000. The current Government says that is too high. Is there any view that some of that modelling might be done for us to look at the numbers and determine what would be required in terms of local community support, infrastructure, those kinds of things, to give the workforce of the future that might be required?

**Dr Allan:** As I say, the issue about providing the workforce of the future is really having good migration. I come from a part of Scotland—and there are many parts of Scotland like this—where the question is a different one: how do we find the people to apply for the jobs that are advertised in our public services in many parts of Scotland?

The population growth, and predicted population growth, in Scotland has been much, much slower, on a much slower trajectory than the UK. The Scottish Government do not operate policy output that is based on a cap or a maximum figure. We are simply not in that territory at all.

Q283 **Ian Murray:** I am sorry to labour this point, Chair, but I do not think we are talking about a cap and saying either we should go up to that cap or not. The question is the kind of modelling that should be done that allows a policy to be put in place to try to meet some of that demand. Your constituency, Minister, is very different from mine. My unemployment rate is less than 1.5%, but we have real problems with P1 places, GP practices, housing. These issues are very, very difficult across the country, but to merely say we need more people to build the workforce of the future, without having any idea of how many that might be, seems to



me to be good in rhetorical terms but, in practice, the work needs to be done to be able to determine what is required and a quantity, a rough quantity, rather than just saying, "We won't have a cap".

**Dr Allan:** Certainly, the NRS stats do model future migration growth and certainly public bodies do make use of those projections. I am going to ask my colleague, Sarah, whether she has any available projections as to population growth and factors that might affect it in the coming years.

**Sarah Mohammed:** We model various scenarios. To make projections we use various assumptions. The assumptions are based on past trends and we project them forward. There are assumptions to do with migration, life expectancy and that kind of thing. As well as the principal projection, we produce several variants that have particular relevance to the other assumptions. For example, there might be a projection that just looks at natural change only, so zero migration, or if we have a very high migration. We look at the levels of uncertainty between those.

**Dr Allan:** I do not know if it is helpful, and I appreciate that I may be jumping ahead here and I appreciate you may have separate questions about the issue of the dependency ratio, but just to put this into some kind of context, in Scotland the pensioner dependency ratio is projected to rise from 31 in 2014 to 40 in 2039, which I think is even higher than that which is anticipated for the UK. This is the situation we find ourselves in. We do not have control, legislatively, over the issues around immigration. I hope today to give some indication of why we feel that there are things that are that are essential to our needs when it comes to immigration.

Q284 **Chair:** One thing we did secure in this Committee was pretty helpful and relevant evidence from some of the major local authorities who have done some sort of modelling for their own localities, which the Committee has also found useful. We will obviously make sure that that is seen and maybe pass it on to you, too, Minister, but I presume that you have probably already seen that.

Coming to different communities in Scotland, this Committee was fortunate enough to visit the Highlands and Islands. Unfortunately, not in your wonderful constituency, but we did visit the Isle of Skye. Myself, Ms Ferrier and Mr Law took evidence in Sabhal Mòr Ostaig from local businesses and some of the members of the community about some of these issues that we are discussing.

What we found in the Highlands is phenomenal population growth, growth that, if it does not match it, exceeds the rest of the United Kingdom. There seems to be something happening in the Highlands and Islands that has bucked this trend that we seem to be experiencing in the rest of Scotland.

You are an Island MSP. Are there any things that you have noted or detected that the Highlands and Islands of Scotland seem to be doing well that perhaps the rest of Scotland are not looking at and could learn



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from?

**Dr Allan:** I think you will have to be a bit more specific, a bit more granular. Of course, in a region like the Highlands and Islands, yes, you can see population growth. However, you can see a big, sharp contrast between other areas like Inverness or, indeed, some specific rural areas like the southern end of Skye where we are talking about, which has a college and media activity. It is a big contrast between that situation and between many, many other areas of rural Scotland, not least the one that I represent myself. It is difficult to point in many areas to that kind of population growth. It is probably a much more complicated picture than looking at it region by region.

Yes, you are absolutely right to say that there are many places in the Highlands and Islands that have this right in terms of their ability to attract younger people and provide good quality jobs, and they are making a great success of that.

Q285 **Chair:** It is also right that we had quite compelling evidence from the likes of Professor Jim Hunter, who described the situation as decades and decades of people leaving the Highlands and Islands and the efforts that were made by the Highlands and Islands Development Board in the 1960s and 1970s, which has helped motor the change and attract people to the area. We are wondering if there is a lesson there that could be learned from that type of activity and that type of intervention.

