

Scottish Affairs Committee

Oral evidence: [Immigration and Scotland](#), HC 488

Tuesday 16 January 2018

Ordered by the House of Commons to be published on 16 January 2018

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

Questions 210-323

Witnesses

I: Professor Andrea Nolan, Convener, Universities Scotland and Principal, Edinburgh Napier University, Andrew Witty, Director of Sector Policy, Colleges Scotland, and Annette Bruton, Principal, Edinburgh College.

II: Alix Thom, Workforce Engagement and Skills Manager, Scott Johnstone, Chief Executive Officer, Scottish Life Sciences Association, and Kirsty Ramsay, HR Director (UK and Ireland), IQVIA.

Written evidence from witnesses:

– [Colleges Scotland](#)

Examination of witnesses

Witnesses: Professor Andrea Nolan, Andrew Witty and Annette Bruton.

Q210 **Chair:** I welcome you all to the Scottish Affairs Committee inquiry into immigration. We are a little bit early—unusually—this morning, so we will get started if that is all right: just who you are, for the record, and anything by way of a short statement. We will start with you, Professor Nolan.

Professor Nolan: I am really pleased to have the opportunity, on behalf of Universities Scotland, to come and give evidence to you today.

As a group of university principals, we have been considering—obviously, since June 2016—the impact of Brexit on our staffing population, on the HE sector as a whole, and on our student profile. In the context of what happens, we also have parallel debates about the whole immigration for attracting talented staff and students to our country.

Given we are where we are and we are leaving the European Union, I would like to point out to the Committee that it will have a significant impact on the HE sector, on the staffing profile, and on the student profile, in Scotland.

Approximately 11% of our staff across the HE sector are EU nationals. Within that, 17% of our academic staff are EU and roughly 25% of our research staff come from the EU. That is a significant issue for when we leave.

We have a large EU student population. Around 10% of our students in Scotland—about 21,000—are from the European Union. Their status in Scotland is different from their status in the rest of the UK. They are classified as home students, so they don't pay fees. The Scottish Government supports them. They are not homogeneously distributed. They populate subject areas that are important to Scotland—many of the STEM areas, engineering, computing, biological sciences, and some of the business areas—so how our institutions in Scotland respond to the issue after we leave the EU, when they will no longer qualify as home students, is a challenge for us.

The key thing I am saying here is that I would like us to look at a new immigration system as a whole, which supports the mobility of talented people and attracts talented students to Scotland. We value them hugely. It is not just about income, although their income is important to us, all international students, but it is about the cultural diversity they bring. They bring enormous motivational characteristics. They have lifted themselves from another country and come to study in Scotland in particular, and that is a huge benefit in our classrooms. We are also very keen for a new immigration system that would encourage all people, which would say that Scotland is open to attract people to study, to work and to live. Therefore, we are looking to see how we could influence the



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development of a new immigration Bill that would build in more opportunities, in particular, for international students to work after they graduate, to work with us even for a short time, because we believe their talent will then be available to businesses.

It is a real statement that it is going to have a significant impact on us in Scotland. We want it taken in the broader context of a new immigration Bill that is more open to attracting talented people into Scotland.

Andrew Witty: Good morning and thank you for the opportunity to speak to the Committee. I am Andy Witty. I am Director of Sector Policy at Colleges Scotland. Colleges Scotland is a membership body for all 26 colleges in Scotland. It delivers further education and also 28% of higher education in Scotland. Our broad areas of concern around this are funding, staff, students and then some of the non-financial benefits, such as cultural exchange programmes.

If I could give two very quick examples of the impact it has. One of our colleges, City of Glasgow College, has links to 56 educational institutions in Europe, which potentially will be impacted. With regard to the funding side of it, a lot of the EU funding, through the programmes that the colleges get money from, is for what is called employability training. This is for Scottish people for who, for whatever reason, the pre-16 education has not worked. They are furthest from the workforce, so this is training that helps them be able to hold down a job and get them to a place where they can be contributing to society again. That funds over 4,000 full-time equivalent students each year. Clearly, if that funding stream was not there, we would be looking for some mitigation in some form. That is over 4,000 full-time equivalent students who will not be helped in some of the most basic ways to get them ready to work again.

Annette Bruton: Good morning and thank you for inviting me on this morning. I am here with Mr Witty to represent the college sector. I am the Principal at Edinburgh College. My two colleagues have already expanded on what the key issues are for us as a college and university sector. In opening, the only point I would add is that the college sector is not homogenous and there are particular issues relating to the EU that manifest themselves in Edinburgh. One in six of my students is an EU national, so I am happy to help the Committee with the business today.

Q211 **Chair:** An opening question, perhaps for you, Mr Witty and you, Ms Bruton. There is the scholar proportion of international students at Scottish colleges, but how important are they as a group to your particular sector? How does that maybe differ from the issues with Universities Scotland?

Andrew Witty: Across Scotland EU students will make up an average of about 5% of the student population but, as Annette has already said, that differs widely across Scotland. However, the contribution they make is significant in terms of the cultural exchange and the opportunities of that



interaction for Scottish students, alongside international students, the diversity and enrichment that that brings.

There is also the fact that they become part of Scottish society and community and contribute to that, both in their presence but also in their finances and spend within Scotland. Many of these EU students will work part-time while they are studying part-time, so they are also contributing to work within the area. They make a significant contribution to Scotland.

Annette Bruton: To follow on from that, one of the things that characterises Scotland's colleges is that we have EU students studying at every level, from entry level right the way up to being on degree programmes where they may be moving on to Professor Nolan's university. That means that we have a very diverse range of students. As Mr Witty said, the majority of the students studying with us—who have either come to live in Scotland or who have applied directly to come and study in Scotland with us, are also working—so they are significant contributors to the local economy. The students are studying the most diverse range of professions and vocational areas as well, with a particular emphasis on food technology, tourism, hospitality, and, in the case of Edinburgh, the creative industries.

Q212 **Chair:** We are grateful for your written evidence, too, about the number of EU students. That surprised the Committee. They were talking about 11% of the academic staff and 10% of all students are EU and, again, one in six, we are hearing from Scottish colleges. This Committee has done quite a lot of work on students, particularly on post-study work schemes, which Universities Scotland has very helpfully given us a lot of evidence on. What happens if European Union students are included in the same sort of group and the same sort of process about getting to Scotland as international students? Will that create difficulty?

Also—and this may be for you, Professor Nolan—we know that there is a great deal of competition to secure international students at academic institutions right across the world. Is there any concern that, given there might be a new immigration status for EU students, Scotland could lose out?

Professor Nolan: Yes, I am concerned on many levels. As for what will happen if EU students become the same as international students, that would have a significant impact. I do think Scotland would lose out pretty big time and that is why, I suppose in my opening statement, I was keen that maybe you consider too—we are considering it—how we can influence a new immigration Bill that says we are open and welcoming to genuine students.

The systems we have for non-EUs, for accepting international students, are very rigorous and quite bureaucratic, but we adhere to them and we take them very seriously. Our universities in Scotland all hold highly trusted sponsor status, which means we have to have a threshold of less than 10% of our visas applications rejected; 85% of our students have to



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stay with us over the course of their study; 90% have to enrol. We operate within very tight parameters and we take it very, very seriously. To apply that to our EU student population in future—if we assume that, once we are out of the EU, international status would apply to EU students—would be a huge additional cost and administrative burden on the HE sector. It is not to say we don't approve of stringent controls but it is a huge additional cost and there is no shadow of a doubt, I believe, that our EU student population would decline.

The second thing you mentioned was international competition. It is hugely competitive. We have seen significant increases—I don't have the exact numbers but I could get them to you—in inflows of international students to Australia and Canada and, in my view, whether it is causal or just association, that does go alongside alterations to their immigration status for students where they want to welcome them, they value them, and they have post-study work opportunities for them.

Annette Bruton: We cannot automatically assume that the changes to Tier 4 and how that affected the college sector would automatically follow, but I think we need to consider the risks of that. In Edinburgh College, in 2012-13, we had 215 students who entered the college through the Tier 4 immigration approach. We now have only 29. Although the numbers are small, if we were to apply that to the 3,000 EU students who are currently studying with us, it indicates at least a risk that we need to address through an immigration policy. Many colleges no longer hold Tier 4 status because it is just too difficult to manage.

Andrew Witty: To add to that, when we are trying to consider what a post Brexit landscape might look like—obviously there are no guarantees—if it did follow a similar pattern to that Ms Bruton has just commented on, we would perhaps expect to see a significant reduction in applications and student numbers. As we look forward to what we want from an immigration structure, it is essentially one that allows us to keep the benefits we have now, that allows and supports the colleges to skill up the workforce that is needed, that can be responsive to those labour-market needs, including at a regional level and still be able to support those elements of it.

Q213 **Ross Thomson:** Mr Witty, in your answer you mentioned international students at colleges being part time. To elaborate on that, is that EU nationals who have come over to work? Are they picking up courses to help an area of skill, or whatever? If you could explain a little bit more about that, we would be grateful.

Andrew Witty: We need to look at this separately for EU students and international students because there are different rules in regard to that, particularly in the college sector. EU students are able to work while they are here. It is quite difficult to differentiate those that come specifically to study and those who have come here for a short time before applying to college, because it may have always been their intention to do that and come in by that route.



When you come to international students, there is a disparity between the rules for colleges and universities. An element of a future immigration policy, which would be helpful for our sector, would be to have some equality around that. For example, international students who come to college cannot work. They have to have all their monies for their living and fees and be able to prove they have them up front. Often they are required to go back each summer holiday and there is no guarantee they will come back in for the latter part of the course, so it is significantly different from universities and that does cause challenges for colleges in recruiting international students.

