

Scottish Affairs Committee

Oral evidence: Immigration and Scotland, HC 488

Monday 18 December 2017, Edinburgh

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[Watch the meeting](#)

Members present: Pete Wishart (Chair); Deidre Brock; David Duguid; Ged Killen; John Lamont; Paul Masterton; Danielle Rowley; Tommy Sheppard; Ross Thomson.

Questions 101-209

Witnesses

[I](#): Mike Park, Chief Executive Officer, Scottish White Fish Producers Association, and David Thomson, Chief Executive Officer, Food and Drink Federation Scotland.

[II](#): Shirley Rogers, Director of Health Workforce and Strategic Change, Scottish Government and Dr Donald Macaskill, Chief Executive, Scottish Care.

[III](#): Willie Macleod, Executive Director for Scotland, British Hospitality Association, and Marc Crothall, Chief Executive, Scottish Tourism Alliance.

Examination of witnesses

Witnesses: Mike Park and David Thomson.

Q101 **Chair:** Welcome to you once again, gentlemen, and thank you for joining the Scottish Affairs Committee and our inquiry into immigration in Scotland. We are very grateful to the Edinburgh Centre for Carbon Innovation for hosting this session today. Would you like to make a brief opening statement to the Committee? We will start with you, Mr Park. For the record, please tell us who you are and what organisation you represent.

Mike Park: My name is Michael Park and I am Chief Executive of the Scottish White Fish Producers Association, an association that represents the bulk of the UK fishing industry. Our vessels range from small to large offshore to inshore and we are very much involved in the political arena, which currently includes the Brexit arena.

David Thomson: I am David Thomson. I am Chief Executive of the Food and Drink Federation Scotland. We are a trade association for food manufacturers. We are a part of the UK FDF but in Scotland we have our own board and team, and obviously our interests are in food and soft drink manufacturing. Brexit is of critical concern to that industry.

Q102 **Chair:** I am grateful to both of you for that. Thank you. This is the first of our sessions on immigration with some of the sectoral interests. I will start with a general question. Can you tell us how important migrant labour is to both your sectors and how dependent and reliant your sectors are on the ability to recruit migrant labour?

David Thomson: It is of enormous importance. In food and drink manufacturing alone we estimate around 30% of all labour comes from the European Union, outside of the UK. Obviously that is a significant concern and, in Scotland that is around 30,000 to 40,000 at least in manufacturing alone. There are also significant issues in other sectors, including farming, fishing and retail. Migration from the EU is fundamental to the food and drink industry.

Mike Park: Our interest in this is significantly different in that the catching sector is primarily dependent on non-EU crew. There are about 1,200 foreign workers in the industry, 800 of whom are from the Philippines, Indonesia and Sri Lanka. Onshore processors are slightly different. They depend on EEA workers. There are about 5,000 fish processors in Scotland and that is 70% dependent on EEA workers. You can understand that the catching sector of the fishing industry is not big. We employ about 0.2% of the total employable people in Scotland. We are not big but it is a sector that very much props up the coastal communities so, for us, it is a very significant issue.

Q103 **Chair:** Is there any particular reason why both your sectors are so reliant on migrant labour? Is it particular skills they bring or is it difficulty in recruiting among the native population? What is behind this?

Mike Park: With the catching sector, which I represent, it goes way back to the 1990s with the collapse of the stocks and then production of the precautionary principle by the Commission, which sought at that time to try to rebuild stocks. Opportunities for the fleet declined and, as a result, profitability and revenue declined, and men saw fishing as not the first choice of profession. We had decommissioning schemes in 2001 and 2003, which removed a significant number of vessels from the sector. We saw a wholehearted shift to the oil industry. Where I come from up in the north-east of Scotland, the oil industry was booming. There were good job prospects, great holidays, better conditions, promotions, all the things that our sector could not necessarily do at that time, and there was a significant shift from fishing to oil and other industries.

We have fought hard to try to recover that position and this last year is the best year for the profitability of the fleet and the revenue streams. My own organisation has put 32 young entrants through training and we have retained 31. That is the first significant retention we have had for a long, long time. In years prior to that we were putting through 25 to 30 and retaining one or two, because obviously they did not see their future prospects as being in that sector.

Q104 **Chair:** I am looking at some of the figures here and we have seen that you got 19.3% from non-EEA countries. Could you tell us a little bit about where these people come from and what attracts them to come all the way to Scotland and work in beautiful areas, like Mr Duguid's? What is the motivating factor and feature for these people to come here?

David Duguid: Perhaps answered.

Mike Park: Yes, I can tell you. Originally when we had to move to a foreign crew or non-UK crew, it was the eastern European sector that tended to fill the gap. As they came across and saw how difficult the sector was to work in, they gravitated towards onshore employment, which meant that we had to look for something else. The skillset that fishermen from the Philippines, Indonesia, and Sri Lanka bring is quite unique. It is not unlike our own fishermen in the north-east of Scotland.

Chair: The Philippines is like Banff and Buchan then?

Mike Park: We are talking about skillsets not culture. The skillset that they bring is very much the same as the skillset of Scottish fishermen. My own organisation has two trips a year across to Sri Lanka, Indonesia and the Philippines to visit the families to make sure that they are satisfied and to make sure, also, that the agents filter out so that we do get that necessary skillset.

Q105 **Chair:** The same question to you, Mr Thomson: why is your sector so reliant on migrant labour?

David Thomson: It is about a huge range of issues and, as Mike has said, some of it is about geography. Food and drink manufacturing is very prevalent in the north-east of Scotland and it suffers the same pressures from the oil industry and others. Part of it is to do with different employment opportunities now. In Moray you can easily see the impact of

the development of supermarkets and others that offer a different type of job to people than was the case 20 or so years ago.

You also have differences in skills. The organisations that I represent are crying out for engineering skills but also food science and technology skills, new product development skills. Those are not as readily available in Scotland as perhaps they should be and so there is an area there. Also, there is an element where food and drink manufacturing in the industry is not seen as the most attractive of places to work. That is one of the things that we work very hard on, with money from Skills Development Scotland, to promote the sector with our A Future in Food campaign, but it is a hard job and you have to convince teachers and parents that there is a great career in the industry.

Q106 David Duguid: Mr Park, this question is specifically to you about fishing. Your written submission states that, "The use of migrant workers to supplement crew on vessels in the Scottish fleet is a short/medium term measure". Do you think that in the long term it will be possible for the Scottish fleet to get back to a full local workforce? How long do you think that might take and what needs to be done in the meantime to make that happen?

Mike Park: Our aspirations are that in the medium to long term we can basically fill the Scottish fishing industry with home crew. That is dependent on conditions. We are satisfying some of those requirements now with new vessel builds over a three-year period. We will probably build 40 new vessels, which have silly things like internet and Sky aboard them. Accessibility to Wi-Fi and other things is almost a determining factor on whether a young person takes a job nowadays.

As I mentioned previously, in the past lack of revenue, opportunities and wages in the sector has led to a downturn in employment. Fishing is one of the last hunting occupations and our fishermen are paid on a share wage structure. That is good when you are making loads of money and there are loads of opportunities, not so good as at the turn of the century, the 1990s. I fished for 30 years and I had my own two boats and employed 16 people, so I went through that sort of era. Wages were declining 10% to 20% year on year and that meant that everybody was moving away from the sector. Now the fishing industry is on parity with the oil sector, and in some cases above the oil sector, with rewards. We hope to see that gradually increase over the next two to three years.

The new entrants we were used to getting in the industry were from the coastal communities. You will have seen in the submission that we get very few people from cities, away from the coastline. As they see this profitable industry taking place in the harbours and the shores they want to be a part of it. It is about hearsay at school. Until recently we were putting careers people into the schools and we had no young people coming to the table because the parents were saying to them, "This is not a profession for you". Now we are seeing a change because they see revenue, professionalism, investment and enthusiasm. As I say, we had 31 new entrants this year. For us, that is just the start.

Q107 **David Duguid:** Obviously it is a generational thing. If you are saying young kids nowadays are getting back into the idea that fishing is a career for them, how long do you think it would take to get back to a full local workforce?

Mike Park: To be honest, for self-sufficiency probably about 10 years. What we are failing to factor in there is that the pool of people that we can draw from now is significantly smaller than it was in the 1980s. The number of people going on to secondary education then was significantly smaller than it is now. The number of people willing to take a job where they get their hands dirty is significantly smaller than it was. The emphasis in trying to extract more out of that pool is evident to us. How we go about that and how we deliver it I guess is the challenge, but the 31 this year is an initial sign that things are starting to recover.

Q108 **Chair:** Is the 31 new crew or is it new vessels that are being built?

Mike Park: No. Over a three-year period we will build about 40 vessels, which is an investment of between £250 million and £300 million, but this year we have brought in 31 new entrants. My own organisation funds them to come in. They put them through the full basic courses and get them on vessels. They have to be sponsored by a skipper. We then have a follow-up assessment of whether these young men are still aboard the boat they started on. If they are not, where are they now? What was the reason for shifting? We create an analysis of the incentives for them doing whatever they do.

Q109 **Tommy Sheppard:** You think that within 10 years you might have a mainly local workforce of the people at sea?

Mike Park: Yes.

Q110 **Tommy Sheppard:** What are the trends for the onshore part of the industry in manufacturing? Do you think you might see a more local workforce 10 years from now than you have? If not, what do you think the implications are for tighter migration in that sector?

Mike Park: I do not represent the onshore sector but they are currently 70% dependent on an EEA workforce. I think they are having difficulty getting people in to do filleting, for instance. Fish filleting is quite a high paid job, as are other jobs within the processing sector, but I know they are having difficulty recruiting into that sector. I am not so knowledgeable about how that will change. I do not know the processes they are putting in place to try to solve that problem. I do know that up in the north-east they are trying to build a centre to draw people in to fill the sort of voids that they see coming, if indeed they do come. They have a different problem to ours. They can currently get access to labour, although that may change. We have difficulty, certainly within the 12 miles, getting access to labour and that may change going forward as well.

Q111 **Paul Masterton:** Good morning, panel. In the UK we have a bit of a two-tier structure to immigration, whereby EU citizens are largely unrestricted in their ability to come to Scotland to work but non-EU citizens are

heavily restricted. How well would you say the current arrangements meet the needs of businesses within your particular sectors?

David Thomson: It obviously works very well for us. That is why in different parts of the sector sometimes we have up to 70%, 80%, 90% European Union. Most of the workers in the processing sector come from the European Union rather than other parts of the world. It is easy, people can see the opportunities in doing it and they have an economic reason to come to the UK to do it. That system works very well for us. The answer is in the numbers.

Looking forward, there will have to be a new migration system of some sort. From the point of view of food and drink manufacturers, who are employing tens of thousands of people across the UK, potentially from outwith the UK, it has to be easy and simple for both the person and the company to do that. I am not sure that the current restrictions on the rest of the world are going to be fit for purpose for the food and drink industry.

Mike Park: It does not work well at all for us. There was the tier 3 that was set to be introduced but then was not introduced because the Government thought there would be enough low-skilled workers within the EU to satisfy our demands. That was withdrawn, which leaves us in a bit of a hiatus. We can get workers in now if the vessels operate wholly or mainly outside 12 miles. Currently, we can't get non-EEA workers into vessels that operate within 12 miles. As you will see in the map I put in the submission, almost the entire west coast is within the 12 miles. We have a section of the fleet that cannot get access to non-EEA crew at all and they have difficulty getting access to EEA crew because they don't want to work.

Going forward, the catching sector would need something bespoke that satisfies our needs. We are not a big sector and it could be ring-fenced with security around it, but we do need something that is significantly different from what is currently in place.

Q112 **Chair:** Could I ask how this non-EEA business works in your fleet? You describe it as a 12-mile rule that has to be abided by and you can recruit people as long as they don't cross the space into the 12-mile radius. Is that right? How does that work and how is that policed and operated?