**Dr Allan:** There probably is in the sense that I am not any kind of expert on this, but my impression is that it is difficult to point to equivalent agencies in England to HIE, Highlands and Islands Enterprise, and Scottish Enterprise. Certainly, in the Highlands and Islands, as you point to, the role of Highlands and Islands Enterprise and, indeed, the role of European funding has been significant in ensuring that the infrastructure in many parts of Scotland has been improved dramatically. In the part of Scotland that I represent there were some villages that did not have any roads. I am sure you know the places I am talking about. Certainly, the combination of Scottish Government agencies or its predecessors, certainly HIE and certainly the European Union have been very important in making the infrastructure of these places much more attractive.

Probably, in the future, the thing that will determine the attractiveness of much of rural Scotland and keep our young population in rural Scotland will, of course, be our broadband connections. That is why the Scottish Government is working with others just now to make sure that in the course of this Parliament we have 100% superfast broadband coverage; otherwise, it would be very difficult indeed to persuade young people to live in some places in Scotland.

**Chair:** We really enjoyed our trip to Skye. I am pretty certain the Committee will be very keen to get to the Western Isles at some point in our proceedings. Hopefully, that is an ambition that will be met within the next couple of years.



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**Q286 Ian Murray:** Minister, you talked a little bit earlier on about demographic change and the ageing population in Scotland and the fact that Scotland has more older people than the rest of the UK. The Scottish Parliament's Finance Committee did a large inquiry on this back in 2003 and called for much more collaborative working between both Governments, UK and Scottish Government, to try to address this issue.

What does that look like in terms of that collaborative approach? What is it that the Scottish Government have been asking for? I suppose the third question to that is if there is any academic analysis being done by the NRS or the Scottish Government of what is a sustainable dependency ratio, particularly with older people.

**Dr Allan:** You are right to point to the differences that there are between the dependency ratios. Scotland's population is ageing faster than that of the UK as a whole and individuals are ageing faster. Scotland's median age is projected to rise from 41.9 years to 45.2 years by 2039, the median age obviously being the age at which half the population is younger and half the population is older. That compares with a rise to 42.9 years for the UK as a whole. There is something that is more pressing about the issue when it comes to the ageing demographic of Scotland's population, even compared to the UK.

Now, in terms of the co-operation that there is, certainly the Scottish Government and the UK Government co-operate on a whole range of things, such as in terms of economic development—I mentioned broadband just a second ago.

We would like to co-operate in some other areas. I mentioned the post-study work visa. I have recently been in touch a number of times with my counterpart in the UK Government, seeking to try to find a way through this that we can both agree on, which will allow universities in Scotland to benefit from international students. I certainly think that this would be a very clear demonstration of both Governments' commitment to ensure that people from around the world who come to universities in Scotland and in England would benefit the economy in the process.

**Q287 Mr Chope:** Good afternoon. I am sorry I was not here at the beginning, and I apologise if the question I am going to ask is one that has already been answered. Does the Scottish Government think that there is an optimum population level for Scotland?

**Dr Allan:** I was asked that very valiantly a number of times, but I have indicated that we simply are not in the position of looking to impose any such number because we are so far away from being in a secure position with regard to our population growth and our population demographic and future in Scotland. We recognise that at the moment we have modest growth, but 90% of it is down to migration rather than natural growth. So, no, the Scottish Government are not currently in a position or tempted to put some kind of cap or figure.

**Q288 Mr Chope:** So you are saying you have no policy in relation to how large



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or small the population of Scotland should be?

**Dr Allan:** As I was indicating I think just before you came in, Scotland has gone through 150 years or so where our chief concern was that the population had started to fall, we had a massive net export of people, we had an enormous amount of emigration, probably, with the exception of Ireland, more emigration than any country in Europe, and, one the back of that, we had economic problems in terms of our manufacturing base for many years after the war, which led us to the point where having any growth at all in our population was something of an anomaly.

Q289 **Mr Chope:** You talk about the history, but what I am trying to find out is what is the policy that you have now. Do you wish to increase the population of Scotland?

**Dr Allan:** Yes.

Q290 **Mr Chope:** You do. If you wish to increase the population of Scotland, why do you not do more to reduce, from about 40,000 a year, the number of people who are leaving Scotland to come to the rest of the United Kingdom?