Q214 Ross Thomson: In terms of that recruitment and those challenges, you will be acutely aware that since 2007 part-time college courses have more than halved; there has been a decrease between 2007 and 2016 of 54%, which is a bit of a blow to those who are looking to balance work and study. What kind of impact have those policy decisions had on the college sector, in relation to trying to attract those very students who can work and want to study part-time as well?

Andrew Witty: The direction of Scottish Government policy within Scotland has been towards developing the young workforce, which has meant a focus on more full-time study courses and younger people. Approximately two-thirds of study within colleges is still part-time and a lot of the EU students who come in to study will be part of the part-time group, so they are able to work as well.

Q215 Ross Thomson: We have seen a reduction of 150,000 college places, 150,000 students. Do you know what proportion of that is domiciled domestic and what proportion is EU?

Andrew Witty: No, we do not have those figures with us but are happy to supply them to the Committee following this session.

David Duguid: Professor Nolan, you mentioned several factors in your opening statement regarding the benefits that foreign students bring. I recognise a lot of that, particularly the one about somebody who has been motivated to leave home and go abroad, to either study or work that tend to carry that over into their work ethic, in my experience, and I presume it is the same in the education sector. My own personal experience in the workplace has been mostly of non-EU workers coming into the oil industry, which is my background. This is for the college side of things as well: how many of your students are non-EU?

A follow-up to that question: Professor Nolan, you have mentioned the desire to have an influence on any future immigration policy. Assuming that it is going to be more difficult for EU citizens to come and study, would you see any advantage if we can make it slightly easier for non-EU citizens, to level the playing field? Do you see that as being an overall advantage?

Professor Nolan: First of all, in Scotland there are just over 50,000 international students, non-UK students. In the HE sector about 21,000



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of those are from the EU and about 31,000 are from other countries, so we have more non-EU students than EU-students.

In my university, out of a total of about 19,000 students about 9,000 of those are not from the UK. On campus I have about 3,500 students. A little over 2,000 are EU; the rest are from beyond EU shores. Also staff from the university teach overseas. We have about 4,500 students who we teach in places like Hong Kong, China, and Sri Lanka, and we have a growing number of students online. Higher education is global and international and that is what is so exciting about this: the opportunities that staff and students get for teaching and studying in an international community. That is the scale of the numbers. They are really large.

The second part of that question was about levelling the playing field and certainly that is something we would really like to see. I am assuming that post-Brexit, certainly for fees purposes anyway, EU students will be considered the same as non-EU students internationally. In Scotland, what we are going to have to think about is whether there is a strong case for a longer transition around that because some of our discipline areas will be seriously affected.

It is not as if the 21,000 students from the EU are across Scotland. They are not all homogeneously distributed between subject areas, the country and universities. You have concentrations in some universities and in some disciplines, which would be serious if we lost them suddenly, so there is an argument for considering how for Scotland in the current situation—it is beyond any two-year transition period—we might have to deal with the status of students. Looking beyond and beyond and beyond, I would like to see a more streamlined, robust but more open policy approach that says in Scotland, in the UK, we welcome genuine students. They are hugely important to our HE sector, to our economy, to our culture, to our society, and similarly for staff.

Q216 Chair: Before we move on, one of the issues that has emerged over the last couple of weeks is the Government's consideration of taking students out of the immigration numbers. For a while it seemed like the Government were quite receptive to that idea. It seems to have come back a little bit since then. I never understand how students could possibly be classified as immigrants. It totally, utterly, baffles me. If this was to be a feature of the way forward, how helpful or obstructive do you think this would be as a policy suggestion?

Professor Nolan: It would be very helpful. We have seen some movement on the whole immigration issue with students, in the sense that the Migration Advisory Committee is looking at the impact of international students. We had a big report on that, published by HEPI I think last week, on the economic benefits. When you read all the surveys of the public, they don't view students as migrants, so why are they in that cap? I think it would be really beneficial and it would be a very strong signal to students around the world that we view them as people



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coming in—and they will go back—to benefit and enrich our higher education sector and then they will move on in due course.

Annette Bruton: I would agree with that. It would be beneficial. A bit more work needs to be done in the college sector, though, because there is the added complication that, because of the freedom of movement, many of our 3,000 students in Edinburgh College are not directly applying from where they live in Poland or Spain; they are coming to Edinburgh, getting a job, and a couple of months later applying to the college. I have been looking into this to see if we can get some hard data on this and I think a bit of work needs to be done on it, to understand those students who look as if they have come to study.

There is a far, far bigger group of students who are using the freedom of movement to come to apply. I would absolutely welcome the suggestion that students are taken outside the immigration numbers, but we do need to look at the current practice of how EU students have been coming to access further education in Scotland.

Q217 **Tommy Sheppard:** Professor Nolan, you said that EU students are treated as if they are home students in terms of the Scottish Government funding their courses. No matter what type of Brexit we end up with, that arrangement is going to end and the parity of treatment will disappear. I presume you are considering tuition fees for students from EU countries. What is your thinking on that? What will that do in terms of the competition, for your institutions in the international market?

Professor Nolan: It is a very interesting question. I assume it will change; it has to change once we leave the EU. The Scottish Government have still not considered it, but they could put in a preferential arrangement around fees for EU students in future. Would that stand up against equality of treatment? I don't know, but they could do that.

In terms of where we would go as a university—I can't speak for other universities on this particular front—we would introduce fees. There is no shadow of a doubt; we would have to. Also, if people have the same status, sitting in the same classroom, we cannot say one is charged this fee and others are charged another fee, so we would be looking at introducing fees.

My own view about that is that the numbers of EU students would drop quite significantly in Scotland. It would probably have a variable impact on different universities because different universities have different numbers of EU students. My own has quite a lot of EU students. Aberdeen has a lot of EU students. There are others. There are areas where it would impact more than in some of the smaller specialist institutions, but in my view it would probably have a significant detrimental impact.

Q218 **Tommy Sheppard:** If they do not come to Edinburgh or Aberdeen, where do you think would they go?



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Professor Nolan: In Europe there are many, many countries that don't charge fees. Germany doesn't. Germany is reaching out more and more internationally to countries beyond the EU. If we charge fees we will be in competition with other universities around the world but in Europe, with the free mobility, there are many countries that do not charge fees or have a very low level of fee in higher education, so I would imagine that is where they will choose to study.

There is a very strong UK quality brand. The UK, and Scotland as part of that and in its own right, has a very strong brand around the quality of its higher education. That is why we are very successful at attracting international students. It is a question of how you would balance that quality brand and the value that adds to the opportunity for other EU students in future to study in other EU countries. It is a balance. I am not quite sure where we would end up.

Q219 **Tommy Sheppard:** To be clear, I don't want this to happen, but to play devil's advocate, some people might say, "Well, given the number of international students in Edinburgh, for example, who are not from the EU, the fees don't appear to be much of a barrier".

Professor Nolan: There is that argument, absolutely.

Q220 **Tommy Sheppard:** What is the counter argument? Why are fees a bad thing?

Professor Nolan: Fees for EU students?

Tommy Sheppard: Yes.

Professor Nolan: In my own institution, I have a higher percentage of EU students than non-EU students. What it does for me, if I have to introduce fees, I will be looking at reduction in my EU students. I will be looking at all that other administrative load of attracting my students, of going through the whole Tier 4 system, which is onerous. I suppose, beyond that, having moved countries myself, I hugely value the openness of people coming in for periods of time to be educated with other people in Scotland. I cannot say enough about how much value that brings to the classroom. The fact that for our Scottish students there are people there who have come from Italy, from France, from Germany, the diversity that brings is phenomenal and I will mourn the fact that, in my view, that will be lessened in my own institution.

Q221 **Tommy Sheppard:** Finally, can I check this point: is there any way that the ability to charge tuition fees to a new set of students, these future EU students, could lead to additional income to the institutions? Or will it simply replace one funding stream with another?

Professor Nolan: No. It is quite a complex question. Once they are treated as international students and people charge tuition fees, it would then be additional income. The Scottish Government currently spend approximately £95 million of their education budget on educating EU



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students, and we would argue—as you would expect us to, as an HE sector—we would like that to be retained within Scotland higher education. If that were the case, if that were retained to support entry of more Scottish students or to increase the unit of resource for teaching our Scottish students, anything that the EU fees would bring in would be additional. If that is not retained, then the EU fees and how that would work out, I don't know.

- Q222 **Christine Jardine:** Thank you very much, Professor Nolan. It is nice to see you again. I should state that until recently I used to work in the higher education sector, so I am aware of the number of students from other EU countries. To follow up on what you were saying, there seems to be a balance. Potentially, if we were to leave the EU, there could be a significant financial impact for a number of universities in Scotland if those students were to leave, if there were to be fewer coming because of the potential to have to pay tuition fees, which they don't have to pay now, and potentially there could be the loss of income from the Scottish Government. For a lot of Scottish universities, what you are saying is it could potentially have a significant financial impact?

Professor Nolan: It could, but it is complex. If we lose them, we don't lose the funding unless these places that EU students occupy and the funding are removed. I would hope that is unlikely that it will be removed in its entirety, but we don't know. That is a decision for the Scottish Government.

- Q223 **Paul Masterton:** To pick up on that, I don't think it has been a deliberate inference but this idea that if an EU student does not take the place, the place suddenly disappears. As we know, there are significant numbers of Scottish domiciled students who not getting into university, partly because of this home-student approach, which treats Scottish students and EU nationals as the same, so they fall within the same capped level of places. If we are to treat EU students preferentially or the same as other international students and they are charged fees, does that potentially give scope for additional levels of Scottish students to be getting funded places, and additional places, potentially, for students from more deprived backgrounds because of additional international fee income coming in to your university?