Mike Park: They are allowed to operate outwith 12 miles. They are allowed to come and go from port. The non-EEA fishermen are allowed to operate on the quayside and do nets, mend nets and various things, splicing or whatever, and go to the shops for goods, but they are not allowed to basically move around. That is for vessels operating wholly outside 12 miles. Those that are operating inside 12 miles do not get access to crew. If they have taken crew on board saying they are going to operate outside 12 miles and are caught operating inside 12 miles, the men are sent home.

Q113 **Chair:** That is what happens, they are just sent home?

Mike Park: They are just sent home. You should be aware that the centre that issues the visa applications is Manila. There is one centre that deals with the whole of the Far East now, and we visit there twice a year to try to iron out any problems we have with the embassy. When a vessel applies for crew it has to put forward an application. Within that application there has to be a three-month vessel monitoring system—VMS—data, Sky spy stuff that shows where you have been for the last three months. If you have been operating within the 12 miles in that three-month period you are just refused crew. It is as simple as that, so it is quite heavily policed.

Q114 **Chair:** It is interesting, because there are two categories of migrant worker within the crews. There is a means and a method to distinguish between the two groups and appropriate sanctions that can be placed if any of the regulations or rules are broken. What you have is a self-policing arrangement, practically.

Mike Park: Pretty much, but for us it slightly ironic that if a vessel operates at 12.1 miles he is within the law; if he operates at 11.98 miles he is breaking the law. It just seems silly that you are talking about the same industry, the same pool of people that we want to bring in, and yet there is that definition that makes one legal and one illegal, and there would seem to be no reason for it.

Q115 **Chair:** That is really interesting. I suppose 12 miles is quite arbitrary. Is there any reason why 12 miles is the limit?

Mike Park: Currently it is the territorial limits, but that begs the question that as you come out of Europe and your limit goes out to 200, what then happens?

Chair: A very good question. Thank you.

Q116 **David Duguid:** You have already mentioned that the non-EEA crew members who work on vessels wholly or mainly outside the territorial waters for 12 miles do not need a work visa. Are you aware of any Scottish fishing operations with non-EEA crew members that work with a work visa of some kind?

Mike Park: Not currently, I don't think.

Q117 **David Duguid:** Do you think there could be a case for making it possible for employers to engage non-EEA workers under some kind of work visa system?

Mike Park: My guess is there are two or three avenues you could go down, and we are willing to look at any avenue that solves the problem. In 2010 the SFF submitted a request to put fishing on the shortage occupation list. That was refused because it was not highly skilled enough, so we are in a dilemma that we think the men are skilled but they do not have the qualifications to show they are skilled. It is a bit of a bugger's muddle. We are caught in the middle and we don't know what to do next other than some major shift in immigration or migration policy.

Q118 **David Duguid:** On the idea of being able to come and work, essentially coming through our borders although working outwith our territorial waters, do you think there might be any other situations where there is a recognised skills shortage that would produce a similar system, if we could somehow manage people staying in that location?

David Thomson: From our perspective I think there could be because, as I have already outlined, there is a set of skills shortages that are generic to the food production industry. The thing I would be concerned about—and listening to Mike—is the complexity of that and the perversity that is sometimes drawn into it. That makes it difficult for individuals to police themselves and difficult for businesses if they have the responsibility for policing those individuals. In Scotland 30,000 to 40,000 people working in food and drink manufacturing, agriculture and fishing are from the European Union and that is a significant issue for businesses to have to deal with. If there is anything like the complexity that we have just heard about, I don't think it would be sensible.

Mike Park: We have still to set up the system, but our Irish colleagues have logged fishing opportunities in Northern Ireland on the Europortal EURES to try to get fishermen and in three months they had four applications. Tier 3 was done away with on the basis that there was enough low-skill labour in Europe to satisfy the fishing industry's problem. That is obviously not the case. We are creating it in Scotland as well, it has just taken us some time, but obviously it is not the case that the pool of workforce is out there. What we need is some solution that recognises that the pool of labour is elsewhere and the current rules do not satisfy us accessing that in a legal way.

Q119 **John Lamont:** The latest immigration figures show that since the EU referendum in 2016 there has been an increased outward migration of EU nationals from the UK and a decrease in inward migration. How has that impacted on your respective sectors and are you aware of a shortage of labour as a consequence of that?

David Thomson: It has had an impact, yes. We are aware, anecdotally, of impacts on the labour force. We already have an issue where Skills Development Scotland estimate that in Scotland alone there are 27,000 job openings over the next 10 years in the food and drink industry. There was already enormous pressure and this has meant that people are reporting that people are leaving and it is getting harder to bring people in because the economics don't work, as well as whatever people think of the UK. With the devaluation of the pound, the economics don't work for a lot of people coming here and so that will have an impact. It is having an impact now but it will certainly have an impact in particular on agriculture in the next year, we would imagine. Yes, it is having a major impact now.

Mike Park: We are such a small sector and it is not something we have monitored, but my inclination is that it probably does not affect us, given that we are sourcing non-EEA crew and it is not the shift out of one

people that causes us the problem, to be fair, not in our communities anyway.

Q120 **John Lamont:** Does the agreement that appears to have been reached between the UK and the EU about EU nationals being able to stay here post-Brexit and, vice versa, UK nationals in the EU being able to stay there, reassure you and do you think it will address the problem in part?

David Thomson: It is greatly welcomed. It is something we have called for since day one after the referendum, so it is really useful if it pans out in the way that has been suggested. There seems to be a suggestion—and we have had some information—that it will be a bit like a passport application for individuals and the costs will be about the same, all of which is still quite expensive. I think that giving some surety to the EU staff who are already here will be an enormous help.

It does not solve what happens now though. It does not solve what the future migration policy is and how workers come in in the future. It is an enormously positive next step, not just for the people who it affects but as part of the deal to move to the next stage. Both of those are really important to us, but it does not solve our future migration policy to meet the needs of the sector.

Mike Park: It is a good development for the shore sector that we are connected to. If it comes to fruition and in the way we think it will, it is certainly a positive.

Q121 **Chair:** Is there any reason why you are sensing people are leaving your particular occupations? Is there anything anecdotally you have picked up about why you feel that people, with the guarantees and assurances they have about residency, will—

David Thomson: There is a huge range of things. The residency thing has not finished yet, despite the agreement. That was a year and a half with people unsure of their residency, so that uncertainty did not help. The falling value of the pound has had a major effect on whether or not it is worth sending money back to whatever country you come from and has shortened the agricultural labour season. We know that seasonal workers are spending less time in the UK and going to other parts of Europe where they can earn more money in specific seasons. There must be an element of people feeling welcome or unwelcome as part of that, particularly in the UK as a whole.

There is a whole range of different things, and Mike said something about labour within the EU as well. I was speaking to a major Scottish company last week and they were saying that even within the EU, for a range of these reasons, they are having to go further and further away from the cities to find agricultural labour in Poland and other places. In the past 10 years we have seen a move from eastern European workers coming across to southern European workers coming across and working, so there is a whole range of dynamics going on.

Q122 **Chair:** I have hosted a couple of meetings in my constituency with EU

nationals who we have been able to identify, bring together and just talk through, reassure and, where possible, address concerns. There is a strong sense—and these are people who work in a whole range of occupations, probably quite a lot in your sector, Mr Thomson—that the general atmosphere and culture that has developed because of the Brexit conversations has been a massive deterrent to their view to stay in the UK. Is that something that you found at all when you—

David Thomson: Yes. Again anecdotally, we are hearing that people are occasionally being confronted—these anecdotes are not necessarily in Scotland—and people feel less welcome here than perhaps they did a couple of years ago, definitely.

Q123 **Chair:** Is there anything you could do within your sectors that would encourage people to stay?

David Thomson: We are trying very, very hard. From day one we have put the needs of the workers in the sector as our number one issue. The first thing we called for was surety about EU citizens and it has been the first thing that we have always talked about. Hopefully they are seeing that from the leadership of those companies. We have also worked with companies to make sure they are aware of the rules that are in place, they are communicating with their staff and they are applying for whatever they need to do through the process. We have tried to make sure that companies are as up to date as possible with that, and I have been encouraging them very much to give positive messages to the staff who make our food.

Q124 **David Duguid:** As you mentioned yourself, Mr Thomson, the UK Government provided, along with the EU side of negotiations, some kind of guarantee for EU nationals settled in the UK. But the UK Government have yet to set out what immigration they want to see for the ongoing migration of EU nationals post-Brexit. What arrangements on that basis would you like to see?

David Thomson: We would like to see as close to what we have as possible because it works for us, as I have said. We have been asked for comment by the Migration Advisory Committee. We are supplying that, on both a Scottish and UK basis, and we need to wait to see what they say early in the new year, dependent on that. Quite a lot of what we have now works and so anything that is low cost and low maintenance for both businesses and people is what we are aiming for, which is why I said earlier that third-country status is probably something that is going to be too complicated for businesses.

Q125 **David Duguid:** Mr Park, as you mentioned earlier the Scottish Fishermen's Federation has called for the tier 3 points-based immigration system to be opened up again. How would you expect conditions related to tier 2 visas—such as the skills immigration charge, resident labour market test and minimum salaries—to apply to tier 3 visas?

Mike Park: ILO 188 is coming in, which is an internationally recognisable regulation that the industry will have to set its standards by anyway.

Anything in the future is going to be aligned to that international standard, which should satisfy all that.

There are further complexities in all of this for the fishing industry. We are almost unique. Everybody else talks about losing their workforce and its EEA. I don't know for sure but I guess we are one of the only sectors in the UK that depends or is semi-dependent on non-EEA labour. For instance, the inside 12-mile sector can get access to only EEA labour. They cannot get access to non-EEA because they are operating inside the 12 miles. If we have a situation, post-Brexit, whereby the EEA become non-EEA, our inside 12-mile fleet will not get access to any other labour because of the rules in tier 3.

We could do many things to the EU regulation coming in in trying to satisfy our needs. We could liberalise tier 2—we could certainly do that—or we could put in a new tier 3, which was in there for a reason to start with. It was not used and was subsequently withdrawn. There has to be a recognition now that there is not suitable numbers of experienced fishermen in the EEA outside the UK. That has to be taken on board.

We need something that satisfies our demands, and they are not big demands. We are not a big sector, so you would think it would not be too difficult to create something bespoke to deliver our needs.

Q126 **David Duguid:** Just out of interest—you might have this data to hand or it might be off the top of your head—what would you say is the average age of a locally home grown fisherman?

Mike Park: The average age of a fisherman is higher than you would think. It is coming down. Obviously, when you feed 31 17 year-olds into the system, it comes down slightly but the average age of a fisherman is between 40 and 50 years old.

Q127 **David Duguid:** It is coming down? It was in the 50s?

Mike Park: It is coming down. I still view myself as young. I left the sector seven years ago and I am 60. There are a lot of people in there like me, still in there because they need the young generation to come through. It is different from most industries. It is full of alpha males and they work in the toughest of conditions. I could not even try to describe to you the conditions I have operated in, because it is outwith the natural bounds of anyone's imagination. It is a difficult industry and we need to get the people in young to bring it on, but the average age currently is significantly higher than we would like it to be.

Q128 **David Duguid:** Would it be fair to say it is an industry that you don't come into off the street? I come from a farming background, as you know, and I think it is the same sort of thing where you need to grow into it or be born into it even.

Mike Park: It is something you need to grow into. I operated on vessels. I come from Stonehaven. It had a fishing fleet at that time; it doesn't anymore. From the age of nine to 14, every weekend I went out on the boats. That is what I did. No one in the family went fishing before me. I

was sick every weekend I went out. You have something inside you that puts yourself in that situation week after week after week. After the first six hours I was okay, but that is the sort of thing that people have to overcome. You may think that, "Sickness, well that's—" but if you are doing that, if you were going into the office every Monday morning and up until lunchtime every week you were being sick, you would think about a different profession, seriously.

Chair: A little bit like politics then, or maybe not.

- Q129 **Tommy Sheppard:** I am still trying to make sure I have the significance of the territorial limit correct. What is the difference in the work documentation that somebody working on a boat entirely beyond the 12-mile limit needs to have from that of somebody who may be within the 12-mile limit?