**Dr Allan:** Obviously, we want the economic opportunities for everyone in Scotland. That certainly goes for people growing up in Scotland. We have provided, for instance, a big increase in the number of apprenticeships. We have some of the world's finest universities. We do a great deal to ensure that the opportunities are there for everyone in Scotland. But with the best will in the world, given the demographic and given the situation I have just described, and given the fact that 90% or more of our very modest population growth is coming from migration, we have to be open to the idea of more people coming to our country, and we certainly are. Certainly, more people at the moment are coming to Scotland from the rest of the UK than leave for the rest of the UK. So, while what you are saying is certainly true, it is not the case that there is one-way traffic.

Q291 **Mr Chope:** Quite. One thing that you could probably influence is as a Government to try to reduce the number of people who are currently in Scotland who are seeking to leave Scotland to go to the rest of the United Kingdom. If that is your policy, would one of the elements of that policy be making sure that Scotland's tax rates are competitive with those in the rest of the United Kingdom?

**Dr Allan:** First, there is still freedom of movement and obviously we cannot tell people that they are not allowed to leave Scotland and we would not want to be in that position. I understand the point you are making about tax competitiveness. It is really only one of the factors, I have to say, that influences all this. The point I just made is that there are more people coming from the rest of the UK to Scotland than vice versa, so we must be doing something right.

Q292 **Mr Chope:** Finishing off this point, you say you are doing something right, but are you not rather complacent? If 40,000 people a year are



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leaving Scotland to go to the rest of the United Kingdom, you could surely reduce that number. I know people directly myself who have left Scotland because they are terrified of the impact of the Scottish policies relating to taxation and inheritance tax.

**Dr Allan:** I think the proportion of the population who lie awake at night worrying about inheritance tax is probably rather smaller than the proportion of the population who are concerned about things like jobs and apprenticeships and places at university, and that is where the focus of the Scottish Government has been in providing all of those things.

Q293 **Mr Chope:** Finishing this off, have you done any analysis of why 40,000 people a year are leaving Scotland in order to go to the rest of the United Kingdom?

**Dr Allan:** Our enterprise agency, our universities and others are all doing analysis of this. Obviously, some people who leave will be people who are leaving to study. Some people will be leaving to take up a job offer after university. There will be all sorts of reasons, and certainly the universities and our enterprise agencies do look at those and collate the data and, indeed, records are always made of all sorts of information from the census and all sorts of stuff as well.

Q294 **Chair:** Just before you bring in your official, when we came to Edinburgh and spoke to National Records, there does seem to be a trend that suggests what Mr Chope says, namely that there is a real issue here. We do seem to attract young people to Scotland through our world-class universities, as you described, but the problem is that once they have been through university, people tend to drift away from Scotland. This was picked up in some of the factors and the trajectories that were done by National Records. Do you have a view about why that might be the case? Headquartering in London, the lure of London, a major international city on our doorstep?

**Dr Allan:** There is something certainly in that and I appreciate the point that Mr Chope is making in the sense that, looking at the figures, the peak age for migration into Scotland from the UK is 19, which does suggest people who are coming to university or perhaps taking up a first job, but more likely coming to university or college. The peak age for migration into Scotland from overseas is 23.

People in Scotland feeling that there are opportunities for jobs is the central thing. On the point raised by Mr Chope, although I do not think that this has much to do with inheritance tax or the threat of inheritance tax, I do not dismiss the importance of the figures that he has cited. We have to work as a Government, as a society in Scotland, to make sure that people feel that they have the opportunities to get jobs when they leave university and that they understand what the opportunities are. Certainly, the Government work very hard on that. I was really just pointing to the fact that we are in a healthier position than we have been at some points in the past.



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**Q295 Margaret Ferrier:** Minister, I would like to come back to the question of the dependency ratio, and we all know it is higher in Scotland than in the UK. That takes into account those under 16 and of a state pension age—I was going to say 65 but we know that that has now changed. In fact, women born in the early 1950s are being punished by the UK Government for working all their lives and now may find themselves having to continue working until 66 and 67. Many of these women are in ill health themselves and have other caring responsibilities for elderly parents.

We have also heard criticism by some witnesses, like Age Scotland, who say that those of state pension age, although not working any longer, do contribute with childcare, caring responsibilities for elderly parents and volunteering. We have heard that some of the witnesses have suggested that the Government should provide incentives for people to remain in employment beyond the point where they can draw their state pension, and that may work for some but not for everyone. Is this something that the Scottish Government believe would benefit Scotland?