Professor Nolan: Yes, it does.

- Q224 **John Lamont:** I have a question on a slightly different issue, but I want to follow up something that Professor Nolan said earlier. I think you suggested it would not be possible, within a room of students, to charge different students different levels of fees but does that not happen currently? The students who are funded: Scottish students in a classroom will be funded by the Scottish Government; EU nationals are paying and then non-EU nationals are paying something different. Does that not happen now?



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Professor Nolan: What I meant there was, if we are out of the EU and EU students are considered as the same as international students, it might be the situation that, because of this vulnerability of subject areas in Scotland, the Scottish Government could say, "We have a preferential status for EU students". I don't know. I don't know if that could be the case, but my worry is around the subject areas that are currently very reliant on EU students and those EU students have the opportunity to stay on and work in Scotland. My worry is about: what happens to those and could the Scottish Government have a longer transition period? I don't know. The legal people would know that. But you are right, at the moment the Scottish EU students don't pay fees and they are in the classroom with the international students who do pay fees.

Q225 **John Lamont:** It is possible to administer that type of scheme?

Professor Nolan: Yes.

Q226 **John Lamont:** Returning to my intended question: in the evidence from Universities Scotland it stated that they want EU students to be able to come to Scotland without any visa restrictions. What would the practical impact be if EU nationals had to go through the same process as non-EU nationals do to come here?

Professor Nolan: It is a significant process. When people apply they do have to show they have their fees upfront. They have to show if they are here for courses longer than six months. They have to have at least £1,050 per month for at least nine months, and they have to show that. They have to pay their NHS charge upfront. They have to show they have a significant amount of funding upfront when they apply. They apply. We then give them an offer. We give them a certificate of acceptance to study. They may then be called for a credibility interview by the Home Office. When we have international students, we have hugely rigorous monitoring systems. We have to have regular touch points, face to face, not just to see if they have logged in on their library, check that they are there. If they miss so many touch points, we have to go and follow up and identify. It is a huge administrative and support infrastructure we have around our international students. As you can imagine, we take very seriously our highly trusted sponsor status, which all Scottish institutions have. It is hugely important to us. Therefore, to add EU students in will be an administrative burden.

Q227 **John Lamont:** I am assuming it is the same for the college sector.

Andrew Witty: Yes. There are a number of colleges that have Tier 4 sponsorship status. They will obviously be able to help international students with regard to that but, because of the lack of equality or the different rules between international students going to colleges and those going to universities that I touched on earlier, colleges are finding it increasingly hard to attract international students.

One of the big changes in the college sector over the last few years, particularly since the post-study work visa rule changes happened, is a



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significant drop in international student numbers. There are some exceptions to that—the City of Glasgow College, world-renowned maritime training—but in many colleges the international student numbers have dropped significantly.

Q228 John Lamont: You are arguing for students to be removed from the immigration system and I have some sympathy with that view, but do you agree it would be better to achieve that on a UK basis rather than trying to develop a separate system for Scotland?

Andrew Witty: There are probably a number of different structural ways that this could be done. Whatever that structure is, we are looking for it to deliver the same benefits that we have now and allow the approach to our colleges to continue to skill up the workforce, particularly matching labour market needs, because what colleges are doing is producing the workforce that is growing the Scottish economy, which is increasing productivity.

We had a recent independent economic impact assessment done. It showed that college graduates add £20 billion to the productivity of the Scottish economy over their lifetime, so there is a huge amount of benefit to the economy by matching college provision with labour market need. We would like to see that continue with the new immigration system. We would also like to see an immigration system that would allow the reintroduction of something similar to, or the same as, the post-study work visa, allowing people to stay and contribute to the Scottish economy after they have graduated.

Annette Bruton: Another thing I would add is that we were pleased to see that Edinburgh and Glasgow universities have joined the pilot study. We would very much like to see a college that has Tier 4 status—like ourselves, or Glasgow—be part of that pilot, because that would test out a lot of the answers as to how we can achieve the same ends for students and maintain our international standing in Scotland, and see how we can do that in practical terms because we have seen these numbers drop off because of the Tier 4 rules.

Q229 John Lamont: Surely, many of those arguments would also apply to universities south of the border, in terms of developing a system. It is easier to develop a system on a UK-wide basis than trying to develop something bespoke to Scotland, which could add to the complications that you all have to deal with.

Annette Bruton: I suppose being selfish, from my own point of view, I would first like to see some parity between universities and colleges in Scotland and that would be the main driver for me.

Professor Nolan: I am not sure about that. I have a view that there could be regional differences because there are regional differences in the sectors that have skills shortages and so on.



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I was interested in Eve Hepburn's report in 2017 to the Culture, Tourism, Europe and External Relations Committee in Scotland, where she outlined a set of actions where you could have soft levers and mid-range levers and very strong levers. I thought there were aspects of that that could work. Within the context of a UK system, why could there not be a regional adjustment that was fit for purpose for that region? I don't know who would design that but I thought there were very strong arguments in that.

Q230 John Lamont: My last point, to Professor Nolan: in your evidence earlier you made reference to having a system that allowed "genuine" students in. I think "genuine" was the word that you used. In light of what you have said, what system do you anticipate being in place to ensure that we filter or ensure that those genuine students are coming to Scotland and the system is not being abused?

Professor Nolan: I would turn that back, perhaps, and say there is very little evidence that the system is being abused. There was a lot of what they called bogus colleges a few years ago. I got very downhearted when I would read about all these bogus things and students overstaying. The exit data that was published last August—and we really welcome the UK Government's approach to providing the evidence base around this—indicated that 97% of students leave, so there are not hundreds of thousands overstaying their welcome so I don't feel we have a significant issue.

With regard to the pilot, why is it a pilot for just some universities? All of us have highly trusted sponsor status. There are huge regulations around that. My visa rejection rates are below 10%. I have more than 90% enrolments and I have more than 85% retention. I fulfil the criteria. Therefore, in my view, all institutions who hold that, it is highly valued, highly regarded and a significant investment. It should be open to all, and I agree with Annette about that around parity for the college sector.

Q231 John Lamont: I agree with you. I don't think there is a problem. I was concerned when you used the word "genuine" that perhaps there was something there that we needed to—

Professor Nolan: Perhaps I am inculcated. Every time I read something, it all says "genuine".

Q232 Chair: Before we move on, this idea about Scotland being able to be different from the rest of the United Kingdom: to me it would seem immensely practical for this to happen. If the UK's keen interest in these issues is to control immigration and ours, for example, would be to grow our higher education sector, surely it would be possible to design an arrangement where Scotland could do something different when it comes to allowing EU students to come to Scottish universities. Is there any good reason why that could not happen?

Professor Nolan: I don't know. I would imagine it is all around legalities and things like that, but I do see the challenges of Scotland around its



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demography and so on. We do have some special challenges and there may be other regions with the same differential issues and, surely, we could come up with a system whereby we could address them regionally.

Q233 Deidre Brock: The evidence you have given so far suggests that the process that international students have to go through, to get a visa to come to further education in Scotland, is pretty onerous and has grown more onerous over recent years. In light of the fact that it seems, as the Chair suggested, that the UK Government is not inclined to have the students taken out of the immigration figures, can you talk to us about how you think the current system could be improved, practical suggestions as to how that could be achieved for international students coming to Scotland?

Andrew Witty: I think you are right. Some of the discussion in the last few minutes has touched on this. There are a number of potential ways and structures that immigration policy could be defined and set out going forward but, ultimately, that is going to be a political decision.

From a college point of view, what I have set out earlier in the evidence is what we would like to see, whatever structure that is to deliver. As for particular changes, that equality of treatment between colleges and universities would be something that would be helpful. As I also mentioned earlier, the opportunity to have that post-study work visa, or elements of it, reintroduced, so that that sort of work could continue as it did before the restrictions were put on. Those are a couple of examples.

Annette Bruton: I think we have demonstrated that, since large numbers of students have been coming from the EU to Scotland's colleges, it throws up very few problems that would worry us in terms of security or longer term immigration. That group of students, they are not changing their character when we leave Europe, so I would be quite interested in seeing whether there were fast-track ways of getting European students, who have demonstrated their ability to come, study, work, leave or stay, how we can maintain that without the very, very onerous work that goes in to the current Tier 4 visa system.

Q234 Deidre Brock: From the evidence you have given already, it is obvious that international students are having some impact on student numbers.

Annette Bruton: Yes, it is.

Q235 Deidre Brock: It is a real concern that that could potentially happen if these similar restrictions are applied to EU students in the future.

Annette Bruton: One of the biggest factors in there for the college sector is the interconnectivity between the ability to work and the ability to study. For many of our EU students, they come here knowing they will have to work. Fees are less of an issue than a living allowance, so the ability to work while you are studying is really key. These are students who are sometimes going on to higher education, but often going into entry-level jobs in care, in the food industry, where we have shortages.



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From my point of view and from the college sector's point of view, any immigration system would need to allow students to be able to sustain themselves while they were here. They are also contributing to the economy. We have no reason to think that those EU students will change character and pose a greater threat, so an immigration system needs to take account of what we know about that, I think.

Q236 Deidre Brock: Professor Nolan, you were talking about the increased attractiveness of Australia and Canada and the efforts they are making to attract international students. I think we have heard about that in the past. What are your thoughts on that?

Professor Nolan: It is a timely opportunity to look at the whole immigration system, and to base it on that we want to welcome in talented people because they will help our economy and they will add to our culture and our society. It would be very helpful. It would be a public statement for the Government to remove students from the migration targets. That would make sense.