Mike Park: There is no differentiation at all, absolutely none. The deciding factor is the law.

- Q130 **Tommy Sheppard:** You need the same work visa to work either inside or outside?

Mike Park: You cannot get a transit visa to operate inside from the non-European Economic Area.

Tommy Sheppard: At all?

Mike Park: Unless there is a concession. In 2010 the UK Government gave the fishing industry a concession for two years to get its act into order for bringing people into the sector. It was extended further for a year. We failed at that time because we could not attract them. Recently those operating in the windfarm sector have been given a concession to employ non-EEA crew within the 12-mile limit, but it depends on a concession from the regulation.

- Q131 **Tommy Sheppard:** If you are from a non-EEA country, you can get a work visa to work only beyond the 12-mile limit?

Mike Park: That is correct.

- Q132 **Tommy Sheppard:** Is that a matter of Home Office policy or international regulation? Why is that?

Mike Park: It is Home Office policy. You have to operate mainly or wholly outside 12 miles.

Chair: I am intrigued with this too.

Mike Park: I am glad, because we have been intrigued for some years.

- Q133 **Tommy Sheppard:** Could they change that by regulation to 50 miles? Is it an Act of Parliament or anything? Why is it?

Mike Park: It is in the regulation, mainly or wholly outside territorial waters. Is there a reason for it being there? I guess somebody at some point thought there was a reason for it being there. Can we recognise that reason? No, we cannot. If you operate at 11.9 you are illegal; if you

operate at 12.1 you are legal. There would seem to be no rationale behind it at all other than this distinction of territory or non-territory.

Q134 **Tommy Sheppard:** This is my constituency. There is a restaurant 100 yards away with people from non-EEA countries working in it on work visas. They are able to get that work in a restaurant in Edinburgh but not to fish within 12 miles?

Mike Park: We cannot do it, no. I am not entirely sure they can get to work in a restaurant low skilled either, to be fair.

Q135 **Chair:** It is very curious regulation. It seems like it is a UK-designed policy, isn't it?

Mike Park: Yes. As I say, we got a concession in 2010 on the basis that we were to improve recruitment into the sector but when you are not making money, there is a lot of negative press in your sector, it is very difficult to recruit. We have recently asked for a further concession because we have now started on the process of rebuilding the young coming into the sector and some recognition of that. We have asked for that concession to be put back in place, bearing in mind the offshore windfarm sector has a concession to allow non-EEA crew to operate inside 12 miles, but we have been refused on all occasions.

Q136 **Deidre Brock:** The Food and Drink Federation Scotland said there is a requirement for a clear understanding of the population and immigration needs for Scotland. What are your thoughts on how that might best be achieved?

David Thomson: We said that because there are differences in geography and demographics in Scotland. My figure of about 30% overall working in food and drink manufacturing is across the UK, so I think you will find that there are definite differences in Scotland. There is a huge amount of food manufacturing in the central belt, so that is probably less of an issue, but when we go in particular to the north-east and others there are different economic, social and geographical pressures. I think any future migration policy needs to understand those differences and maybe come up with ways of dealing with them in a bespoke arrangement, if necessary. I have spoken a lot about simplicity and anything that is bespoke reduces simplicity, but I think there will be enormous pressure in some of the geographical areas of Scotland and there is food manufacturing of some sort in most parts of Scotland.

Q137 **Deidre Brock:** I suppose what you are saying is better data collection on the ground to reflect the different regions of Scotland?

David Thomson: Yes, that is right and the need for that to be reflected in policy and legislation going forward.

Q138 **Deidre Brock:** You also said that a better understanding of Scotland's migration needs "could feed into a revised Scottish shortage occupation list". We have heard some criticism of that list up to now, so in your view how might that be improved? One of the criticisms to this point is that it seems fairly inflexible.

David Thomson: Yes. We have heard some of the issues with that. I think the shortage occupation list and the work that is done to understand the business needs to be modelled in a different way, to be much more reactive to business needs and, from our point of view, to try to link into key sectors that can deliver growth in the food and drink industry is one of those.

Q139 **Deidre Brock:** Mr Park, you mentioned skilled fishermen or fisher folk. Their ability has not really been taken into account because they don't have degrees or any professional qualifications? Is that one of the things that might make it difficult to get their profession on to that list? Is that something you have experienced?

Mike Park: It is, yes. When we submitted our paper to the MAC in 2010, it became clear then that they required a skill level higher than we have in place. Whether something is skilled or non-skilled is up to the determination of the individual looking on, I guess, but you just cannot step aboard a vessel and mend a torn net within one week. It takes years to learn that skill. It takes years to learn the skill of splicing wire, splicing rope. In any modern vessel now there are between 14 and 16 computers facing you all the time. It takes time to get to grips with that as well, so it is a relatively skilled job but that is not taken on board. We tend to be viewed as a very low-skilled industry.

Q140 **Deidre Brock:** It seems pretty obvious to me that you require a high degree of skill to be able to go out in fishing boats and survive. You are basically saying you have made representations to MAC but they are not prepared to take that on board. There have been criticisms of MAC for that very reason, in that they do not appear to be listening to the differing requirements—certainly from Scotland—in the representations that have been made to them so far.

Mike Park: In 2010 we presented to the MAC. We have recently submitted another paper, following the call by Amber Rudd for evidence from the MAC. We have met with various Immigration Ministers over the last two to three years, putting forward our case, and on each occasion we were basically told to go away.

Q141 **Deidre Brock:** Mr Thomson, is that your experience?

David Thomson: We have not had much need to engage with the MAC until this date, because if you were an EU national you did not need to worry so much about that. We have submitted in good faith to the Migration Advisory Committee and we will see what they say.

Q142 **Deidre Brock:** Leading on from that, there has been quite a lot of discussion about the need for some sort of differentiation within the immigration system to specifically meet Scotland's requirements. What do you think would make the case for that? You have touched on a couple of points—the tier 3 requirement, for example—but what are your views on that?

David Thomson: As I said, we still need to see what they say but, for me, it is about flexibility. It is about the ability to understand not just

sectors where it is either skilled or unskilled, but sectors that need people to grow. The ambition of the food and drink industry in Scotland is to grow to a £30 billion turnover by 2030. It is going to need people to do the work. Without the influx of people to do the work, to fill the 27,000 job vacancies in the next 10 years, we are going to struggle to meet that ambitious target.

Mike Park: As a nation state we depend on foreign workers. If you travel down the west of Scotland through the hotels there, you realise how dependent we are. If you go into the processing factories up in the north-east of Scotland, you see how dependent we are on foreign labour. I think whatever we do as a nation state, we should put in something that is quite liberal and allows a natural flow of the required workforce.

Q143 **Deidre Brock:** Dr Eve Hepburn produced a paper looking at subnational solutions for different countries; Switzerland, Finland, Australia and Canada are mentioned a lot. Something like that that specifically looks at the requirements, say, of rural west coast Scotland and—

David Thomson: Yes, or of specific professions.

Deidre Brock: Some sort of flexibility within that would not be unwelcome?

Mike Park: All we ask is for the industry to be looked upon as something different and it requires a solution to a problem that we, in particular, face. That is all that we require and request.

David Thomson: To build on that, there are specific things where we can see pinch points now. In order to sell meat and send meat abroad, you need an official veterinarian from Food Standards Scotland and 98% of them are from the European Union.

Q144 **Chair:** We did an inquiry into population demography—which I think you helped us with, Mr Thomson—in the last session of Parliament and the UK Government always say that, “Your issues are common across the United Kingdom. The issues to do with fisheries, there is nothing different in Peterhead and Grimsby, and the food sector is very much the same in Perthshire as it would be in Penzance”. Is there anything that is significantly different about your sectors in a Scottish context in comparison with what happens across the rest of the United Kingdom?

David Thomson: From my perspective, there are a couple of things to say there. The first is that food and drink is much more important to Scotland’s economy than it is to the rest of the UK economy. It is still really important to the UK economy but I am not sure that is quite recognised in the same way as it is in Scotland. We are one of the key sectors. I think we were the top manufacturing sector in the past couple of years. For us that is much more important nationally than it might be—and actually it should be—in the rest of the UK.

The other thing is if that was a UK official or coming from the UK Government, it does not really recognise the need for regional solutions

within England either, does it? There may be differentiation in parts of England that are as deserving of the argument as in Scotland.

Mike Park: The particular aspect of the sector that differentiates us from the rest of the UK, other than Northern Ireland, is the fact that we talk about agri-business. In Scotland you have the fish business, which is the top end in the size of vessels and the number of men aboard vessels. If you go down to England the majority of the fleet is one-man bands, beach boats or whatever, and you do not have the same dependency on foreign crew or non-UK crew because they are the crew. That is why Scotland and Northern Ireland are set aside from the rest of the UK and there are obviously regional differences in that.

Q145 **Chair:** Listening to the Minister when I was driving in today, there seemed to be a sense that a subnational immigration policy is not something that we are actively considering now, and there is this belief that across the UK all sectors experience the same sort of difficulties. Also, there is the idea that immigration numbers are the key driver and priority when it comes to immigration policy. Are there any examples that you have or any issues—this is probably for Mr Park, and I find it difficult to figure out how this would work when they are 12 miles off the shore—where people who come into your professions slip into the general economy and are lost to the authorities?

Mike Park: We have had occasions in the past where some non-EEA crew have run away to London or whatever. Those are very far and few between. By and large the people coming into the sector are here to make money and work and send that money home. We visit their families. I particularly visit the families twice a year. I go down to Cebu Island. In one village of 39 houses, 37 of the husbands operate out of Peterhead and Fraserburgh. You get that sort of interlinked commitment from them, so very rarely will that happen. I would suggest that it is not going to happen in the future either. It becomes a very bespoke industry within a bespoke regulatory system, or that is what we hope it is.

David Thomson: Certainly there is turnover and nobody has asked us to track people, have they, so that is possible. There are possibilities there. National insurance numbers or others should be an easy enough way to do that. It is done in countries in Europe anyway. It is just I understand the UK has been quite lax in tracking people, so there are opportunities to do that.

Chair: I am grateful. Thank you both so much for getting this kicked off this morning. If there is anything further that you observe and anything further you have to usefully contribute to this inquiry, please get in touch and we will be quite happy to take any further submissions. Thank you very much.

Examination of witnesses

Witnesses: Shirley Rogers and Dr Donald Macaskill.

Q146 **Chair:** Good morning to you both. For the record, could you state who

you are, the organisation you represent and anything by way of a short introductory statement? We will start with you, Dr Macaskill.

Dr Macaskill: I am Donald Macaskill. I work for an organisation called Scottish Care. Scottish Care represents the independent care sector, so that is the voluntary, charitable and for profit social care sector in Scotland. Our members employ just over 100,000, so that is half of the one-in-13 Scots who work in social care.

Shirley Rogers: Good morning. My name is Shirley Rogers. I am Director with responsibility for Workforce and Strategy for Scotland's Health Service. I have policy responsibility for all of those matters as they pertain in Scotland's 22 boards, and we employ about 156,000 people.

Q147 **Chair:** I am grateful for that. To kick things off, could you describe and tell the Committee how important non-UK workers are to your respective professions and what proportion of non-UK workers you have within your sectors?

Shirley Rogers: The importance of our EU workforce is significant. In number terms, you will have seen that about 5% to 6% of our doctors, 4% of our nurses in training, 2% of our dentists come from an EU background. There are some things that perhaps are not as evident that the Committee might be interested in pursuing. We have quite a strong correlation between where professions train and where they go on to practise. One of the things that is of concern for us at the moment is the reduction in numbers of people seeking to train in Scotland. There is quite a high correlation between training at a particular medical school and being more likely to go on and practise in that location. That is also the case if you train at a particular nursing school.

Having sat and listened to the very comprehensive evidence from the two previous speakers, the other theme was the issue about messaging and attractiveness. We operate very much in an international market, particularly for our high-end specialities, so it is not just about how easy we make it for people to come and study and practise here. It is about all of that messaging that says how welcome and how attractive people are in a world where they can just as readily go and practise medicine in Australia, Canada or anywhere else.