**Dr Allan:** I think what we have always said as a Government is that we probably have to do more to remove the barriers to older people taking part in the workplace. It is not so much about incentivising them. We certainly recognise some of the problems that you just outlined that many older people, especially older women, have in being in the workplace in the sense that the duty of carer can fall disproportionately on women.

In terms of incentives for people to stay in employment beyond pension age, of course, many people do not need an incentive. I think it is important to point to the fact that the lower-income pensioner households are the ones who face not just perhaps caring responsibilities, but disproportionately face severe and longer term health issues. These form part of a long-standing challenge that has existed for Governments of all political colours in Scotland, which we have been working to try to address. There are many groups of working pensioners who, when we consider their caring responsibilities and perhaps their health problems, are overemployed, so I do not want to minimise the pressures that they face.

**Q296 Margaret Ferrier:** Thank you, Minister. We have also heard about life expectancy, and we all know that life expectancy is lower in Scotland than the rest of the UK. In fact, in certain council authorities within Scotland there is a massive difference between health inequality and the respective male and female life expectancy. Look at the difference between East Dunbartonshire, which has quite a high life expectancy, compared to, say, that recorded for the east of Glasgow itself. Do you believe that the Scottish Government should have the powers to set the pension age? Should it be devolved to Scotland? What really are the benefits of a UK-wide pension system?



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**Dr Allan:** You will not be too surprised to hear that I think it would be helpful if some of these decisions, or all these decisions rather, were taken in Scotland. We have not, as a Government, challenged the move to 66 as a pension age. We do recognise that, despite the problems you have just outlined, life expectancy has been increasing. We are concerned about the rapid move to 67 for some of the reasons that I have mentioned. We have certainly expressed our concern about the very rapid move towards acceptance of that age.

I think what you are pointing to is a long-standing problem that we accept is certainly a troubling one in Scotland, which is the very significant differential, roughly 12.5 years, between life expectancy for a male in the least deprived communities in Scotland and the most deprived communities in Scotland. There are lots of factors for that and you could point to some of the interventions that can work. Obviously, some of the things within the responsibility of the Scottish Government just now are levers that we use to try to address these problems through the health service, through social services, through the work of local authorities, through the way that we deal with public services for older people in the community.

Many of them, however, are, of course, issues that are not currently within our power. I mention that because a lot of the factors that affect life expectancy are, in fact, things to do with deprivation, income and, crucially for many people in Scotland that means the reforms that were put in place to the benefit system. We do have concerns about the direction of benefit reform. I am not going to try to extrapolate from that an impact on life expectancy. I am not in a position to do that. However, I do feel that for many of the communities I have mentioned, which have the lowest life expectancy, the benefits reforms have been far from helpful.

Q297 **Chair:** One of the most striking observations that this Committee secured was evidence from Professor David Bell, and he gives this example. I would like your views on this, given that the Scottish Government have responsibilities for health issues. He gets on the train at Jordanhill to go to Bridgeton. When he boards the train at Jordanhill the life expectancy for males is 75.8 years; when he gets off it at Bridgeton it is down to 61.9. That is just one train journey in one city in Scotland. Surely we should be doing something to address some of these disparities in life expectancy.

The Scottish Government have significant levers, particularly when it comes to health policy and issues. Is there anything further that you think we should be doing to address some of these great discrepancies that we see? I know this is observed right across the UK but that was a very acute example that was given to this Committee.

**Dr Allan:** Yes, and it is true to say that in Glasgow and the rest of Scotland some of these discrepancies are almost street to street or certainly from community to community over very small areas. We as a



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Government certainly do not accept that this is in any way something to regard as inevitable. We accept that we have responsibilities in many, many areas of Government and we try to use all the levers that are available to us. Often, though, there is a connection between the income of a community, the household income of a community, and the life expectancy. That is why, just as much as it is important to address issues of the provision of health services, it is also important to ensure that there is a thriving economy that provides jobs. Of course, just as benefits are reserved to the UK Government, many of levers of economic regeneration are as well.

It is another example where the two Governments have responsibilities in the one area. The two Governments do seem to work together, but it would be remiss of me not to say there is a very, very direct connection between household income and the health and life expectancy of the members of these communities.

**Q298 Ian Murray:** I will not flippantly say, Minister, that you seem to be blaming the UK Government for everything and not taking any responsibility for any of the levers that the Scottish Government might have.