Again, one thing we have not mentioned is around staffing, the immigration of staff coming in. We want to keep reminding the UK Government that bringing staff into a higher education environment, very often their salaries are lower than in other commercial sectors and there are salary thresholds, so to recognise that talent or skills may not necessarily be defined by your salary level and really open up that system.

We have to recognise the public concern around migration/immigration, but if you have systems, like the highly trusted sponsor status, which is open, transparent, and everybody can see what we do to ensure that people are staying within the rules of their visa, I think that is the way forward. Without taking away the robustness, I would like to see a lighter touch for all our students and, indeed, for our staff.

Q237 Deidre Brock: Could I ask about the Tier 2 visa? Businesses that employ international students are of course required to do that, but they are exempt from the skills immigration charge—which I think is £1,000 a year per employee—and the resident labour market test. How difficult do those measures make it for businesses recruiting international students graduating from Scottish institutions, and what are your views on making it easier for those graduates to remain in Scotland? We have heard a little bit about the post-study work visa, obviously.

Andrew Witty: From the college sector's point of view, the post-study work visa, when it was replaced, was of considerable benefit and of course it allowed the college graduates to stay and to contribute to the Scottish economy. Since there were restrictions on that, back in 2012, then we have seen the impact around that.

With regard to Tier 2 and skilled workers coming in, there are a number of colleges that have that Tier 2 sponsorship status and there are



courses—particularly some of the maritime courses and some of the other international courses—that have a strong international flavour, where they will clearly want to get the best person to do the work, but often that can be an international staff member.

Picking up on the staffing point that has been made, going back to EU nationals who are staff members, across the college sector as a whole, for all staff it is around 3% of staff are non-UK EU nationals, but that is not an even spread across the country. Just as Edinburgh has a disproportionately large number of EU students, I think that is also the case for EU staff as well.

Annette Bruton: Yes, 12.5% of our staff are non-UK EU nationals as well. In future they would have to apply. We would have to sponsor them through Tier 2 in future if they did not have the automatic right to remain to work. It is a significant number of the staff in Edinburgh, but Edinburgh is different from the rest of the country in that regard.

Q238 **Deidre Brock:** With staff presumably you will be up for the skills immigration charge, potentially, if that is carrying all the EU applicants as well.

Annette Bruton: Yes, potentially. It is another issue to consider in our workforce planning going forward, yes.

Deidre Brock: Professor Nolan?

Professor Nolan: The original question was around the Tier 2?

Deidre Brock: Tier 2, yes.

Professor Nolan: The Tier 2 is a significant challenge. All our universities are Tier 2 sponsors. Again, there is a lot of regulation around that. It is interesting that there are not many Tier 2 sponsors among Scottish businesses because it is onerous. It is quite a significant undertaking. You have to check that your job fits the right categories for the occupational shortage list and so on. To add that complexity for recruiting EU staff will be a significant challenge for our HE sector.

Q239 **Deidre Brock:** Lastly, about the post-study work visa, the pilot that we have been talking about has finally been extended to at least a couple of Scottish institutions. What is the impact that you expect will take place on those institutions? Is it Edinburgh and Glasgow? What is the impact? What would you expect to see happen from their participation in that pilot? From day one, where do you think the changes are that you will be seeing as a result of their participation in that pilot? Perhaps you can describe to us—hopefully, once your institutions are able to take part in a similar pilot—what you would expect to see happening on the ground as a result.

Professor Nolan: The pilot only applies to post-graduate students, so it is master's students. They have slightly easier means of getting a visa. I cannot remember the exact intricacies, but I could let you know. They



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get the opportunity to work for six months. I suspect it will be a stunning success. I don't think there will be people running amok. The evidence is probably there already, but we are collecting it and we are being robust about how we collect it.

As I have said before, I do feel quite strongly all our universities hold what is supposed to be the badge of approval, HTS—highly trusted sponsor—status, to recruit international students. I hope the evidence will be gathered very quickly and that it will be extended to all the universities who hold HTS status, and also your point, Annette, about bringing in the colleges.

Annette Bruton: Indeed, widening the powers, so that we are not just looking at post-graduate study but looking at the difference between the real risks and the perceived risks around making the process of applying to come to study in Scotland, in our case, much more streamlined.

Q240 **David Duguid:** A very quick one. Ms Bruton, you mentioned 25% of your staff are from the EU.

Annette Bruton: 12.5% of my staff, yes.

Q241 **David Duguid:** Okay. I don't know where I got the 25% from. Do you have any staff from outside the EU and what would be the proportion?

Annette Bruton: I do not have that number with me, I am really sorry. I could provide that.

Q242 **David Duguid:** Would it be more or less?

Annette Bruton: It would be much less.

Q243 **Christine Jardine:** As I said before, I have experience of working in the higher education sector in Scotland and you have been telling us what a significant proportion of staff generally it is, but are there specific areas, both in universities and in colleges, where EU staff make up a significant proportion of departments across the country?

Andrew Witty: From a college of point of view, yes, there are a couple of subject areas where you see a bigger number of EU staff. It probably is not surprising that they are around the languages and they are around the tourism area. They are the two subject categories that you see the greatest number. Around some of the engineering there would be lesser numbers and the next sorts of categories are around the arts and crafts as well, interestingly, and some of the early years and childcare elements, but that would be where they would be concentrated.

Q244 **Christine Jardine:** Can you put a figure on what sort of proportion we would be looking at?

Andrew Witty: Yes. The biggest number around languages would be, on average, around twice as many as the other categories that I mentioned, but I am happy to provide the exact figures to the Committee subsequent to this.



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Annette Bruton: Mr Witty is referring there to lecturing staff. In Edinburgh College, our staff breaks down to roughly half and half lecturers and student support, admin and professional staff. The greatest proportion of non-UK EU staff on my staff roll is working on the student support, professional and administrative side. I do have a number of lecturers who are EU nationals, but the biggest proportion of the 12.5% of our staff that are from EU countries are working in student support, admin and professional. It does not just affect lecturing staff. It affects the running of the college and the support that students get, too.

Q245 **Christine Jardine:** It is a much wider picture in the colleges?

Annette Bruton: It is a much wider picture than just the lecturing staff, yes.

Q246 **Christine Jardine:** Professor Nolan, in the university sector, are there areas where there is a significant impact?

Professor Nolan: Yes. In the university sector, we have just over 5,000 EU staff. We have about 3,200, maybe 3,500, who are non-EU internationals, and we have concentrations of those in engineering and technology, in the arts and design and creative courses and in our mathematical, physical and biological sciences. It kind of mirrors the challenges we have there along with students.

Q247 **Christine Jardine:** Is there any way you can put a figure on mathematics or economics or engineering, that sort of area?

Professor Nolan: Unlike the college sector, 80% of the international non-EU staff are in academic roles, teaching and research. In the research arenas, about 20% of the staff are non-EU internationals in the mathematical and biological sciences and it would be 30% for engineering and technology. They are significant numbers.

Q248 **Christine Jardine:** What about EU staff not from the UK?

Professor Nolan: EU staff in those disciplines—I will get the numbers to you, I don't have them in my head—are concentrated in the STEM areas, but also in business. Economics is a discipline as well where they are concentrated and the languages, as for the college sector. I will get the numbers to you.

Q249 **Christine Jardine:** From what you have said so far, would it be fair to say that those areas that we are trying to encourage Scottish youngsters to study, the STEM areas and economics—which are so important to economic development—are the areas most likely to be affected by the loss of EU nationals in staff post-Brexit?

Professor Nolan: If we lose the staff, yes.

Q250 **Christine Jardine:** That brings me on to my next question, which was that, since the referendum, I understand you have seen a growth in emigration of EU staff from institutions and a drop in the number of staff



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and students coming to institutions in Scotland. Is that a fair reflection?

Professor Nolan: I don't have the data for all of Scotland. I did see some recent data in the press, and they reported people leaving. They did not report at the same time the people incoming, so it is not entirely clear to me yet. In my own institution, staff from the EU, we have not seen much of a change. I think it is too early. We welcome greater clarity for our EU staff around their positions post-Brexit and their settled status. Particularly for higher education, we would welcome the fact they can leave the country for a few years if they have settled status. We have not felt that impact yet but, for my own institution, I have not seen that yet, the balance.

Q251 **Christine Jardine:** From what you are saying, is it fair to say that there could be a significant impact on the ability of Scottish universities and colleges to deliver courses up to the current status in certain areas, like STEM and economics, if it were to be more difficult to recruit staff from other EU countries post-Brexit?

Professor Nolan: It will pose us a significant recruitment challenge, because we have to get talented staff in to teach our students. They teach all over the world, talented staff, including in Scotland and the rest of the UK. It just brings in more of a recruitment challenge.

Q252 **Christine Jardine:** Obviously, like Mr Sheppard, this is not something I want to see happen. For me, the idea would be to avoid it but, if it is unavoidable, do you have a suggestion or any proposals on how we might deal with it?

Professor Nolan: It brings us back to a new immigration policy. There is an occupational shortage list, which we all adhere to for Tier 2 recruitment status. The Tier 2 is pretty burdensome to do. It is about shaping the new policy that makes it easier to recruit staff that we absolutely need in Scotland in certain disciplines to help our HE sector thrive.

Q253 **Hugh Gaffney:** Given that a number of Scottish colleges and universities are Tier 2 sponsors for skilled workers, how much experience do your members have recruiting and sponsoring non-EU staff?

Annette Bruton: The numbers are very small in the college sector. About half a dozen colleges are Tier 2 sponsors. They are in very specific areas and they tend to be areas of specific expertise. For example, in West Lothian College, they are recruiting around technology and engineering, so they have some experience in that, but the rest of the colleges are not necessarily applying Tier 2 and don't have Tier 2 status. It is important colleges, but the numbers are small.