Q148 **Chair:** Is that something that you have noticed and observed in the course of the past couple of years since this conversation about leaving the European Union started?

Shirley Rogers: The RCN gave evidence last year about nursing numbers, and identified a 96% decline in the number of people seeking to come and train. In medical schools the evidence is still a little more anecdotal than that, but we now have all five of Scotland's medical schools starting to advise us that they are seeing a drop-off in the expressions of interest from candidates coming from EU nations.

Q149 **Chair:** What sort of impact will this have on the sector if you are seeing drop-off like that?

Shirley Rogers: Unmitigated obviously that would be quite significant. We are spending a lot of time trying to mitigate that by increasing the numbers of places at Scottish medical schools, working very hard to increase access for Scots students going into Scottish medical schools, and all of the other things that you would expect us to be doing to try to mitigate something like that.

The issue for us, of course, is that medical education is an extremely long pipeline, so you have five years at medical school, a couple of years of foundation training and then potentially 10 years of specialty training. That means it is a very long time from flash to bang to get some of the very high-end specialties that we need to attract, and those high-end specialties need to be attracted across the world. We are doing that in the context of the rest of the world being very welcoming to medical students and to medics from whatever speciality, and in some of our harder-to-recruit specialties that is quite challenging.

Q150 **Chair:** Dr Macaskill, what about your sector?

Dr Macaskill: It is extremely similar. If I can take it in two, in care homes approximately 68% of social care nurses come from the EEA and a significant percentage of about 6% from outwith Europe. That is social care staff in care homes and in care-at-home organisations the percentage of European individuals would be about 6%. In care at home and housing support that jumps to about 8.9%, so a sizeable percentage of the current workforce come from the EEA.

Q151 **Chair:** Is there any particular reason why the care homes and social care sector is so dependent on migrant labour?

Dr Macaskill: There are lots of reasons. Some of them are historical and cultural. One of largest providers of social care in Scotland historically has been religious communities who have tended to recruit, particularly nursing, from outwith Europe. More recently there is the increase in demographics and the increased demand of the nature of dependency within care homes. Care homes in the last three, four, five years have become mini cottage hospitals and care-at-home organisations are delivering high level clinical skill in the communities.

As dependency and demand in skill bases increased, we have not been able to recruit within Scotland. Positive interventions like the introduction of the Scottish living wage have effectively just increased the bar because the average care worker in Scotland today is employed at £8.45. In this city—in fact, in this constituency—a major retailer is advertising directly targeting care staff for a £14.95 starting salary, so faced with that reality it has been challenging.

Care is costly, emotionally and physically, and it carries strictly regulated requirements. It carries a qualification requirement and a registration requirement. If you are faced with the prospect of working in a sector where none of those regulatory and registration requirements exist and getting a third more money, or in a care sector, it is maybe not inevitable that we have had a real challenge in the last decade of recruiting

sufficient home-based workers to supply the high level and high quality care that we need and require. Our profound fear is, now that we are in the process of already seeing the tap turned off, where is that workforce going to come from and where are we going to get the people needed to care?

- Q152 **Paul Masterton:** In those professions where you are coming out of a university, either through nursing or medical school, for example, when you are talking about the dropdown in places being taken up by EU nationals, are those then being filled from within Scotland? Are you saying that those are places in our medical schools that are unfulfilled?

Shirley Rogers: No. Every effort is made to fill those places in Scotland, but the challenge is that we want to have the same quality and calibre, so it is not simply that anybody can turn up. We are working very hard with schools and the medical schools to make sure that we have an ample supply of applicants for those places. We are not at the moment experiencing challenges where the universities are running with incomplete courses. However, the kind of drop-off, particularly in nursing and in our high-end training programmes—because remember that we are committed to having the very best healthcare system for Scotland—requires us to be able to go out and offer clinical academic posts or high-end speciality training posts to encourage the best of the best to come and practise their medicine in Scotland. But we are not at the moment seeing universities running with empty places in medicine.

- Q153 **Paul Masterton:** Do you have concerns that that could potentially happen? Is that as a result of people either not being attracted into those careers or simply not leaving school with the qualifications or skills to come in and fill the places?

Shirley Rogers: There are challenges about people having the opportunity to study all of the things that they need to study. We are just about to launch our first postgraduate medical degree in Scotland, which will open in the next academic year. That will allow people who have previously trained in other disciplines to train in medicine in Scotland.

It is really about trying to make sure that access is available for as many people who are able to go to medical school and we are able to offer the most attractive employment for them thereafter. Training people is one thing; retaining them in an attractive way is another thing.

- Q154 **Chair:** Looking at the retention figures for your sector, Dr Macaskill, I see a figure of 22%. Is that roughly right?

Dr Macaskill: Yes.

- Q155 **Chair:** As well as the recruitment, the retention-related issues are obviously a major challenge and difficulty for both your sectors, I imagine. I was going to ask both of you about what you do to try to recruit indigenous population to consider working in your professions, but I think we got a sense from Dr Macaskill about the competition that is out there in the marketplace. We are hearing that people have a variety of

options. Is there anything more that you think you could do? You are speaking to a bunch of politicians here. Is there anything that we could design to help you to try to ensure that you could do better with recruitment locally?

Dr Macaskill: You will be aware that the “National Health and Social Care Workforce Plan Part 2” was published last Friday by the Scottish Government. A lot of stakeholders have been asking that question in the last calendar year: how are we going to address some of the workforce challenges? One of the elements—and that plan contained seven recommendations—is that we need to undertake a major public awareness campaign about the importance, significance and contribution of social care to the fabric of our society. There is a real challenge that, however much we would pay carers, at the moment we are not getting people through the door. In order to compete in this city with dog walking, which is now paying more than caring for a human being according to local researchers down in Edinburgh, organisations are going above and beyond to incentivise care, but even then they are having difficulties with people coming through the front door. There is a bigger picture question here about creating a culture that is appreciative of care.

We are also faced with the reality—as previous speakers have noted—that we are getting a smaller and smaller pool of individuals from which to recruit. One academic has recently said that every single school leaver in Scotland at the present rate would have to go into social care, unless we are able to continue to recruit from outside this country.

Q156 **Chair:** We did a bit of work on population demography in the last session of Parliament. One of the things that we recognised and reported was what we called the dependency ratio where the amount of available labour to supply and sustain particular occupations, like yours, is an issue for Scotland. Is that something that concerns you or something that you have noted in your ability to recruit?

Shirley Rogers: Absolutely. Donald has just made reference to part 2 of the “National Health and Social Care Workforce Plan”, which incorporates health and social care. If we take the widest aspects of health and social care, we estimate that about 400,000 people across Scotland, through the NHS, local government or the kinds of organisations that Donald represents, work in health and social care. That is a fairly whopping proportion of the working population of Scotland. Broadly, 1.5 out of every 10 kids at school at the moment have to be interested in health and social care in order for us to be sustainable at current levels, so there is a huge amount of effort going on to try to make those jobs as attractive as they can be.

Donald mentioned earlier on comparisons with what might be perceived as easier work such as walking dogs and working in different places. One of the features of the health service is that it is a 24/7 operation. It has to be, for obvious reasons, and that is just the nature of our business. Things like flexible working become terribly important and the efforts that we are able to do around flexible working are important. The NHS in

Scotland has given long-term assurances over its workforce in the areas, for example, of no compulsory redundancies in the NHS, so there is a security thing that is very important.

We place a very high premium on the training experience of people who do some of their clinical stuff in the universities and then come out into the system to continue that training. There is a good deal of evidence and a lot of work audited from GMC, NMC and various others about the quality of the training experience and the impact that that has on the attractiveness of the roles. We are working very hard with our colleagues in education at the moment to look at the schools curricula and to try to ensure that people at school are excited by the prospect of working in health and social care. That is quite challenging, because the front pages of our newspapers are not always the most attractive narrative about what working in public services and in the health services is like.

Finally, we are also recognising that we have to be grown-up, as people do leave us from time to time and we have to make it as easy as possible for them to come back. When you were talking about assurance, just as a small amount of humour, a few weeks ago I was talking to a junior doctor who had a picture of the Royal Alexandra in Paisley in the rain and a picture of the A&E receiving unit in Melbourne in the sunshine and said, "Which one would you pick, Shirl?" If you are young and you are able to be mobile and move wherever you want to go and you do not have dependants and all that, it is great to go and have an experience. The knack for us is being attractive so that people want to come back.

Dr Macaskill: Chair, given that you gave me an opportunity to recommend something to politicians and that is very rarely offered to me, the one thing we could do is to start talking up social care in particular. Rather than a drain on communities and societies and the economy, to see social care as an economic driver and as a contributor, just like the Welsh Government have recently undertaken, would entail, from the social care perspective, seeing social care as an enterprise worthy of investment rather than the narrative that we often hear, which is an increased demographic and need that is draining and costing society.

The fact that we have 100,000 social care workers providing support means that they are contributing to their community, but it also means that they are enabling family members, the son, the daughter, the sister, the brother to go out to work. That is of a massive economic benefit. I think what we can all do—and might I suggest the politicians can take the lead—is start talking up social care and health as a contributor rather than as a drain.

Q157 **Ross Thomson:** The Chair mentioned in an earlier question that 22% figure of annual turnover in the care home sector. Are you aware of any data that shows turnover by nationality, to show whether or not EU or non-EU citizens are likely to stay in jobs in this sector for a longer or shorter period of time than UK nationals?

Dr Macaskill: We do not have that level of sophisticated data. The Scottish Government have just commissioned IPSOS Mori to undertake a bit of work. The care home retention rate is 22%. It is 33% in the care-at-home and housing support sector, so it is significantly worse. Probably it has accelerated in the last calendar year. With more and more individuals faced—as has already been presented—with the economic reality that it is now probably more profitable to work back at home than in Scotland, we are hearing anecdotally of a significant number who are leaving both the care home sector and the care-at-home sector. For us and for our members, Brexit is not something we are waiting to have happen; it is already starting.

Q158 **Ross Thomson:** Out of interest, you said IPSOS Mori has been commissioned to do research. What sort of research is that and when do you think it is likely to come out?

Dr Macaskill: Scottish Government colleagues will probably be able to answer more fully, but IPSOS Mori has been commissioned to undertake a degree of analysis—indeed, the social services paper that you have in front of you makes reference to this research—specifically to look at the number of EU individuals working in social care and the extent of that work and the roles that they do. Again, all our research is on a voluntary basis. Individuals do not have to communicate data and information. There is a real sensitivity, not least with some of the political narrative last year, around how that data might be used. Our desire to retain workers includes our desire not to over-identify them in a manner that might be not constructive.

Q159 **Paul Masterton:** Something I see on every panel is about how you find the impact of the conflict between this largely unrestrictive policy for EU nationals compared to the very restrictive position for individuals from outside of the EU. Does that cause you issues? Particularly moving forward, if future migration policy from Brexit allows a more level playing field and makes it easier for individuals from outside the EU to come into the UK, is that something that could be of benefit?

Shirley Rogers: I go back to my point about attractiveness of the process. Whatever arrangement is put into play needs to send a signal that says these people are welcome into the UK, welcome into Scotland—anything that is as light touch and as simple as can be made so that people feel that they are welcome and that their contribution is welcome at a time when we know that lots of nations in other parts of the world are also looking to recruit those same people.

Dr Macaskill: It would be similar, in the sense that we have two experiences in social care. One is our existing experience with the MAC process. Scottish Care has made numerous attempts, unsuccessfully, to have social care, and particularly social care nursing, recognised as a distinctive category under the tier system and we have added to the submission of colleagues and our own submission to MAC again this year. We are getting to the stage at which the failure of MAC to identify and recognise that there are distinctive skill shortages in Scotland is leading

us to conclude, "Why bother asking us, because you are not listening to what we are saying to you?"