**Dr Allan:** That is exactly what I didn't say.

**Ian Murray:** I would not be flippant enough to say that, so I will move on to my question.

You probably addressed this to a slight degree with Mr Chope, but it is quite clear that young people in particular do go into Scotland and then move. You touched a little bit on the reasons why that might be the case, but what can we do about making sure that when young people do come to Scotland they stay? There may be a view that that applies to young people in particular, but if you look across the pattern of migration, people come into Scotland and then move, so how would you deal with a different migration legislative framework in Scotland as opposed to other parts of the United Kingdom that may allow people to migrate?

They have a real problem in Quebec, as an example, where they can design their own immigration system for their own workforce needs, but that runs out after a period of time and then people can live anywhere else in Canada. There is an issue about having to deal with that and that is something I hope you are able to discuss with the UK Government. What is the main driver for people deciding to move?

**Dr Allan:** The main driver for people deciding to move to Scotland would probably be the economic opportunities that we are able to provide people in Scotland. I mentioned the choices that people make when they decide to come to Scotland.

Certainly, we obviously want as many people as possible to stay in Scotland and remain part of our community. I would not be making this plea for people to come to Scotland, for people to make their homes in Scotland, without the wish that as many of them as possible would seek



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to make their long-term homes here. A lot of that is to do with the choices that they make about the economic opportunities that are available here.

Q299 **Chair:** Just a brief question about making Scotland an attractive place, the assistance that Scotland can get in terms of securing—

**Dr Allan:** I am afraid I am not hearing.

**Chair:** You are not hearing me at all. Just give us two minutes to see if we can resolve the sound difficulty.

We were looking at things that the UK Government can do and does do to try to assist Scotland in terms of its migration issues, and we do have the Migration Advisory Council. There is a separate list, a Scottish list, about some professions and careers that are included in that, in the Scottish list as opposed to the English one. Are you familiar with what is on that and do you find that has been a useful intervention? We know the lists are created for those who are allowed to come into the UK. Is there more that could be done to assist Scotland in trying to address some of the skill shortages that we seem to have?

**Dr Allan:** I think it has been useful up to a point. Again, it is another example where we can co-operate. In terms of some of the detail, I think we would probably be a bit more ambitious in terms of the number of professions that have been listed there. Scotland does have quite a number of skills shortages. For instance, in our digital sector, computing sector, it is simply not possible for us to fill the skill shortage without migration, without people coming in from other places. I will ask Nikola to come in on that, but the answer is yes, it has been helpful but only up to a point.

**Nikola Plunkett:** Yes. Mostly what appears on the Scottish job profession list are jobs related to health, and that has been great for the NHS in Scotland in terms of addressing skill shortages in the health sector. Unfortunately, I know from speaking to stakeholders, particularly in the digital sector, as the Minister explained, there has been a great deal of disappointment. Those stakeholders feel that they have put forward very good cases to the Migration Advisory Committee as to why more jobs should be on the shortage occupation list in Scotland and that that evidence has not been used to put those vacancies on.

Q300 **Chair:** I remember fish processing seemed to be on it for a while. I do not even know if that is still there or whether that is something we lack in Scotland.

**Nikola Plunkett:** I think there was a concession for fish processing but I am not sure if it is there now.

**Chair:** Maybe I just imagined it. Anyway, thank you for that.

**Dr Allan:** Certainly, as I say, it has been helpful up to a point, but in a way it brings me back to some of the things we were talking about, about



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the post-study work visa. There are certain sectors that we cannot fill without people coming in from other places. The post-study work visa was a very good way of bringing in very, very highly skilled people who then have stayed in the country. But, yes, the list you are talking about is helpful up to a point.

**Q301 Margaret Ferrier:** Minister, you mentioned the post-study work visa a number of times and we have taken lots of evidence over many sessions about it. We have just heard that the Home Office has set up some sort of two-year scheme, which takes in universities from Bath, Cambridge, Oxford and London, but there were no discussions, I believe, with Scottish Ministers on this scheme. Obviously, it falls short of the full post-study work scheme but surely we should have been asked about that and involved in it.

**Dr Allan:** Yes, it would have been nice to have been asked about it. It would have been helpful. It would certainly have been helpful to see a wider number of universities involved. The inclusion of some of the Scottish universities would have been good.