Q254 **Hugh Gaffney:** Small numbers then for that. There is evidence that Scottish businesses employing EEA nationals are often unhappy with the cost and complexity of the Tier 2 system. Is that assessment something you would agree with, and, if so, could it be improved?



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Annette Bruton: Certainly, as Professor Nolan said earlier, it is burdensome and it is bureaucratic and difficult. That is reflected in the fact that just a small number of colleges where they have a real serious shortage would apply that. I imagine, as employers, the colleges and the universities are suffering the same kinds of constraints as businesses on that front. I think the universities are employing more people on Tier 2 and perhaps Professor Nolan can help with that.

Professor Nolan: Yes, all our universities in Scotland hold Tier 2 sponsorship, because it is hugely important to us to be able to recruit for our own distinctive disciplines and to be able to recruit from around the world.

Q255 **Hugh Gaffney:** When you say “sponsorship”, who is it who sponsors them? Is it the university that sponsors them?

Professor Nolan: Yes, the employer is the sponsor on the Tier 2 status.

Q256 **Hugh Gaffney:** Would you say that the Scottish colleges and universities take advantage of this provision, which makes it easier for people to move from a Tier 4 student to a Tier 2 work visa, to recruit internationally? There is the scope to retain more skilled international graduates, so would you say that is an advantage that universities and colleges use then?

Professor Nolan: I would like to see the post-study work visa introduced for the Tier 4 because we do get some people moving gradually from Tier 4 to Tier 2 because, as you are developing your talent pipelines, they can come through that route. They may have studied with us, they have done a master’s with us and they may want to go on to do a PhD or whatever. I think that is where it is the whole package of immigration, which is students, staff, everybody. If somebody has come on a Tier 4 visa and they have stayed and they are complying and they have contributed, why wouldn’t we want to keep them if there are shortages of skills or just generally? I would like to see that connection built in. Obviously, you can tell we are in favour of post-study work visas. I would like to see that built in to a holistic immigration system going forward.

Q257 **Danielle Rowley:** As a former student at Edinburgh College and Edinburgh Napier, it is great to have those institutions represented here today.

We do not yet know what future immigration arrangements will apply to EU nationals moving to the UK post-Brexit. What arrangements would best suit the needs of your members?

Andrew Witty: When we are looking at what the situation might be post-Brexit, obviously there is great uncertainty there, but I think for the college sector, maybe it will follow the same pattern as when there were restrictions around the international students. Although we don’t know that will be the case for sure. That would lead you to believe there would



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be a reduction in numbers of students and the knock-on impact of losing that cultural benefit and enrichment that they would bring. I think it is around getting that holistic immigration policy, whatever the structure of that looks like, so that we are in a position where we can still benefit, as we are doing now. That applies to the staff as well, because it could become a less attractive place to come to if there are more restrictions.

Other elements we would want to see post-Brexit is all the benefits of the cultural exchange programmes, like Erasmus and Erasmus+. There might be a domestic equivalent of that or still being able to benefit from interacting with the Erasmus+ programme or whatever similar programme there is. We would want to see that in a post-Brexit landscape. As I touched on right at the beginning around the finances in the college sector, a lot of the European Social Fund monies go through two projects that essentially help the most vulnerable Scottish people in our society, and so it is around ensuring there is mitigation for the loss of that funding to ensure that that vulnerable group—essentially getting them back to a place where they can hold down a job and contribute to society—is not lost.

Annette Bruton: If I may just add one or two more things from the college sector. I have mentioned this already and I think it is a really important point. I think fees will be less of a deterrent for the EU students coming to Scotland in the future if they have the ability to work as well, so that is really important for the college sector. Also, as well as the Erasmus projects, there are a number of partnerships we have built up around the European Investment Fund, so technical and vocational education and training, the TVET investments that are done outside of Europe. For example, in Egypt, we have been able to benefit from those partnerships. From our point of view, continuing European partnerships beyond any Brexit arrangements would be important to us as well.

Professor Nolan: For staff in the system, under the current visa system PhD level job skills, which we require for our academic positions, are protected and we would want to see that continue. We also want that recognition. I mentioned previously that in the HE sector salaries may not be as high in the commercial sector and often salary thresholds are used as a kind of a proxy for skill level, so real protection for PhD skills.

Something that we have not mentioned is in the system there is research that is indicated for attracting people into highly-skilled jobs, the ability of their dependants to work is really important to them and the opportunities they have. We would like to see that taken into account, because that can change people's approach as to whether they offer. I would like to see the bureaucracy and the costs of applying go down a bit, and in a new system that it says, "Yes, we have a robust framework, but we are open and we are welcoming for people with skills to come in to work with us". It is about addressing what are, undoubtedly, some negative perceptions in parts of the world about our openness to bringing in talent.



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Q258 **Danielle Rowley:** In a new framework, do you think that EU citizens should be treated differently from non-EU nationals? Would that make a difference?

Professor Nolan: Certainly, my colleagues in Scotland, we have to take ourselves beyond that there is a new framework and that we have to value everybody the same. In the new system, everybody now is international. They are not EU and international. In that regard, in the future we have to recognise and treat them the same. However, there is a transition period and we cannot just suddenly change people in two years. Also we have a regional context in Scotland about the skills shortages we have, so building that recognition into a new system. We need a long transition period to make sure we do not lose valuable skills, and then we can continue to attract skills that in some cases are quite specific to Scotland.

Q259 **Danielle Rowley:** With the potential loss of students and staff, and especially in some of the key areas that you outlined, Professor Nolan, is there anything that you think the Government should be doing to encourage Scottish students and staff to be filling these roles and taking these places?

Professor Nolan: Absolutely. I think everybody is. The number of programmes we have on women into STEM, women into engineering, men into nursing—I always like to say that—all of those. We are really working hard at those, with the schools, with the career services, through Skills Development Scotland, and with employers to try to get more Scottish students interested, keen and passionate about careers in those STEM areas.

Q260 **Danielle Rowley:** This goes with what you said, Mr Witty, about the potential loss of funding to get Scottish students from different parts of society. Will that become even more important that the Government does more to get Scottish students into college?

Andrew Witty: Yes. We want to see the work that colleges do towards that very vulnerable group be able to continue, whatever the mechanism is that allows that to happen. The college sector is also—as Professor Nolan has pointed out for the university sector about all the programmes—encouraging people into different work areas and working through the college sector as well with those elements.

Q261 **David Duguid:** I will try to keep this short. I was going to ask a fairly complicated question but I think you have covered most of what I was going to ask about. You would probably all agree that you want the voices representing your institutions to be heard in any future policy development. Just to finish off, could all three of you summarise, in practical terms, what you would like to see happen in terms of a future immigration policy for your institutions?

Andrew Witty: With regards to the immigration structure going forward, yes, I would agree with you, we would want our voices heard in the



development of that because of the crucial role that colleges are playing in Scotland. We often describe it as the linchpin between schools and colleges and then going on to university, a linchpin for widening access. The Sutton Trust report last year showed that for students from the most deprived areas going to university and widening access, 90% of them came through the college sector. You can see the hugely important role of linking schools, colleges and universities and work that colleges deliver in Scotland. We want to be able to maintain that both for Scottish students and students from outwith Scotland.

Some of the elements about being able to continue to deliver that and bring the benefits, I think the point was made earlier about sending that signal that Scotland is open for business is a really key one. An approach that allows the colleges to continue to provide that skilled workforce, matching labour market needs, often different on a regional basis, in order to keep the contribution college graduates are making to drive productivity up in the economy is really important to us.

Annette Bruton: Following on from that, students who come to Edinburgh College to study further and higher education in the main do not come from the kinds of background where they could have the funds that they would need if they were applying through the current Tier 4 system. If we are to continue to have students come to learn, to work in the hospitality industry, in the tourism industry, in care, those are students who we would need to provide the opportunity to work as well as study in further education. I know I have made that point a few times, but I think it is a really key point because it opens up the future of further and higher education in Scotland still being accessible to a wider range of students who would be pitching their skills at different levels in the economy going forward. That is a key factor for us in colleges.

Q262 **Deidre Brock:** From everything you have said so far today, it suggests to me that some sort of differentiated approach for Scotland would not be unwelcome, particularly, in trying to mitigate the worst effects of Brexit on your student population and your academics. Is there any practical reason that you can see that this would not be possible in some regard, given the experiences in Canada, Australia, Spain and Switzerland that Dr Hepburn mentioned in her report? Are there any thoughts that this could cause some sort of chaos or confusion, as some have suggested, or is this ultimately something that, if handled properly, is a practical solution?

Annette Bruton: I guess we have to get from here to there, so for me flexibility and transition arrangements that allow flexibility should be within the realms of possibility. That would mitigate and allow us to do things in a planned way. It is not for us to determine what the political route for that will be but, in terms of being providers of education in Scotland, we would like to see some flexibility in that transition.

Professor Nolan: I would agree with that. I read the report. It is not my area of expertise. A lot of it seemed possible within the context of a broad framework. Going forward, I would like the UK Government to



recognise that it will have a significant impact on the HE sector, but also recognise there are differential circumstances in different regions, so for Scotland the impact could be significant in some areas.

Chair: We will have to leave it there. Thank you ever so much. There were some requests for further information in some of the questions that were asked, so we would be very grateful if you could supply the Committee with that, but thank you very much for your time this morning.

Examination of witnesses

Witnesses: Alix Thom, Scott Johnstone and Kirsty Ramsay.

Q263 **Chair:** Let's get started, because we seem to have overrun in the last session there, but we will give you every opportunity to get the best value from you this morning. As usual, we will start from left to right: who you are, who you represent and anything by way of a short statement, with the emphasis being on short.