For instance, we have real geographical challenges with social care recruitment. We have real skills shortages with regards to specific areas, in both care home nursing and the delivery of care at home. Our experience thus far with the system for care home providers who have used MAC as a route to attract non-EU nurses has not been positive. Therefore, we are considerably concerned that if such a points-based, inflexible, overly-bureaucratic and extremely complex system is introduced, the whole sector will have real difficulty. I think the FBA has already communicated to you that over 95% of businesses have had no experience of recruiting from outwith Europe.

The vast majority of care home providers in Scotland and care-at-home organisations have had no experience and the majority are singleton care homes and family-run businesses, so they fall very much into the category of organisations that do not have an HR system, do not have robust financial—are sufficiently robust but not able to be extended to deal with this category of work. Quite frankly, the 209-page document, which is the guidance document, is pretty incomprehensible.

Q160 Ged Killen: There are several jobs in the health sector that are included in the skills shortage list for the UK and Scotland. How much easier does that make it for the health sector to employ non-EU nationals under the tier 2 visa?

Shirley Rogers: We have had some success in being able to add particular areas into the shortage occupation list, as you identify, but the reason that they are a shortage occupation is because there is a shortage of them. I go back to my position around international recruitment and the international attractiveness of these individuals.

The other thing I think it is really important that the health service evidence gives some expression to is that while we are very attracted to recruiting high-end specialities, our supply pipeline also relies very heavily on us being able to recruit young people and train our own. Healthcare support workers who operate within the NHS and a whole raft of other people who come to work in the NHS start out from school or modern apprenticeships or a whole range of different earn-as-you-learn-type schemes that mean that, while a points-based system is helpful for us in recruiting at that very top end, so long as it is not unduly bureaucratic or cumbersome, that is very useful and valuable. It is also the case that we need the supply pipeline in very similar ways to the way that Donald does. It is really important that we do not lose sight of the point about parity of esteem.

The other thing I would say about recruiting from outside the European Union is that the NHS 20 or 30 years ago recruited very heavily from places like the Indian subcontinent and others. The rules around that have obviously been tightened. There are also some economic reasons why we do not get as many applicants from those parts of the world as

we used to. As they have become wealthier themselves, they do not have to ship their bright young medics over to the UK to practise. Also, we are quite committed to ethical recruitment. We want to have a good supply chain within the NHS in Scotland, of course we do, but we also recognise that there are some parts of the world that are significantly worse off in their healthcare. We have tried to address that by creating training opportunities, so we have training fellowships in Scotland that allow people to come from overseas more widely than the European Union, train here or have an element of their training here, practise for us while they are here on that enhanced training, and then go back better equipped.

It is a mixture. There is not a solution that if we just have that tick there, we will get the workforce that we need. It is about making sure that we have enough investment in all of the things that we need to do to try to give us the however many hundreds of different specialties the NHS needs to survive.

Q161 **Chair:** I am just having a look at the shortage occupation list in your sector. I see nurses, medical consultants, emergency practitioners, radiographers, neurophysiologists and paramedics are included. That is quite a list, isn't it? What more do you feel you need on that list to try to ensure that you have available staff?

Shirley Rogers: It is not so much widening the categories. There are vacancies that occur from time to time in any of the specialties. It is not so much widening the categories; it is about this issue of to what extent do we have a process that is easy for people to do. The translation of a tier 2 training visa into a visa to allow people to come back and practise, for example, is clunkier than it needs to be, in my view. It is not about let's have a list of 5,000 things; it is about let's have a signpost that says we are open and welcoming and want people to come here in a way that I worry about at the moment.

If I think about my postbag of EU citizens writing to me and corresponding with me and tweeting me and various other things over the last year, it is really looking for assurance. These are not just workers—and the Committee is wise enough to know that—these are people who have chosen to make their homes here, build their lives here, have children here and invest in their communities. Donald was talking earlier on about the community aspects of social care. In a lot of parts of our country, people have invested not just themselves but their partners, their families and a whole raft of other things. Anything that puts a question mark over that is—

Chair: I want to stay on the shortage occupation list just now, if we can.

Shirley Rogers: Sorry, I beg your pardon.

Q162 **Chair:** I noted your frustration, Dr Macaskill, where you said you made repeated representations to the MAC to try to ensure that further categories are included. You have called for social care nurses for care homes to be placed on the shortage occupation list, but aren't they

already on it? Is there any special dispensation in Scotland for a shortage of social care nurses?

Dr Macaskill: The Committee will know from our evidence that we are facing a 31% current vacancy level in social care nursing in Scotland, which is really critical. Technically it is possible to get a nurse through the general nursing route of the shortage occupation list, but what we had been asking for is a degree of what is technically called bonding, which enables an individual to be bonded to a particular area of responsibility for a particular period of time to identify and to address a particular challenge, which in our case is the distinctive shortage of nurses to work in a care home environment. That was the particular request that was turned down. It is something that the chief nursing officer has been looking at prioritising or incentivising. Bonding suggests a really negative image, so is there a mechanism by which one can incentivise a nurse, either within Scotland, but in this context of discussion come outwith—

Q163 **Chair:** Can I explore a little bit more just the process of applying to MAC to try to make these representations? Are you supported by it? Does it come and speak to you about what is required? Tell the Committee how this works. You have identified a particular sector category that you feel should get extra support. What do you do in order to try to ensure that happens?

Dr Macaskill: We would not go through the process ourselves but our members would. We have made representations to the MAC on their behalf when they have reflected to us that it has become increasingly difficult—even within the present level of permissions—to recruit nurses from outwith Europe. We have seen a 34% decrease since January this year on the current attempts to recruit. We have sought meetings and have never ever been granted a meeting.

Chair: Never granted a meeting?

Dr Macaskill: No.

Q164 **Chair:** Going forward, when we are looking at a new immigration system—and we will be asking questions about that later on in the session—a lot of people have suggested maybe the points-based system with an enhanced MAC. Given your experience, what does that suggest to you that we might be in?

Dr Macaskill: If the MAC process was more contextualised, more appreciative of geographical reality, more willing to be reciprocal rather than seen as a body whose primary role is to keep the numbers down and to say no, but in as polite terms as possible, if MAC transformed itself into an enabler of enterprise and a facilitator of migration rather than a block, the care sector would very much look forward to working with such a body.

Q165 **John Lamont:** My question was the same question put before about the figures that show increased outward migration of EU nationals since the referendum two years ago and I think you have sort of answered that already. I wanted to get an idea of the scale of the problem. What are the

figures for non-international migration within the UK? How many people come to work in Scotland from Wales, England and Northern Ireland compared to EU nationals and non-EU nationals, particularly in the medical profession, in nursing?

Shirley Rogers: I do not have that instantly to hand. There has always been a fair amount of cross-border transfer in training experiences, so it is not atypical for a candidate leaving a Scottish medical school to have some of their training experience in a big teaching hospital down south or whatever. Most of our evidence would suggest that they come back into Scotland at some point in their career.

Q166 **John Lamont:** I was thinking more the other way. Who is coming from England to the medical schools, for example, in Scotland compared to the international component?

Shirley Rogers: The English proportion is significantly bigger than the rest of the EU. They are broad figures, but if we took a percentage of those people studying in a Scottish medical school, it would be broadly 50% to 60% Scots, broadly 30% from the rest of the UK, and the rest will be from the rest of the world.

Dr Macaskill: Social data merely records whether an individual is from the UK, not the country of origin or birth.

Q167 **John Lamont:** If there was a separate or different or differential immigration policy for Scotland, do you foresee any challenges with that proportion of the UK migration to Scottish institutions to get training if there was a divergence?

Shirley Rogers: It is hard to answer that in the abstract because I do not know what it would look like, but if it is something that makes it hard for the rest-of-the-UK students to come into Scotland, clearly that would be challenging. If you are wanting to practise in a UK med school and you are coming from somewhere abroad, sometimes there is not that much of a differentiation between whether or not you want that to be a Glasgow med school or a med school in London or Birmingham. It has to have something that has a read-across to make sense, but I would not particularly want something that made it difficult for us to do internal UK transfers.

John Lamont: That would make the problem far worse, potentially.

Shirley Rogers: As I say, it is difficult to answer that in the abstract, but potentially that difference might make for an additional bit of complication. In the debate that you were having with the previous two witnesses, you were talking about a bespoke something. It is great if you have that particular niche, but what you want is something that is broadly simple for people.

Q168 **John Lamont:** My next question to Dr Macaskill—it is slightly off point, and clearly this inquiry is about immigration—is about social care budgets within the council sector, which clearly have an impact on the hourly rate people in your area get paid. You used a very good example of people

being attracted into other sectors because of the higher rate of pay, but do the social care budgets within Scottish councils impact on or activate the problems that you have been describing to us so well this morning?

Dr Macaskill: On the issue of recruitment and retention, the number one reason people say they do not want to work in social care is rates of pay and reward. The second is emotional stress and difficulty. I have been fairly public in the last month in saying that we need to spend significantly more amounts of money on the care of our most vulnerable citizens, but equally I have been fairly public in saying that the local authorities in Scotland have managed, despite austerity, to retain funding to a considerable level. But we need more because we have greater demand. There is a growing dependency and an increasing population.

I am sure, were representatives of the Scottish Government here, they would be saying they have tried as hard as they can to keep the levels of funding as they are in the face of Westminster austerity. My challenge would be to the whole of the United Kingdom: what is the priority we are giving to social care funding? Whether it is England, Wales, Ireland or Northern Ireland, it is clearly insufficient.

Q169 **Chair:** I am interested in what you said there, Ms Rogers, about your breakdown. You reckon 50% Scottish, 30% from the rest of the UK and 20% from non-EU.

Shirley Rogers: Broadly.

Chair: It strikes me as quite impressive that we are able to attract people from the rest of the United Kingdom, with a good number of that percentage proportion still coming from outwith. Every time we raise these issues, we are told by UK Ministers we should be doing more to attract people from the rest of the United Kingdom to come to Scotland and make that more attractive and a number of issues and reasons are always put forward. Is there anything, in your experience, that we could do to attract more people to migrate to Scotland from the rest of the UK? This is for both of you from your very different experiences.

Shirley Rogers: I am not sure I accept the premise that you are challenged with in those instances. Scotland has very highly regarded, world-class medical schools. Edinburgh University Medical School does not struggle to get applicants, and similarly Glasgow. I now feel obliged to list the other three in case they are here, but Scotland's medical schools have a very high reputation across the world. Scotland, from the age of the Scottish Enlightenment, has a very strong reputation for medicine and scientific discovery. We sit here in an institution that reflects that. Scotland is deemed to be innovative and it has innovative medical practices. It is also deemed to be a very welcoming society and the experience of people who come to study in Scotland is very good and they go home and tell people that.

I am not complacent about that. I think we would always wish to support the universities to give the very best experience that they can. In some respects it would be better for me, if I was being entirely selfish about

the NHS in Scotland, if we had fewer people from around the world and we trained lots of Scots that we retained to live and practise in Scotland, but we want the very best of the best. The fact that people are attracted to come here from the rest of the UK and the rest of the world is a very attractive thing.

Dr Macaskill: I chair quite a few UK-wide groups and I continually highlight that we do social care differently in Scotland. This is a great place to come and care for others and be cared for. The fact that we, on average, pay a support worker more than in the rest of the UK is itself positive. I would certainly be arguing that we should be rewarding people even more than we currently do. We have quality of inspection and scrutiny that is increasingly being looked at with admiration by the rest of the United Kingdom. My earlier answer about making social care an economic priority and a driver might help and would, I think, help Scotland place itself at the forefront of the delivery of person-centred, rights-based quality care.

I would love to be in a situation of speaking to the rest of my United Kingdom colleagues in saying, "There is only one place if you want to develop yourself professionally, individually, to come and care and that is Scotland". But at the moment our profound concern is that without Europe, Scotland will not be able to care.

Q170 **Tommy Sheppard:** That brings it nicely to my question, which is the UK Government are yet to say what immigration arrangements they will have for the EU 27 countries after 2019. Do you have a view on what they should be? If the Government were to have a situation where immigration from the European Union was as restrictive as it currently is with the rest of the world, what would be the implications of that for your sector?