We certainly made it very clear that the current situation is not adequate for Scotland's needs. Our universities are crying out to take on international students, and they are united as a sector. I do not think I have ever seen a sector as united about this subject, and it is not just the university sector but local business and local government. They all say with one voice that the post-study work visa scheme is a very, very helpful way of not just boosting the activity, research and intellectual ability of our universities, but bringing young talented people into Scotland who want to contribute and work in their jobs and pay taxes and develop our economy. Certainly, it has been very unhelpful that that has come to an end.

Calls for its reintroduction have been backed by more than 60 businesses and by a post-study working group set up by Ministers earlier on. Certainly, there has also been cross-party support for this in terms of the Scottish Parliament. The report that came out of that work has made recommendations for the reintroduction of a post-study work visa. We have done a lot of work on this. We think again we have sought to be helpful, proactive and reasonable about this. I am still waiting for replies to various correspondence, as I said, we have been sending to the UK Government about this. To date, I have to say the response of the Secretary of State for Scotland, while courteous, has not got us very far. I have to put on record the frustration of the universities as well.

**Q302 Deidre Brock:** Further to that, Minister, countries around the world appear to be able to accommodate more flexible arrangements within their borders for immigration. I am thinking of Canada, for example, within its provinces and territories, and Australia within its states. What are the main arguments against such arrangements that are coming from the UK Government towards Scotland, you as Minister or other officials?



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**Dr Allan:** The main argument that is put forward is simply this is a reserved matter under the 1998 Scotland Act and it is not up for negotiation.

**Deidre Brock:** I see. That is it?

**Dr Allan:** That is the main argument that was put to me and certainly that was put to the Scottish Government. There is a political aspect to the subject.

Q303 **Deidre Brock:** Despite the fact that this appears common practice in other countries around the world, it is not something the UK Government are prepared to countenance?

**Dr Allan:** As I say, we try to keep up a dialogue about these things and it is really helpful for London to listen to this. I am more than happy to make the argument, but so far I think it would be fair to say that there are differential policies throughout the UK on immigration, despite the powerful arguments not just from the Scottish Government but from many people in the Scottish economy for those differences to be recognised. It is a matter of what we need as a population. I am sorry that some may feel that I am just being a pessimist but sometimes one has to be.

Q304 **Deidre Brock:** Again further to that, the new unemployment figures suggest that Scotland now has a lower unemployment rate than the rest of the UK, which is great news. Does that indicate that the skills gap that some employers have complained of might get worse? Therefore, wouldn't freedom of movement from Europe, in other words more EU citizens being able to come here looking for work, be helpful in overcoming such a skills gap?

**Dr Allan:** I did not catch the first part of your question because the sound went, but I think you were asking about whether freedom of movement with Europe would be helpful to address some of the Scottish skills gap.

**Deidre Brock:** Yes, potentially, that some employers are commenting on.

**Dr Allan:** It will not come as a great surprise to know that the Scottish Government are in favour of freedom of movement of people around Europe. I certainly would be concerned at the tone of some of the debate that is taking place just now, some of which suggests somehow you can be in the single market but not have free movement for people. The two things kind of go together and certainly the Scottish Government are concerned to ensure that we continue to have access to both. It certainly does not make it easier for us to fill the skill shortages in the economy if we do not have that freedom of movement.

Q305 **Deidre Brock:** Scotland—and I am very proud of this and I am sure you are as well—has accepted more refugees than any other part of the UK.



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Could I ask how the Scottish Government decides where they should be settled within Scotland and how you come to those decisions?

**Dr Allan:** We have been very pleased to do our bit in accepting and providing services for refugees, particularly the refugees from Syria. I think around 38% of those settled in the UK have been settled in Scotland. The way we are doing it is to ensure that we have a system that allows local authorities, councils, to come forward and volunteer. We are trying to work both with councils and with the Home Office to try to make sure that there is a buy-in from local authorities and that they have a good relationship with the Home Office about this.

I think there is a very general understanding—I won't say a universal understanding but a general understanding—in Scotland about the fact that these are some of the most desperate people in Europe and that we have some kind of duty to be helpful to them in finding a home for them and their families. Of course, that is easy enough to say but it involves co-operation between councils, the Scottish Government and the Home Office. We are working very hard to make sure that the services are there, whether it is English language opportunities, whether it is access to information about the world of work, or just generally more at that community level. It is no easy task, but I am very proud of the fact that Scotland is playing its part in it.