Alix Thom: I am Alix Thom, and I am the Workforce Engagement and Skills Manager for Oil and Gas UK, which is the trade association that represents the upstream oil and gas industry.

Scott Johnstone: I am Scott Johnstone. I am the chief executive of the Scottish Lifesciences Association. We are a relatively new trade body, formed in 2011. Our members represent everything from large pharmaceutical companies to small medical device diagnostics and digital health companies. I am delighted that one of Scotland's largest employers, IQVIA, has come along today from the life sciences sector, but we also have a relationship with the NHS, in working a good relationship between the NHS and industry in Scotland.

Kirsty Ramsay: Kirsty Ramsay, HR Director for IQVIA. IQVIA is the UK's fourth largest life sciences company and employs 4,000 people throughout the UK. From a Scottish perspective, we employ approximately 1,000 people at our site in Livingston. IQVIA is a life science company formed following the merger of two organisations—it is probably relevant to call that out—in 2016, Quintiles, which was a clinical research organisation, and IMS Health, which provided information and technology to the healthcare industry.

Q264 **Chair:** Great. That was all very short. Thank you for that. Just to get things started, we have brought you here as representatives of some of the more high-skilled employers across Scotland. We are keen to learn from you your reliance and dependence upon EU workers, because we obviously understand and appreciate that you have a mix of EU employees, international employees and of course indigenous. Could you give us some sort of impression about the numbers of EU workers you have within your different sectors, what contribution they make and how



reliant you are on them for the continuation of the very good work that you do? We will start with you, Mr Johnstone.

Scott Johnstone: As the SLA, we have an HR special interest group. When Brexit happened, we very much focused around: what are we going to do about it and how are we going to mitigate any problems? The solution to that is very around the “grow our own”, because we have a very good supply of graduates in Scotland. Certainly, from the workforce point of view, we probably have somewhere between 5% and 20% EU, probably less than 5% rest of the world, so a lot of our workforce is from Scotland, it is from the UK, so it is not seen as a big issue for us going forward.

Q265 **Chair:** It is not a big issue for you going forward at all. When we talk about life sciences, is that sort of biotech and some of the things that I see going on in Dundee University, for example, and Edinburgh? Is that the type of—

Scott Johnstone: Sure. Biotech is quite a small part. If you look at the whole sector for Scotland, the biggest chunk is in contract research, which is where Kirsty comes from. The next chunk in that are diagnostics and medical devices, which accounts for about 45%. The pharma biotech piece is probably around 5%, which is quite different to the rest of the UK. It is a bigger piece. It is about 30%, if you look at pharmaceuticals and biotech. Our speciality in Scotland is very much along the lines of medical devices, diagnostics, more and more coming into the digital health space and where software can come in and help you manage your health.

Q266 **Chair:** Thank you. Mr Thom, what about you in oil and gas? How many EU workers would you be looking at and how much do you rely on them?

Alix Thom: Our recent research has shown that we have about 5% population of EU citizens, but also 5% of rest of world. If we were sitting here three or four years ago, I would be explaining that we were facing a chronic shortage of skills and these people are absolutely critical. When we were experiencing periods of very high activity—and we had record levels of investment as recently as 2014—then we were competing globally, as we are a global industry, for essential skills and were recruiting from all over the world and, indeed, doing our best to recruit in the UK. For example, we had a very successful campaign of working with the armed services to encourage people to transition, as they left the military, to come to the oil and gas industry.

As we see things improve in the industry, which we hope we will very soon, we feel sure that we will continue to rely to some extent on EU workers and, indeed, workers from non-EU countries.

Kirsty Ramsay: There are some regional variations in terms of our EU population, so, if you look at Scotland as a whole, we are probably sitting at about 5% at any given time in terms of the EU pool. In London and other areas in the UK, that is probably higher and can range anywhere



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between 5% and 14%, depending on the clinical trials we are running and the roles we have.

But to take you back to Scotland, Scotland is a tale of two halves. Within our site in Livingston, we have a global laboratory function, where most of the roles need to be located onsite, in situ. We have done a lot of work with the universities and other suppliers to ensure that, on the whole, we can supply that locally and recruit from the local market. In terms of EU workers there, it is probably 5% at most. The remainder of the site in Scotland is very much in line with our global delivery model, which means, although they are sited in Scotland, these roles actually don't need to be sited in Scotland. Therefore, we will go to the market and look for talent and locate in the nearest hub, so the people working in Scotland arguably do not need to actually be there. With that in mind and post-Brexit, we think that we are quite well equipped to deal with resourcing of talent going forward, because we could look for other global locations to place that labour and resource that labour from.

Q267 Chair: What I am hearing from the three of you is that you are all giving this figure of 5% of EU workers. You are suggesting to the Committee that a lot of what is being presented by Brexit isn't a particular challenge. Do you have any concerns about what may be coming your way? I am thinking of the ending of freedom of movement. Will that have an impact upon any of your sectors at all?

Scott Johnstone: Yes, it will have an impact, but it is not going to be something that is going to cause companies to say, "Right, we are not going to expand any more". The life science industry marketplace is growing. It is always growing. The US is the biggest market for us, so the more directed towards the US we are the better it is anyway. One of the things we would ask for is: if we are going to make it more difficult for EU citizens to come here, can we make it easier for non-EU citizens to come here? Probably with oil and gas as well, it is kind of US-centric.

Alix Thom: Yes. We are certainly concerned for the future. As I say, we are in the doldrums a bit at the moment and we have seen the challenges that the industry has faced over the last few years, but we continue to compete globally for investment. Anything that makes it more difficult to do business here will have an impact on that. The people who are from the EU, or indeed the rest of the world, in our industry do key work. They are not in particular sectors. They are throughout the industry, particularly in engineering project management, for example.

Kirsty Ramsay: It is probably worth mentioning, our reliance on the rest of world is relatively low. Again, there are regional variations there. Typically, you will see pockets of that employed in the real-world departments and functions, and typically down in England, in London. Again, in Scotland the numbers are fairly low and we would not anticipate that to change. What we may see is a short-term impact in terms of EU immigration and a reliance then on Tier 2 but, looking at the year on year



trend and in terms of just how we recruit, we do not see it as a huge issue.

Chair: That is quite reassuring for you, I suppose.

Q268 **David Duguid:** Following on from the Chair's initial questions, my own background is in oil and gas. I am not entirely sure that we have not crossed paths before, but we can catch up after maybe if that is the case. I recognise what you were saying earlier about the early to mid-2000s when there was a shortage of engineering skills, in particular, and there was a strong recruitment from ex-forces, because there appeared to be a gap from the mid to late 1990s—the last time we had such a downturn as we are experiencing now—and there was a lack of recruitment and there was a lot of outsourcing. I think a lot of the oil companies found that there was a band of about 10 years where we did not have the competency within the companies. Is that something that has driven a need to look further afield across the EU for skilled workers?

Alix Thom: It is certainly the case around 2010 to 2014, when there were high levels of activity and we were screaming out for people, but it was mid-career, you are absolutely right, it was kind of 35 to 45 was a particular gap. As you know, the North Sea is a very challenging place to do business technically and, therefore, the skills that are honed here are highly prized and valued. Many people were able to be very mobile. In the North Sea we are competing with Singapore, Kuala Lumpur, the Gulf of Mexico, and Western Australia and so on. It is certainly that mid-career thing that makes it difficult. There is no doubt that sometimes when people have left the industry in a downturn they have not always come back.

Q269 **David Duguid:** On the subject of the downturn, as we probably all do on the Committee when these meetings come up, we publicise and allow people to come and provide some input. Of course Mr Thomson and I will probably have similar contexts, being from the north-east of Scotland. I had a lot of feedback saying, "Why are we talking about a shortage of labour?" because lots of people have found themselves out of work in the last couple of years as a result of the downturn. Is the factor we are talking here more on the high-skilled end of the labour market that we are concerned with?

Alix Thom: I would definitely say that is the case. If we think about the cost and the challenges of relocating people, it is not something companies do lightly—I am thinking particularly of the rest of the world—through Tier 2. Their skills are highly valued. Also, I would come back to one of the messages from the session earlier, the cultural diversity is valued: the diversity of thinking and the diversity that it brings to offices. As I have said, our industry is a global industry and, for many of our companies who are headquartered overseas, they wish to see the representation of their company make-up in the UK.

Q270 **David Duguid:** Moving on to life sciences, not to make you feel left out,



Skills Development Scotland has stated that in the life sciences sector some employers report challenges finding candidates with the right blend of skills within the local labour market. Why do you think that is and is this the main reason that the sector needs to recruit internationally? I guess maybe a similar question on oil and gas.

Scott Johnstone: The right of blend of skills we would say, having spent a lot of time in the past seven years working on graduate employability, is getting the graduates coming out with those skills that you need to enter an industry like IQVIA. These can be softer skills, but one of the main areas that we have been working on with the newer universities, Glasgow Caledonian, Stirling, Andrea's university of Edinburgh Napier and Dundee, is on lab skills. The students are coming out with laboratory skills, not just the theoretical skills on biological sciences and how a cell works, but can go into a lab—like the labs in Livingston—and they know how to operate a pipette, they know how to switch on an instrument and they know how to calibrate a balance. Those are the skills we have been working on over the past seven years and we are beginning to see that coming through now, so the graduates are coming in with that right blend.