Shirley Rogers: I want anybody who wants to be able to contribute to and live in and be professionally active in Scotland to have the chance to be able to come here. For me, a migration policy that was purely points-based would be unfortunate. We need to be able to attract young people to come and live and work here who may not necessarily have all of the certification that is required for a points-based system. I want that process to be as administratively easy as we can make it. In a world where people can go and live in lots of places, we want some of them to be able to come and live here.

If we had something that was very restrictive—we have already talked a little bit about the quantum that we currently have working within the NHS in Scotland—my anxiety would be the message that that sends to people who want to come and train here and work here going forward. Those percentages will diminish. If we currently have 4% of our nursing cohort and we experienced the kind of drop-off that the RCN were reporting last year, that percentage figure is not sustainable. Until and unless we can find our own indigenous population to fulfil those roles, that will give us an operational difficulty.

I think Donald has already very eloquently described the process for nursing and the challenges that it gives us for nursing. I would go back to the evidence that I gave right at the beginning that says this is a very long supply pipeline for us, so if we wanted to have a larger number of doctors to make up for the deficit in EU doctors that might be available to us, we should have started thinking about that 20 years ago. It takes a good 15 to 20 years to get from school to practising as a fully experienced consultant in the NHS.

The other thing that I need to say is that medicine and the provision of healthcare services in Scotland have always been about giving the very best to the population. Some of those research posts in particular are about particular individuals or groups of individuals who have a high-end specialty that we want to be able to attract. When we are going out shopping for cancer specialists or particular high-end specialists, we are looking at the very highest level of skill. Frankly, the nation that they were born in is a second-order issue for me, as opposed to can they come and provide healthcare at the very best standard or medical research at the very best standard for the people of Scotland. Anything that gives me a difficulty in doing that is always going to be suboptimal.

Dr Macaskill: My answer would be following Shirley's. For care there are two real elements. One is relationship and the second is probably hospitality and openness. For us as a sector, it is difficult to imagine an individual in the role of care without that relationship and that degree of openness on our part. An overtly points-based system that was too restrictive, inflexible, lacking in dynamic, unappreciative of geographical difference, and the fact that the nature of the relationship means that people change their minds both ways, is not one that we would find appealing or acceptable. But at the moment, as Shirley says, we want the best. Anything that restricts us or prevents us from that possibility is bound to be counterproductive.

Q171 **Chair:** We are still to see exactly what the UK have in mind. We are all trying to imagine what sort of immigration system they are going to design, but what we are hearing is that if it is something that approaches what we are currently apply to non-EU nationals, it would present big difficulties for recruitment and retention.

Shirley Rogers: If there is somebody in the world who has a treatment that could save lives in Scotland, I do not want to be in a position where we have such restrictive migration policies that we cannot offer them a job.

Dr Macaskill: From our perspective, if the majority of our businesses are small, single family-run businesses, how are they going to cope with an overly-complex, inaccessible, bureaucratic system? At the moment they are struggling with their time and energies to deliver care. The resource is needed there. It is not needed in going through really complex systems.

Q172 **Deidre Brock:** A lot of the questions I was going to ask have been

asked, but there has been quite a lot of discussion about a subnational approach to immigration for Scotland. You will know the Scottish Government have submitted quite a lot of data to MAC and so on recently. We have yet to hear how they will respond, but is that something that you could see working? As I mentioned before, Dr Hepburn's paper has looked at these options around the world. Some sort of differentiated approach, particularly if you could reduce the complications of that system, as you mentioned, is something that seems to be broadly welcomed by a lot of the organisations we have had giving evidence so far. What are your thoughts on that?

Dr Macaskill: I think there is an awful lot that rings true in Dr Hepburn's paper. A differentiated system would certainly be a system that would be more flexible. We would need to see the nature of the differentiation. It is one, not least with biometric technology, that could be easily utilised. It has been our experience in the care sector when people come to Scotland that they start their job, they very quickly bring partners or form relationships, they root themselves into their communities and they do not want to go and they certainly do not want to get into the hassle of potentially risking the security they have. I think there is a lot to potentially commend with a differentiated system.

Shirley Rogers: I think so too. The bureaucratic point is worthy of exploration and the approach that would be taken between Governments and in the context of the UK Parliament and the Scottish Parliament becomes quite interesting in that respect. Why do I say that? I say that because most of our registered workforce are registered and regulated through UK bodies. The GMC is a UK regulatory body; it is what gives doctors their regulation to practise. Something that was ostensibly Scottish but required flexibilities in this space here that were not forthcoming could be a bit of smoke and mirrors. But if we have Government agencies that are working together—

Deidre Brock: You have to have buy-in from those.

Shirley Rogers: To say this is different and is discretely organised in a way that is appropriate, and as result of that these other things are necessary—whether that is a subdivision within GMC regulation or NMC regulation or anybody else's regulation for that matter, or whether it is the creation of some Scottish bit of that, but as a principle to reflect in particular the significant challenges that we have in rurality—would be something that would be quite attractive to us. But it would have to be the full Monty, as opposed to the appearance of something that was flexible when in fact the machinery that existed behind it was not.

Q173 **Deidre Brock:** Mr Lamont is not here at the moment, but he mentioned the possibility of this having some sort of differentiated approach, potentially impacting on recruitment from the rest of the UK. I am not quite clear, under current arrangements anyway, how that would manifest itself.

Shirley Rogers: I am not sure what Mr Lamont had in his mind in that questioning. I took that as an additional bit of regulation to cross our

borders, some sort of Scottish pack or whatever. I am not quite sure where that was. But my point is rather more about the Government arrangements and the absence of knowing what the offer is going to be. It is one thing to say, "Of course Scotland has a discrete set of whatevers". If that is then predicated by a GMC regulation that says, "This is a UK-wide scheme, so irrespective of what these individual nation components say, we are going to apply this" that might be quite challenging.

Q174 **Deidre Brock:** You definitely need buy-in from those sorts of bodies, but that is something not insurmountable?

Shirley Rogers: No, it should not be. As I say, it is about how people set out to do things, how organisations set out to achieve the same aim. I do not think that should be insurmountable for us to organise.

Q175 **Chair:** This is the same question that I asked at the end of the last session. I think the feeling is that the UK would look to address some of these issues on a UK-wide basis if there is an issue identified. Social care, for example, will be something that is framed and designed to meet the needs right across the United Kingdom. Is there anything specific to Scotland that you feel might need particular attention or a different set or certain range of policies when it comes to immigration in your sector?

Dr Macaskill: I have already made reference to the geographical extent. It is increasingly difficult to deliver social care in some of our remote communities. There have been innovative models of worker co-operatives, local community-based care, but some of those can only go so far. We have a real criticality with rurality in some of our remote areas. We have a dependency level, we have differences in mortality, life expectancy. We have different clinical needs in the Scottish context, so both the systems of the delivery of care and health are different across the United Kingdom. An appreciation in any modelled migration needs to be sensitive to that differentiation.

Q176 **Chair:** What I am hearing back in that response is there are two big issues, which I identified in the various evidence sessions we have had in this inquiry and in the previous ones. They are geography and the dependency ratio, which I think we identified in our last inquiry as being substantially larger than the rest of the United Kingdom. I represent a rural constituency and we have a number of care homes in the Highland part in my area. It does not seem that they are understaffed or under-resourced. Is there a particular challenge about getting people into your sector in some of the rural areas? Can you talk us through what the difficulties are there?

Dr Macaskill: If I think of my own family context, which is in the north-west, there is a care home operating in an island community delivering high quality care and support. It is being staffed essentially by agency staff and Scottish Care's submission will have highlighted to you that, on average, this one national nursing agency at the moment is charging £1,000 a night, for a shift. Those care providers, particularly in rural areas, are sustaining the delivery of high quality care, but it comes at an

absolutely unsustainable cost. There is the ability to have staff, but they may not be local and they can be quite literally bused in. We have real challenges, probably less in the care home but certainly in the care-at-home and housing support sector, in delivering in our most rural communities.

Q177 **David Duguid:** I know we are approaching the close, Chair, so could we just have a very simple yes or no question? Dr Macaskill, you mentioned a few times that social care is seen as a drain and it should be seen more as an economic driver. I just want to be clear: does that include the encouragement of private enterprise in the sector? If so, what barriers do you see to that?

Dr Macaskill: I think it is the totality. The Competition and Markets Authority report on the care home sector, which came out three weeks ago, highlighted that things had been done differently in Scotland. There is an incentivisation for investment, which we need to continue. Together with colleagues in COSLA, I am involved in ongoing discussions about how we can incentivise the sector. There is a distinctive opportunity for the totality of care—voluntary, statutory, private—across Scotland.

Q178 **Paul Masterton:** I learnt last week that my constituency of East Renfrewshire is unusual in that it has positive inward migration of over-85s. That is really remarkable, but the truth is that constituencies like mine and general demographics are going to need more people to be working in social care and related sectors and they are going to have to come from somewhere, whether it is UK nationals or from abroad.

Dr Macaskill: Absolutely. I know your constituency, having formerly been a resident in it.

Paul Masterton: I hope you did not move just after June. I hope that was not a sign of—

Dr Macaskill: I cannot possibly comment. No, it was before. But it is a very attractive place for individuals who are older, who want a degree of safety, security and attractiveness. I am building up your constituency here. But any such community will require a significantly increased contribution of social care. The plan that was published on Friday is a first stab and a first attempt of a number of stakeholders to try to identify the gaps, but it makes very clear itself that without our flexibility and ability to recruit from a wider pool than the pool we have at the moment, all our talk about careers progression and increasing salaries will come to naught. We need people to care, not just statistical numbers on a sheet.

Shirley Rogers: In your question, you asked for things that you thought made Scotland distinctly different. Donald has picked up already things like the population demographic and the issues about recruitment in rural areas. There are two things that I wanted to add to that and then a more general point. Depending on the rules that eventually come into play, in rural Scotland in particular we are thinking about GP communities. Those are often very small practices, and indeed often single-person practices or a couple of people practices. Not atypically, quite a high proportion are

European and quite a high proportion of couples who provide general practice services. There is quite an intense issue about recruitment in those areas with the rurality.

The more optimistic point that I wanted to make is that because of its rurality, Scotland is incredibly innovative in the way that it delivers healthcare. Much of that innovation has been done hand in hand with northern European colleagues, particularly with Scandi countries and various other parts. We have done quite a lot of work with people from the rural parts of Europe to look at innovation on how people access services, which is not just about broadband and stuff like that but about how people can engage with their community and how we can provide services that are innovative to support people in the community.

The final point that I wanted to make about the larger numbers of people that we need to go into both health and social care at the other end is that all of that debate is taking place at a time when we have relatively high employment.

Q179 **Chair:** I am looking around at my colleagues here. I think all of us have high employment. Maybe for my Labour colleagues in the prosperous areas recruitment is an issue anyway before we even start to get into the difficulties.

Shirley Rogers: That is not me suggesting that at times of high unemployment you can be cavalier about how you recruit, quite the contrary. We always want to have a good employment experience for people who work with us. At the moment we are doing that in a field where I mentioned earlier on that 1.5 out of 10 kids at school have to want to go into health and social care at the same time as they are being attracted into teaching and policing and banking and hairdressing and farming and everything else.

Chair: We are very grateful to both of you for very compelling evidence. Thank you very much for coming along. As with everybody else, if there is anything further that you feel could be usefully contributed to this inquiry, please submit that and it will be gratefully received and accepted. Thank you.

Examination of witnesses

Witnesses: Willie Macleod and Marc Crothall.

Q180 **Chair:** Good morning, gentlemen. It is lovely to see you both again. Just for the record, could you tell us who you are, who you represent and anything by way of a short introductory statement? We will start with you, Mr Macleod.

Willie Macleod: Good morning. I am Willie Macleod. I represent the British Hospitality Association, which is a UK-based organisation looking after the interests of the wider hospitality sector. I look after the interests of our members in Scotland.