Q306 **Deidre Brock:** Yes, indeed. Just finally, Minister, I think it is probably no secret that the Scottish Government would like to see an ability to set its own immigration policies. You have mentioned the post-study work visa. What do you think the Government would do differently if you had those levers under your control? Can you outline some of the main areas?

**Dr Allan:** The drive of immigration policy in the UK for some years now has been a crude attempt to address migration, but that simply does not form part of our thinking. We are not saying that circumstances will always be the same. At the moment, circumstances are such we need a specific kind of approach for two reasons, including as I say, to meet our target of matching the EU-15 in terms of growth. Because of the demographic reasons working in Scotland and elsewhere, we would like to have a migration policy that was tailored around that. Also, we would like it to be anchored within a European context, which is something that the Scottish Government has talked about a great deal. It should also operate within the concepts like the European Convention on Human Rights. But all of that seems up for discussion now.

Q307 **Mr Chope:** On that point, as you know, there is a big discussion taking place in the UK Government on what arrangements to make post-Brexit for visas and for migration policy. One of the options was to introduce a points-based system. We have had evidence in this Committee that a points-based system in, for example, Australia enables particular states in Australia to have their needs tailored for them in that points-based system. Using that as a precedent, have the Scottish Government been putting pressure on the UK Government to introduce a points-based



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system that could incorporate a special arrangement for Scotland according to Scotland's needs similar to that which exists in Australia?

**Dr Allan:** I do not wish to offer any comment about the Australian system in terms of its operation there. I think the difficulty with trying to wholesale import that here is that we are, certainly as a Government in Scotland, committed to the idea of freedom of movement of people within Europe. In our opinion that is implicitly involved in the idea of membership of a single market. For that reason, I do not think it is our goal of trying to create some new and more restrictive system of immigration, certainly when it comes to EU citizens. We want to see freedom of movement of citizens within the EU because we cannot see a way of separating that from membership of a single market.

Q308 **Mr Chope:** Pursuing that narrow policy objective, are you not really cutting off your nose to spite your face? We have the opportunity, post-Brexit, of having a global migration policy that covers migrants from all over the rest of the world and if we adopted a system similar to that in Australia, that system could be tailored to meet the needs of Scotland on a points-based system with differential points for Scotland. Why are you rejecting even discussing such a concept? Is it because you are just obsessed with this idea of remaining in the European Union despite the vote of the United Kingdom people?

**Dr Allan:** First, I do not really recall the tone of the Brexit and the Leave campaign being about embracing ever wider numbers of people from other countries. I do not remember that being central to the debate. More importantly and more with regards to the future, I do not want to repeat myself here, but we do see as a Government advantages in freedom of movement of people and the single market. We really do believe that Scotland certainly has benefited from being open to people, whether they are students, whether it is people who have just graduated, whether it is people who come from other countries to fill gaps in our market in terms of our skill shortages or the areas of the economy that we cannot find people to work in. We think it has been very significantly beneficial for Scotland and we do not believe that it is possible to separate membership of the single market from the existence of freedom of movement of people within Europe. For that reason, we do not intend trying to come up with a system that is still more restrictive on the rights of people to move freely.

Q309 **Chris Law:** I just want to come in briefly on what was just added there about the Australian points-based system because we have already heard from the UK Government in the last week that that is too lax; in fact, it is not restrictive enough. I want to take on that point because I am looking at the impact of Brexit particularly on businesses in Scotland. We are told there are a number of skill gaps that need to be filled in. I wanted to know whether the Scottish Government has done any work so far on the impact of leaving the EU on migration to Scotland and also Scotland's population growth.



**Dr Allan:** Yes, we are beginning to try to put together that work. It is made more difficult by the discussions about the form and nature of Brexit, to which Mr Chope referred. Certainly, discussions is one part of it. At the moment, the shape of Brexit continues to be shrouded in mystery, but despite all that we are trying to put together some kind of assessment of what this will mean for us or likely to mean for us.

A lot of the answer to that question depends—and I come back to this point again—whether the form of Brexit we are looking at is a hard Brexit that involves leaving the single market and, indeed, abandoning the free movement of people. The First Minister has appointed an outstanding council of experts, who are presently supplying a source of information to the Scottish Government to try to look at what the scenarios might look like and, indeed, the responses that the Scottish Parliament might make to them.