Skills Development Scotland, in the latest consultation they did, one of the things that is coming out in that is the regulatory and quality skills. Again, we are working with the universities to try to get those skills inbuilt into the courses. I have to credit RGU up in Aberdeen, which is in the process of creating three new degrees: electrical engineering, mechanical engineering, all with biomedical bits. Those are coming out with the skills in the regulatory field in ISO 13485 so that, if there are surplus engineers coming out of Aberdeen, we will be able to pick those people up and they can work in a regulated framework.

Kirsty Ramsay: To echo what Mr Johnstone said there, we have done a lot of work over the last seven years to detail the hard technical knowledge of graduates so we are getting the right skillset there. From a life sciences perspective, where we remain concerned—and I think there is more work to be done—is in relation to the softer skills, the behavioural skills. We have a lot of graduates that will join us and they have to have the practical lab experience, the technical knowledge. They may not know how to behave at a meeting, they do not know how to make eye contact at a meeting and it is more the behavioural side that we really need to start partnering and working much closer with the universities on. To bring that to life, about 80% of our employees in Scotland are degree qualified so it is absolutely critical that we get that right.

Q271 **David Duguid:** I find all that very interesting, not least because I used to work in a lab myself. It is good to know there is scope for me in the future if I find myself out of work again. The Tier 2 visa system is focused on particularly high skills and we have the shortage lists that focus on particularly high-skilled positions. In both of your sectors, is it fair to say



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that there is a need for people that would not necessarily be considered high skilled but would have a good mix of experience that is required that does not necessarily exist in Scotland, or at least would not exist unless we have a transition period of building up those skills again?

Alix Thom: My members in the shipping sector would certainly echo that. Indeed, some of our members who are in the catering and facilities management, which is absolutely crucial for running an offshore facility, would say that. One of the things about the nature of offshore working, for example, means that people can do a long-distance commute. I was just hearing the other day about someone who comes from Chile to work offshore and someone else from Thailand, both fulfilling valuable roles offshore.

Q272 **Christine Jardine:** Mr Johnstone, you said that you did not think there would be a huge impact from Brexit in the life sciences but, in terms of the oil and gas, I was looking at one of the charts that we were provided with. It may be that the downturn in the industry has changed the make-up, but 10.5% of those working on the continental shelf are Dutch, on the UK continental shelf 5% Irish, 3% French, same with the Italians, Romanians, Lithuanians, all from an EU workforce. Would it be fair to say that there is a slight difference between the potential impacts in life sciences and in the UK oil and gas sector?

Alix Thom: First, I am delighted that someone has read the report that we produced, so thanks for that. Those figures relate to the people who work offshore, which are about 10% of the whole of the oil and gas population. That is why they are slightly skewed. As I say, in particular, the offshore working patterns make a long-distance commute—

Q273 **Christine Jardine:** Onshore, say in Aberdeen, it would not—

Alix Thom: The figures of 5% and 5% for EU and rest of world are the total oil and gas population. Those figures, as I say, are specifically related to offshore workers.

Q274 **Danielle Rowley:** It is great to have evidence from such important sectors. Life sciences has been identified as one of Scotland's key growth sectors and we understand that, over the next five years, oil and gas hope to employ 12,000 new workers. How do you expect to sustain that growth and to what extent will you rely on non-UK workers to fill these jobs?

Alix Thom: The figure of 12,000 I imagine came from the EY report "Fuelling the next generation". Is that correct? Because those figures were published in 2014 and based on the population as it was then and the number of people that we expected to retire. More up-to-date figures should be available soon, because there is a study being done by Robert Gordon University, commissioned by OPITO, the industry skills body. I think that is due to report at the end of this quarter, so we could get more up-to-date figures for you.



Q275 **Danielle Rowley:** Do you expect that to rise or fall?

Alix Thom: It is going to be difficult. I think it will probably fall, but it can change so much depending on what happens in terms of attracting investment. At the moment, the picture is a little gloomy in the short term. Production is estimated to be up again this year, which is good news, but there are no big projects coming along after that, so we need to attract investment to stimulate activity.

Kirsty Ramsay: I will give you a perspective. We employ 50,000 employees worldwide, so again we are fairly comfortable from that perspective that that number should grow. Our ability to grow and win extra work and provide that service to clients is dependent on us getting the right talent. Where I think we can benefit from that is because of the size of our global footprint, it makes it easier for us to attract talent because we can locate the roles in specific countries, so individuals don't necessarily need to move.

To bring that to life, I was working with a senior director last week who has 15 different nationalities working for him within his team. That just shows the breadth of nationalities that we recruit.

Where we anticipate having some challenges within the UK and the Scottish market is more in terms of individual roles for specific clinical trials. To give you an example, we had to use a Tier 2 visa application last month because we had a trial on sickle cell anaemia and we needed an expert in that field. Similarly, within our labs, we had to recruit two doctors from India recently as well. These are specific cases, but most certainly not the norm in terms of the UK and the Scottish marketplace.

Scott Johnstone: Certainly for life sciences, we have a good supply of graduates at the moment. It is about getting into the schools and getting more schoolchildren to go into the STEM subjects, because we hire engineers and we hire biological scientists. The regulatory and quality pieces are the bit that is going to be the bottleneck, so if we are getting graduates coming out with that skill, then they can keep learning and keep honing that talent. As regulation increases, we can keep up with that and that will allow Scotland to be ahead of other countries when it comes to competition and people bringing jobs to Scotland.

We see companies still looking to come to Scotland, they are still looking to place work in Scotland with the CROs. There is a good supply of finance in Scotland at the early stage for young companies to start up. You can subcontract most of the drug development. Most of the diagnostic development, most of the medical device development you can subcontract out locally in Scotland, but it is about making sure that the supply of graduates going into the clinical research organisation companies is maintained. That is where working with RGU to bring the biomedical skills into the engineering piece is going to be very important.

Q276 **Christine Jardine:** I want to follow up on something you said there.



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From what you are saying, you are quite confident that you have the graduates coming through from STEM and that is reassuring. However, we heard earlier from the higher education sector that if there is an impact from Brexit, it could be in areas such as STEM, economics and so on. If we were to take a long-term view, is there the possibility that the impact of Brexit on attracting EU nationals from other countries to teach in vital areas like the STEM subjects and economics and engineering could have a long-term impact on your own sector? If we take you out of the silo and look at the wider picture that there could be a consequential impact for you?

Scott Johnstone: Sure. I think the answer would be yes, if you are not getting people in to train them. Again, we would want to make sure that we were getting the lecturers coming through that can cover those spaces, so making sure that the school system is supplying the lecturers that go in to work for the universities that could then teach the graduates to go into industry. If things change and we are not funding EU students coming in, Scotland is still funding the universities, so we could get more Scottish people into the universities to study the STEM subjects.

Again, that is where, as an industry, we are working very closely with schools to make sure that, if there is going to be a gap coming up, schoolchildren know what life sciences is and they know there is a large footprint of life sciences in Scotland. It is a wonderful career. It is just a fantastic way to go. Schoolchildren don't really know that. We take that on ourselves, because we are not getting out there and we are not enthralling schoolchildren to come in to our sector.

Q277 **Christine Jardine:** I agree completely, but that also raises another point. The Scottish Government currently spends £95 million or £96 million in supporting EU students in Scottish universities. It would be vital for your industry that that money remained in the university sector.

Scott Johnstone: Absolutely.

Q278 **Deidre Brock:** You mentioned Tier 2 visas. As sector representatives and perhaps with your own experience as well, could you talk of the experiences of your members or yourselves in dealing with Tier 2 applications?

Alix Thom: It is fair to say that we regard the Tier 2 process as pretty cumbersome and, if the same process is going to be applied to EU citizens in the future, our members have real concerns. Just a piece of anecdotal evidence: one of our companies in the past, when the current system was first introduced, were losing candidates because of the time that it took to process a visa. People were getting definite offers without having to wait for the uncertainty of a visa for the UK and going elsewhere.

Q279 **Deidre Brock:** Could I ask when that was?



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Alix Thom: That would have been about six or seven years ago; as I say, at the time when we were really struggling for people.

Q280 **Deidre Brock:** Indeed. Certainly, as a constituency MP, our experience would be that visa applications take a lot longer now, so that is disturbing to hear that. Mr Johnstone?

Scott Johnstone: For small companies it is very prohibitive. Generally, you need people tomorrow or today, so having to go through that process would probably mean that if you were a contract researcher you just would not take that piece of work on. If you were developing a product, you would probably say, "Let's develop it a different way or close down that programme". The bigger companies Kirsty can probably speak about.

Kirsty Ramsay: I would echo a lot of what has been said there. It is quite a cumbersome process. From a clinical research perspective, typically, we have not used that that much over the last 10 years. If you look at some of the data we have, particularly for Scotland, we have possibly used it 60 times over 10 years. Where possible, we will very much try to avoid going down that route.

If we do Tier 2, we would tend to use it for intracompany transfer, as opposed to brand new external hire, because in our experience typically a lot of times there is a bit of a risk that that will not work. Our preference would always be to recruit from the EU population if possible, purely in terms of proficiency of English, location, cost and so forth.

Q281 **Deidre Brock:** What changes would you like to see made to that system to make it easier for applications? There will be circumstances where a specific applicant for the job is perfect and fits in with the various requirements currently under the immigration system run by the UK Government. I would be interested to hear your thoughts on what changes could be introduced.

Kirsty Ramsay: Our ability to succeed depends very much on the talent we can recruit, so anything that can speed up that process, make it less bureaucratic, make it less complicated for the candidates. We work hand in hand with external immigration specialists and there is obviously a cost associated with that as well. Even in terms of reducing the resident labour market test—the time period for that—that often gets quoted as an example where potentially we could shorten that timescale.

Q282 **Deidre Brock:** Yes, of course. Ms Thom?