The introductory remarks I would make are I think you have heard already from other sectors this morning quite a few of the concerns that we would bring to your attention, but our real concern is our ability to sustain and fuel the growth of hospitality and tourism businesses in the UK and in Scotland if we are denied access to a labour market that over the last 20 years or so has helped us fuel the growth in our sector. Marc will talk more perhaps about tourism, but the other point I would make is that we tend to think of hospitality as simply our hotels and restaurants and pubs, but the industry goes far beyond that into, for example, food service in all walks of life in hospitals, workplaces and elsewhere. In Scotland, we account for about 304,000 employees with a GVA to the Scottish economy of £6.1 billion, so we are a pretty significant industry.

Marc Crothall: Good morning. My name is Marc Crothall. I am the Chief Executive of the Scottish Tourism Alliance. We are the overarching trade body for the industry in Scotland. We have roughly 75% to 80% of tourism businesses of all types sitting under our umbrella of membership. Our role, of course, is to represent their interests but, importantly, we have another role, which is to act as the guardians of Scotland's national tourism strategy, which is a strategy for everybody. We are nearing its first conclusion in 2020 with an ambition to grow and continue to grow. We have experienced a great swell and a positive upturn in visitation, but we are seeing changing markets.

As Willie has touched on, we go by the mantra that tourism is everyone's business, and it is great to see that you are making it your business today. For that reason, I suppose, not just being solely typically hospitality, it is about thinking about the supply chain that makes the tourism industry tick, from the transport sector to the laundry providers to our producers who enable us to put food on the table. Of course, we are an international, global industry as well and we are seeing a significant changing demographic of visitation cultures coming our way. For Scotland to be competitive, we need to ensure that we are able to respond and give the quality experience that travellers of today, tomorrow and the future beyond that are expecting.

We have recently conducted some independent research into the confidence and concerns or challenges that are faced by the industry. With over 400 businesses replying from across all the different sector groups and different geographies, one of the most significant concerns is the ability to attract and retain a workforce that is going to be fit for the future and sufficient in size for the future with the gaps and things we already have. I am delighted to be here today to contribute and answer any questions that you have.

Q181 **Chair:** I am grateful. Thank you both very much for that. Given that I have a heavily reliant dependency on tourism and hospitality in my constituency, I know that non-UK workers are pretty critical to both your sectors. Could you talk a little bit about the value of non-UK workers in your sector and maybe give us a sense of the size or proportion that we are talking about here?

Willie Macleod: I mentioned in my opening remarks that hospitality employs 304,000. I think that is the precise figure in Scotland, according to recent research. In March we had a report produced for us by KPMG that began to look at the impact of Brexit on our sector, because we realised very early on that we are a highly dependent sector and we began to identify the concerns about our future workforce.

I think it is important to put things in context. Out of the 300,000-odd we employ, about 250,000 will be UK citizens, not all Scots. We have a very high proportion of UK people working in our industry. About 40,000 in Scotland are EU citizens and there is about a further 20,000 who are non-EU, primarily people who have come in on tier 2 visas. They would be in the main Asian chefs working in Asian or similar restaurants.

Marc Crothall: I support and back up what Willie has just said. The mix is significant, but the wider migrant workforce is a big percentage of our sector too. We are a growing sector. We have gaps as well, which is obviously something that we cannot afford to allow to widen further. People 1st have done a breakdown into where that split sits, and the predominance of the migrant worker, and the EU worker in particular, sits within the hospitality pub/restaurant sector. There is not as big a dependency in other smaller accommodation properties and so on, as well as attractions, but the gravitation is towards those particular communities.

Q182 **Chair:** Is there any particular reason we find so many non-UK workers in your sector? Have you identified any difficulty in recruiting indigenous-based Scots to come and work in your businesses?

Willie Macleod: I think a lot has to do with the relative buoyancy of hospitality and tourism in Scotland. We are a labour-intensive industry so we need people to deliver service. Our industry is growing, as Marc has alluded to. Scotland is a welcoming country. If I look back into the history of the hospitality industry, there are hotel luminaries like Lord Forte whose family came to Scotland before the Second World War. Sir Reo Stakis came here from Cyprus. We have a long history of welcoming to Scotland people who have skills in our industry and have demonstrated their ability to grow businesses. We have had immigration pre-World War II, post-World War II, and Scotland has not experienced some of the greater pressures of immigration that other parts of the rest of the UK have seen. I think we are a welcoming country. We have a history of employing people in our industry.

Q183 **Chair:** What about indigenous Scots specifically?

Marc Crothall: I would say we have a reputation of being pretty good at what we do as well. Globally, as a destination we are very much seen as a destination to want to visit, to go to. We are, fortunately, a safe destination in the current climate and, therefore, opportunity does exist. We have seen many of our migrant workers come together with partners or families; it is not just independent. Being able to come to a country that, as Willie said, has a reputation of being very welcome and open is

something that has caused the volume and demand to increase, but worryingly so. Since the Brexit vote in recent times, in particular over the summer season, we have seen a significant decline in interested applicants for reasons that are varied, the decline in the pound being one of those. There is serious concern as to how we do more to attract and encourage people to come and settle.

Willie Macleod: If I could amplify that briefly, I do not think we have seen wholesale departures of non-UK citizens or EU nationals. We are seeing a greater wariness about some of these people in coming to the UK and to Scotland because of uncertainty and also because of the difficulty in repatriating earnings because of the devaluation of sterling, as Marc says.

Q184 **Paul Masterton:** This is the same question I have been asking the other panels about the conflict or differentiation between the very unrestrictive current position for EU nationals and very restrictive position for individuals outside the EU. Has that caused your industries any particular issues and, in particular, does the number of restrictions on non-EU nationals cause difficulties?

Willie Macleod: We have had discussions with MAC over a period of years about the restrictions on particularly tier 2 entry. In our instance, there is a great shortage of chefs, for example, and the ability to recruit chefs from outwith the EU has been quite a significant issue for us going back over a period of time. There are restrictions on these tier 2 visas, namely with salary thresholds and also with the cap on the numbers that can come in under that particular category.

There is another related issue. As we have been looking at the issue of Brexit, the Migration Observatory at Oxford University has some data that says that 96% of the EU citizens who have come in to work in our industry would be denied access under tier 2 arrangements, they are that restrictive. The point I would like to make is that something in future based around tier 2 without significant changes would not be the solution to our future recruitment requirements. We need something more flexible and much more far-reaching than that.

Q185 **Paul Masterton:** As a quick follow-up, the UK Government position has tended to be that one of the reasons for the very high restrictions on non-EU citizens is because of the flexibility within the EU. Do you, therefore, see any future migration policy post-Brexit as being a rebalancing act to slightly more equate the position for anybody anywhere in the world?

Willie Macleod: I think it would have to be more flexible and we would have to revisit the shortage occupation list. There is a tendency to think that the employees we need are unskilled, for example. I would challenge that by saying that delivering service to the great global population requires a lot more skill than we would credit these individuals with.

Q186 **Deidre Brock:** This is a quick follow-up question. It is interesting you mentioned about MAC. We have heard from former witnesses today that

MAC does not seem to be listening when they are approaching them with issues such as perhaps dropping the need for quite as strict qualification levels as are currently demanded and so on. Is that your feeling about it? You have obviously had dealings with them as well.

Willie Macleod: It is mainly my London-based colleagues who have had dealings, but I think probably they have not been listening, in a sense, because they maybe have not had to because we have had such flexibility with EU labour. We have made a fairly comprehensive submission to MAC in relation to the research it is currently doing for the UK Government, and we have suggested that we would go along and see them. So far there has been no response to that.

Marc and I did meet MAC a couple of months ago on a very truncated visit to Scotland. I think we managed to buttonhole them with quite a few of the points we wanted to make, but we could have done with much more time. At the moment, I am relying on my London colleagues to make submissions to MAC, although we have contributed to a submission to MAC through the tourism skills group, which is part of the tourism strategy delivery mechanism.

- Q187 **Deidre Brock:** You mentioned chefs and the difficulty that there is at the moment in attracting chefs from non-EEA countries. In terms of the flexibility you are hoping to get, the salary threshold is £35,000, then there is the immigration charge of £1,000 per individual per year, which really knocks out a lot of smaller businesses from even applying to that. Do you think that tends to weight things in favour of London and the south-east of England simply because you have a larger operation and you have higher salary levels generally? Do you think that is an added case for some sort of flexible approach?

Willie Macleod: That shortage is really UK wide. The industry is doing quite a bit to try to train more chefs. The fact is that we have fairly high gross turnover in all levels of staff anyway, about 30% per annum, but demand is effectively outstripping supply for skilled individuals. We need more of them. If there is an opportunity to come on to it later, the BHA has developed a 10-year plan that we are promoting to try to address the issue by making our industry a lot more attractive to UK employees in the future.

- Q188 **Deidre Brock:** Yes, I saw that. If it was possible to vary the salary threshold, for example, in Scotland, lower than so that it was easier, as a way of approaching it, that would—

Willie Macleod: A lower threshold with a larger number would help.

Marc Crothall: Coming back on that, I think the rising cost of doing business for businesses is something that we have presented as a compound of costs that are coming into the industry as a whole to be able to recruit, so anything that is of a lower amount and attracts more. Let us not lose sight of the global traveller of today. They are expecting a real diverse offering of culinary experience. Not everybody is coming here to have traditional Scottish fare. They are expecting to have a real choice

of options in a big city. Therefore, the skillsets required are going to have to be drafted in and hopefully then shared and taught to local home-grown Scots as well.

Deidre Brock: Indeed, yes.

Q189 **David Duguid:** The latest UK migration statistics show an increased outward migration and a reduction in inward migration of EU nationals. Mr Macleod, you said earlier that you do not really see that in Scotland, or at least in your hospitality sector.

Willie Macleod: We have not seen a wholesale departure, but we are seeing fewer people expressing interest in coming to the UK and Scotland to work in our industry.

Q190 **David Duguid:** The second half of my question is about that. We have already heard today about the uncertainty around Brexit and the reduction in the value of the pound. What other factors in your respective sectors are having an impact on that?

Marc Crothall: I think there is a combination of the locality, the community, the impact of affordable housing, where you can settle and stay and whether you are able to stay here long term to enjoy it. Some of the shortfall has perhaps been the seasonal workforce that have typically been the ones attracted to come and work for a short-term period, and there have been barriers in that and, going back to currency, obviously the value of the pound not being as appealing. It is difficult to quantify anything specific but, as Willie alluded to, certainly the indicators we are seeing now are that there is not enough of a pool. There were two hoteliers last week who were about to open a property in Edinburgh and another property in Glasgow, and their typical method of recruitment has been through using Gumtree and various other methods. They did not have a single application from any EU national at all for work, and it would have been full-time employment.

Willie Macleod: Despite what we have heard in recent weeks, I think there is still considerable uncertainty over the position after March 2019. We are anticipating a transition period. We are not quite sure what the position on EU employees during that transition period will be. There is more certainty over settled status and permanent residency, but there is uncertainty on the part of people already here and there is uncertainty and maybe an unwillingness on the part of those who might think of coming to the UK to work if they are not absolutely sure of the environment they are coming into or what the negotiations we are seeing happening will lead to.

Q191 **Chair:** You talked about KPMG and the report on Brexit. Perhaps you could share that with the Committee; I do not know if we have copies of that. What were your conclusions and findings when you have been looking at this?

Willie Macleod: I am very happy to share that with the Committee. I think we may have shared it with the Committee last March when I spoke

to you about sustainable employment, but we can check with your colleagues and make sure that that is delivered to you.

The broad conclusion was that in the event of the loss of free movement, no significant reduction in employment in the UK—we are very fortunate to have high levels of employment in the UK, but without significant reduction in employment levels the broad conclusion, the mid-point of KPMG's estimate, is that our industry is going to need 62,000 new employees each year to fill vacancies and sustain anticipated growth in—

Chair: 62,000?

Willie Macleod: 62,000 per annum.