As I say, that might sound vague but the reason for that is because, as members will be familiar, we really have virtually nothing more than what the UK's stated intentions are with regard to how and when Brexit might happen. But we are, I hope, being responsible in planning for all scenarios, and certainly we will work with the UK Government once they can tell us what their intentions are.

Q310 **Chris Law:** How serious do you see it if, for example, it is a hard Brexit? I know we do not have details yet, but how big a negative impact would that be on Scotland in particular and its economy and the businesses in Scotland?

**Dr Allan:** For instance, we have to recognise the fact that there are many people in Scotland who, from a personal point of view, may be anxious about the scenario you are talking about. We have 180,000 people within Scotland from other European countries who are currently maybe concerned about what all this means for them and their families and who are already, in many cases, beginning to find it difficult to get mortgages. We do not want to find ourselves in a situation where people from European countries feel that movement to here is difficult. For that reason, the First Minister and the Government are repeating again and again the Scottish Government's commitment to the position that we welcome people from other European countries and we want them to stay. That is the first difficulty I can foresee if this question of Brexit is not resolved.

This also, of course, ties into the wider policy position of the Scottish Government itself, which is that we want to stay within the EU and that we will look to every possible scenario with the Council and with Parliament. We are trying to seek as much consensus as we can. There is a debate at present taking place in the Scottish Parliament about some of these very issues just now. We start off from the position that we want to stay in the European Union and that is the reason why, to use the First Minister's words, issues like a referendum remain on the table.



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But we do not start from there. The starting position is that we will do everything we humanly can to find a solution that will carry support across the political spectrum, but obviously if we get to the stage where the UK Government do not recognise these matters, do not recognise how Scotland feels, do not recognise the importance of the European connection to our economy, we have to make sure there are other options on the table, too.

**Q311 Chris Law:** Thank you. I just want to turn attention slightly to funding for Scotland. Obviously, Scotland now has powers in terms of tax raising and welfare obligations. Of course, that both gives risks as well as some flexibility. I wanted to know how population growth is likely to affect future funding arrangements for Scotland.

**Dr Allan:** The Barnett formula is, of course, part of the block grant and the calculation is based on population growth, so certainly the Barnett element of the block grant depends on relative population growth in Scotland and England. Scotland's block grant adjustment will be protected from the effects of relative population change in Scotland and the rest of the UK until March 2022. That is, obviously, something that the Scottish Parliament argued very strongly for and got assurances on. That arrangement will be reviewed following the UK and Scottish Parliament elections in 2020 and 2021 respectively.

The Scottish Government obviously believe that the Barnett formula should continue to be applied within the fiscal framework that surrounds the new powers of the Scottish Parliament, but certainly we would want to make sure for many reasons, the reasons that I have outlined, that our population continues to grow. The other thing is, of course, if our population were to grow more slowly than the rest of the UK, then certainly that would have a direct impact.

**Q312 Chair:** I am glad you came to that. We are just finishing the session, Minister, so we do not have much time to explore this in depth. You might be able to help us with further written evidence. One of the reasons that we decided to conduct this inquiry was it was almost like a challenge during our inquiry into a fiscal framework for Scotland to grow its population. It was stressed to us again and again how critical population is when it comes to economic growth and any emerging gap between Scotland and the United Kingdom. We have touched on things like immigration, welfare powers and economic activity. Do you feel, as a Scottish Government, that you have the necessary tools to meet that challenge to grow our population to ensure that we do not fall further behind from the rest of the United Kingdom in critical areas like population? If you feel that we do not have sufficient levers, what more do you think we would need in order just to ensure that we keep pace with the rest of the UK when it comes to population?

**Dr Allan:** As ever with the mechanics of government in Scotland, we have some of the levers given to us and we take responsibility for those levers and we use them, whether those are to do with the agencies that



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we have for economic development, our responsibility for the health service and education and what they can do to ensure an educated and healthy population who are able to take up the available opportunities.

However, I make no apology for saying that some of the levers available to us, whether those are to do with many areas of tax, welfare or, indeed, crucially for our discussion today, whether they are to do with immigration policy, do not lie with the Scottish Government. We will work with the UK Government to try to get the best deal we can, but we would rather, of course, it will not surprise you, to have those levers in Scottish control.

**Chair:** Minister, we are very grateful for your time. I know you have voting, et cetera, to attend to now, but if there is anything further that you observe in the course of this inquiry that you feel needs to be addressed or you could help us further with, please give us any further evidence. We are very grateful for your and your officials' attendance this afternoon. Thank you very much.