Q192 **Chair:** Where on earth do we find them?

Willie Macleod: At the moment, we have been finding them largely from Europe. This is the 10-year plan we are proposing. What we are suggesting to the UK Government is that there has to be a gradual change to the immigration system to allow the industry to begin to cope with a declining number of EU people coming to work in the industry or, indeed, more flexibility for non-EEA citizens to come here. Our plan is to work very much with the education sector to build on initiatives that we have had running for some time. A big hospitality conversation since 2013 created—

Q193 **Chair:** With all due respect, we have heard from all the sectors today. They are all going to do that. They are all going to have big education exercises. They are all going to start new forms of recruitment. You are saying that you alone as a sector require 62,000. I do not know what the number was from social care, but it was certainly into tens of thousands, too. I think we are going to be in real trouble.

Willie Macleod: That absolutely illustrates the scale of the problem the industry is facing. We have some of the biggest hospitality employers, national and international chains, who are backing this 10-year plan because they are extremely concerned that without the ability to recruit an adequate workforce the viability and the sustainability of these businesses is very much in question. We are a labour-intensive industry and our ability to improve productivity through automation, for example, is fairly limited. The industry is taking certain steps, but we are still very much a service-oriented, labour-intensive industry. We need people and without people of that order of magnitude, our growth and our ability to run our existing businesses is going to be severely constrained.

Q194 **Ross Thomson:** Mr Macleod, you already touched on this in a previous answer. The UK Government have published proposals for the rights of EU citizens who are living here in the UK. As you will be aware, the UK and the EU have now agreed in principle how this will be dealt with post-Brexit. Are you reassured in any way by the status of EU nationals who are already working here and, beyond that, are there any further concerns that will still need to be addressed?

Willie Macleod: I think the status of those who have been here for five years and those who have been here for a shorter period and can build up to the five years reassures a lot of people who are already here. The issue is what happens after March 2019, which is not that far away.

Let us assume there is a transition period. What will happen during the transition period? The critical thing is what immigration policy will be in place after the transition period. We are assuming that there would be some sort of numerical cap on immigration to the UK, that there would be some form of quota and work permit. We would argue for the most flexible, least bureaucratic, low-cost work permit system there can be. We would argue that permits would be subject to renewal. They would exist for a reasonable length of time, perhaps five years, to give people a certain amount of security.

We recognise that there will be changes, but we have set out in our submission to MAC what changes we would prefer to see coming about. We are very open to discussing these with MAC and anyone else who wants to listen for that matter.

Q195 **Chair:** On your MAC-related issues, I was trying to explore with our previous guests the representations and how this process works. You have made representations as a sector to MAC previously. Has this been received favourably? How would you rate it as a process and what have your experiences been of dealing with them?

Willie Macleod: Personally, I have not been involved in these discussions. I think the position in relation to MAC has become more acute as we understand more about the implications of Brexit. The ability to influence MAC and get MAC to listen is quite important. It is a matter of regret that the UK Government perhaps did not commission MAC to look at this issue before they did. We are not anticipating their report I think until August next year. Well, August 2018 is getting pretty close to March 2019 for businesses to be planning and looking ahead and reacting to what MAC is going to say, based on the representations it has had from ourselves and other sectors of the economy.

Q196 **Chair:** On Mr Thomson's question about the UK solution for EU nationals, my impression in my experience of my constituency is that most EU nationals who work in your sector probably have not been here for five years. It is more of a seasonal drop in, drop out type employment. You mentioned the large turnovers. I imagine they come and work for a couple of years in a hotel in Pitlochry and then decide that they are going on to do something else. Do the arrangements that are currently in place for EU nationals satisfy you for looking after your sector?

Marc Crothall: There is evidence of those seasonal workforce individuals returning year on year. It is the same people coming back and allowing them to return is something that obviously saves a lot of cost, particularly where you have a business that trades seasonally as well. Knowing that you will have consistency, the fact that they have chosen to return year on year has been a positive thing, albeit there are those who

are stopping now. Creating opportunities is really looking at how we address seasonality as an industry as a whole to have that continuity throughout the year. People do not come to Scotland for the weather, we know that. There is a lot of focus now on spreading and needing to spread the tourism season; therefore, offering up not just that seasonal opportunity but the longer term employment potential that is there.

Willie Macleod: This is not really a seasonal phenomenon. A lot of our businesses operate 12 months of the year. The overall figure in the KPMG research—slightly different from the work that Marc mentioned that People 1st and the Sector Skills Council have done—showed 14% of our employees in Scotland are from the EU. That figure can be as high as 50% or 55% in a city centre hotel. We do see seasonal inflow and outflow of EU workers, but we see stability among immigrant workers right through the industry but also in the cities. They are setting up home here. They are marrying Scots or residents of Scotland, and they are having families and staying here. In many respects many of these people are a permanent fixture of our community and they are a very welcome fixture. These are the people who I think are seeing the reassurance that if they have five years residency, or they can build up to five years residency, they have the ability to stay here and have that settled status that has been offered to them.

Q197 **Tommy Sheppard:** You have touched on this already, but we are waiting on the UK Government to publish proposals for migration from the European Union after 2019. We do not know what that is going to be. At one end of the spectrum there is a possibility that it may go towards the situation for the rest of the world, which I presume would be deleterious for your industry. My question is: do you see the need for a separate set of EU arrangements post 2019 and what do you think they could be?

Willie Macleod: Ideally we would like to see EU citizens being able to come here and look for a job, and perhaps obtain a work permit, perhaps sponsored by an employer. I think anything that required a bureaucratic and costly application process before people came here would be pretty detrimental to our industry. I am probably old enough to remember applying for work permits for non-UK staff in the hospitality industry 40 years ago, and I can tell you it was a very time consuming and laborious process. I am sure you all know that—certainly in our industry—if you need an employee on Monday you need them on Monday, not three months on Monday, which could be the position if you have to apply for a time-consuming work permit.

I think it is flexibility. We recognise there would have to be some changes after Brexit, but I think it has to be flexible. There has to be recognition of the needs of our industry, and indeed others. We would argue that the MAC should have a role in the future, not dissimilar to that of the Low Pay Commission, where it is independent of Government, it takes a kind of evidence and offers advice to Government.

Q198 **Tommy Sheppard:** To be clear, are you talking about visa-free

arrangements but you have to get a work permit to work?

Willie Macleod: We would certainly prefer to see visa-free. We recognise that there may have to be a permanent system and there may have to be quotas, but these quotas should recognise the needs of industry.

Marc Crothall: Potentially by geography as well. As somebody on the other side of the fence who has worked around the world and had to go through applications for work permits and processes and so on, it became a barrier and it stopped me travelling. I think we have to enable it to be as simple and as easy as possible for somebody to come and work here, but if there is a control system, a work permit that is also non-costly, and putting any barrier in the way for people coming to—where we have highlighted we have a significant gap in our workforce already. We are a high-demand country. We have big volumes of people to cater for, and we have a gap where to be able to skill a home-grown workforce to the scale and the level we want to will take a 10-year period at the moment.

Q199 **Deidre Brock:** It has been suggested by some witnesses formerly that some form of Scottish representation on the MAC would be helpful. Would that be something you would welcome too? There is currently nothing.

Willie Macleod: I do not think we would resist it.

Q200 **Deidre Brock:** Yes, okay. Do you think that might help them adopt a slightly more flexible approach to Scotland's needs, for example?

Willie Macleod: I think so. I think Marc and I would agree that there is a greater recognition in Scotland than at UK Government level of the importance of our industries to the Scottish economy.

Q201 **Deidre Brock:** That is interesting. That is what you said before, isn't it?

Marc Crothall: I would say very definitely that is the case. Our engagement with the MAC two or three months ago was a fairly last-minute request. It was fortunate that we happened to have a tourism skills group meeting at the same time and raising the appeal of the industry is one of our key objections in the action plan that sits there. From the time spent with the group, what appeared to be quite a lack of understanding and appreciation of tourism's importance to the economy in Scotland was evident.

Q202 **Chair:** That is what I was going to ask. Something that I am pretty certain the UK Government, when they are sitting across the table from us, are going to say and suggest is that what you are talking about is specific to the whole of the United Kingdom. The tourism sector and the hospitality sector will need a solution just as Scotland will. When we are looking at the issues and implications for Scotland, is there anything distinct or different about what you do in Scotland that would need to be treated differently from the rest of the UK?

Willie Macleod: The characteristics of the industry and how we operate are probably UK-wide. Indeed, a lot of our companies are cross-border both ways, headquartered in Scotland and operating south of the border

and vice versa. I think there has to be a UK solution. Certainly my colleagues and I have thus far been resistant to a Scotland solution for immigration, having regional quotas or regional permits. The reason for that was the possible restriction on the flexibility of movement of people. We are a cross-border industry and people come from London to work in Edinburgh, people go from Edinburgh to work in Cardiff, and we have cross-border companies that want to shift people around and offer promoted posts. That applies to non-UK workers as well as to those born and bred here.

I think to a certain extent we are now probably more open to discussion on the merits or otherwise of regional solutions, and the Scottish Government have been arguing that. Alistair Darling was also arguing it.

Q203 Chair: If we had a subnational immigration policy like Australian states and Canada have and, therefore, if we are able to offer a different type of immigration experience and system to the rest of the United Kingdom, surely that is going to be good for your industries.

Willie Macleod: I am not sure my London colleagues would agree with me entirely, but from a Scottish perspective that would be positive.

Marc Crothall: Very definitely it would be positive, particularly in the rural communities where you have a workforce age profile that is obviously challenged and the popularity and the opportunity to grow tourism outside the main central belt is significant. You only have to look at the rise in cruise tourism as an example; 650,000 passengers into Scottish ports this summer and 800,000 next year. We need more people in the rural communities to be able to respond and service those types of audiences.

Controlled and pocketed is a possible way of doing it, but Willie is absolutely right that a number of our businesses are cross-border. One of the appeals of working in our industry is to have the flexibility to be able to grow your career and develop it by moving around the world, or certainly within the UK. I see that as something that you would not want to put a great barrier in the way of doing.

Q204 Chair: One of the things you propose, which I think is quite possibly an ingenious proposal for your sector, is this idea of the sectoral work permit system. Have you presented this to Government at all? Is this something you have suggested to the MAC? Just very briefly, how would it operate?

Willie Macleod: We have mentioned it in our submission to MAC. We would prefer to see something operating at the UK level but, speaking for Scottish businesses, if there had to be a uniquely Scottish situation we would welcome that. The devil will be in the detail. If it prevented people from moving within an organisation, say Hilton for example, or one of the main branded restaurant chains—

Q205 Chair: Sorry, Willie, we do not have much time. I just want to know how a sector work permit would work. Is it a quota? Is that what you are suggesting?

Willie Macleod: It would effectively be looking at a quota of people—

Q206 **Chair:** You would go to Government and say, “The hospitality sector needs 50,000 people across the United Kingdom”, for example?

Willie Macleod: The figure is 62,000.

Q207 **Chair:** You would suggest this, and you would expect the Government to give this permit to the sector, that anybody coming in to work in your sector would seamlessly get this?

Willie Macleod: That would be reviewed periodically, with the MAC acting as an independent body, taking account of evidence from industry and making recommendations to the Government on the needs of particular industries. Then the recruitment would be up to individual businesses within that overall national quota.

Q208 **Chair:** Have you had a favourable response?

Willie Macleod: We have no response from MAC thus far, but we stand ready to go and speak to them.

Q209 **Chair:** You have had no response. Could you tell us how you get on with that one?

Willie Macleod: We would be delighted to.

Chair: You are the first sector that has come here and suggested a way and means to deal with the immigration system. I think credit has to be acknowledged with all that. It would obviously be a solution if it was to be granted, although we need to see what the UK Government say about that. Thank you both ever so much. It has been really interesting. Once again, anything further—I think we would all like to have a good look at your KPMG report, for example.

Willie Macleod: We will get that to you, yes.

Chair: Thanks again for turning up to talk to this Committee.