Alix Thom: What our members would like to see is a system that is very clear, very straightforward and simple to administer with robust guidance and one that is flexible enough to take account of the complexities in our sector. For example, one of our members in shipping was talking about the lack of clarity regarding crew members who have come from the rest of the world who need to be outside the 12-mile limit. They do not need a visa to transit, but what happens if the ship is delayed, for example? They have had a lot of difficulty on occasions getting advice from the



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Home Office. Something that has clear advice and, as I say, is flexible enough to take account of the vagaries of our industry would be very welcome.

Q283 Deidre Brock: Lastly, I think I am right in saying that the immigration skills charge stands at £1,000 a year. There is a mention in the Conservative manifesto of this year that that would be upped to £2,000 a year. Could you tell me about the impact that is going to have?

Alix Thom: Given the current numbers that I have cited, that would be bearable, in theory, but I would echo again the difficulties facing the industry. As you may be aware, we have done a huge amount to reduce costs so anything that adds additional cost would not be welcome at the moment.

Scott Johnstone: I would echo that. Putting the cost up is going to make just another barrier for a smaller company to say, "Let's not bother".

Kirsty Ramsay: I would echo that as well but again, based on the numbers I have cited, the cost is bearable just now. Should that number increase due to changes post-Brexit, again, that would be a commercial consideration.

Q284 Chair: Can I just clarify with you, Ms Ramsay? I did not quite catch your response to Ms Brock about the numbers that go through the Tier 2 route in your experience. Could you say that again? What proportion is that of the people you deal with?

Kirsty Ramsay: It is very low. We have regional pockets. In London, for example, in some of our areas we have a 7% non-UK, rest of world population. If you average that out throughout our whole UK population, it sits somewhere in the region of less than 1%.

Q285 Chair: I think in response you said that was not required because you had access to the European market, which obviously Tier 2 does not apply to.

Kirsty Ramsay: Correct.

Q286 Chair: What proportion of that would be EU then?

Kirsty Ramsay: EU again would depend very much geographically. We have pockets down in England where that sits at 14%, but on an average we would say anywhere between 5% and 10%; again, probably lower in Scotland, around about 5%.

Q287 Chair: What I am getting to with these questions is that if there is going to be a requirement for that 14% to then apply through the Tier 2, would that, therefore, have an impact on your business? I know, particularly in life sciences and oil and gas, when you look at some of the eligibility issues—like £30,000 for a salary—that is probably not going to be that big a feature for you in dealing with that in some of the smaller



businesses in your professions. In some previous inquiries, we heard that some of the bureaucracy involved in all this is a disincentive to employ people through Tier 2. It is a massive impediment. I don't know how you feel about the prospect or the possibility of these numbers being significantly increased.

Kirsty Ramsay: Absolutely, and we have established a Brexit taskforce within our company to start thinking about mitigation should the EU migrant pool and the process there start to mirror what the Tier 2 one currently is. That is very much still continuing to partner with universities to try as much as we can to develop home-grown talent or develop internally. We have also considered the potential that, if some pharma companies leave the UK post-Brexit—not that we would like to see that for the greater good of the life sciences industry in the UK—that would potentially free up a labour pool there as well that we could use.

That does remain a concern and we have thought about a number of different mitigating strategies that we could use, almost starting to take that back to basics, looking at the skills that we expect from graduate candidates to say if we had a gap could we manage that, because that would still be a better option than to then go through a Tier 2 or some sort of immigration process.

The other thing I should mention is, because we are such a large, global organisation, we probably recruit or we are looking to actively recruit about 3,000 FTE at any one given point in time. We have 3,000 vacancies at any one given time, in terms of our talent and our pipeline. Because of that, taking that back to a UK perspective, you are probably talking about 10% of that is UK specific. Again, because we can be fairly flexible in where we locate specific roles, that makes us slightly more confident that we would be able to bear the burden or the admin or the policy, whatever that policy decision is in terms of immigration.

Q288 Chair: I am struggling to get a sense of how Brexit is going to impact on your sectors. I am hearing Mr Johnstone who is saying there is no real problem here. That surprises me, given freedom of movement is something that most of the sectors have told us is a particular difficulty and also access to the single market, which obviously is not part of the scope of this inquiry. Given that you are all highly international businesses—particularly, life sciences and oil and gas—I am finding all this quite surprising. I would not say your responses are complacent, but I seem to be sensing that there is nothing to look at here and we are all right. Would that be a fair characterisation of what I am hearing from some of these responses?

Scott Johnstone: We are talking about migration today and that is the issue for us there. If you look at regulation, for example, and what could happen there, we might have to test drugs on mainland Europe after Brexit and vice versa. There are some really big regulatory issues that we might face. Those are front and centre for us. The actual people movement is not as big an issue.



Q289 **Chair:** Not an issue for you at all, really?

Scott Johnstone: If we have to start testing drugs in the EU and vice versa—the EU companies will have to test them here—then that is a big issue.

Alix Thom: Certainly, we are concerned. As I say, we are not recruiting to anything like the same extent at the moment but, when activity begins to ramp up, we really will need access to labour outside the UK. We continue, like life sciences, to work with schools to encourage more children to take up STEM subjects, particularly women, which remains a group that is hugely underrepresented. That is a challenge for the whole of the country, not just our sector. There is no short-term fix there, but we certainly would be concerned in the future.

Q290 **David Duguid:** Following on from the previous question, your anecdotal evidence was interesting about the shipping and the 12-mile limit. It probably will not surprise you to learn that I represent Banff and Buchan, Peterhead and Fraserburgh, so I am hearing very similar concerns about the fishing industry. They have to get people. There are some EU locations that have a strong maritime background, such as Poland, Lithuania and so on, but most of the people they have to attract and be able to employ on that same basis are from, say, the Philippines, Indonesia, Sri Lanka. Is that the same sort of places that the shipping industry—

Alix Thom: That certainly applies to a number of people in our shipping sector, yes, absolutely.

Q291 **David Duguid:** The main question I was going to ask you all is: you have all talked about how at the moment it is fairly straightforward. If you identify somebody in the EU that fills your need, then that is straightforward, but if you have to go further afield it becomes a lot more burdensome I think was the word that was being used earlier. On that basis, would you agree that there is an opportunity to level the playing field? If there is, post-Brexit, going to be the same rules for everyone, then at least we should try to make those rules a bit easier to manage and easier to apply?

Scott Johnstone: Definitely.

Alix Thom: Yes, definitely. As I said earlier, my members are concerned that we will have a process that makes it extremely difficult. Of course, we are not just talking about new recruits to the industry either. Our companies are multinationals, many of them, so they will want to move people between their different offices, even from the States, for example.

Q292 **David Duguid:** I know in the oil industry that is something we have done. In life sciences, because of the global nature of your business, would you bring people in from other countries where you operate to get that sort of consistency across the business?



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Kirsty Ramsay: That is probably where our reliance on Tier 2 visas sits just now, more in terms of the intracompany transfer as opposed to bringing external new hires straight from market. If we look at our usage of Tier 2 over the last 10 years, the predominant country is the USA. If we look at our global laboratory function and the roles we take to Scotland and the UK, typically that would be India, just to cite two countries as examples.

Scott Johnstone: From the small company point of view, the USA is the focus. That is our biggest market for life sciences. When we are looking to set up elsewhere, the first port of call would be to set up an entity in the US, to build that and allow us to do that. Things like the trade agreement going forward is another—

Q293 **David Duguid:** Presumably, that requires some kind of bilateral agreement between the two states?

Scott Johnstone: We are going to have to agree that going forward with the trade negotiations between the US and the UK, which we cannot enter into until the Brexit negotiations are finished.

Q294 **Tommy Sheppard:** Can I go back to the effect, if any, that Brexit and the process of Brexit is having on your workforce and your ability to hire and retain? I am not thinking of the future now, just right here and now. Since the referendum in June 2016, have you noticed any perceptible effect on your ability to recruit and to retain staff from other EU countries? If so, is that a problem?

Alix Thom: We have certainly had reports from some of our member companies that their existing EU workers have been very unsettled. Some have left, not in large numbers, but, before the announcement at Christmas, which was very welcome, giving a bit more stability, people were very concerned. We are not doing an awful lot of recruitment at the moment, so I am probably not in a position to answer that question.

Q295 **Tommy Sheppard:** Some people already here were more likely to go home?

Alix Thom: Yes.

Q296 **Tommy Sheppard:** What about the level of applications for such vacancies as you do have?

Alix Thom: I am sorry; I could not answer that question specifically about individual companies. I am not aware of large-scale vacancies.

Kirsty Ramsay: We have not seen a drop in actual applications, but what I can say, anecdotally, is where we are talking to employees about potentially moving from one client trial to another or moving location within the EU, previously their first location or one of the top locations would have been the UK, but there is a nervousness now about coming to the UK when they are still uncertain about what that settlement policy will be.



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A lot of our employees are also having dialogue with us about, "If I come to the UK what will my standard of living be? How far will my salary go? How much will I be left with after rent? What is the Council Tax situation?" Specific to Scotland, we have also had some anecdotal feedback about concern about stamp duty, for example, or the higher income tax rates as well. Some of what I am saying is anecdotal, but certainly we are picking that up in dialogue with external candidates but also existing employees as we look to move them around the organisation.

Q297 Tommy Sheppard: Is that a problem or is it not having an overall effect on your ability to recruit?

Kirsty Ramsay: It is not impacting just now because, like I said, the benefit to us is if they do not want to come to the UK we could place them potentially in France or Germany. That seems to be the preference at the moment. Our EU employment rates have stayed fairly constant. They range anywhere between 5% and 14% depending on the functions and the locations we have within the UK.

Q298 Tommy Sheppard: In terms of the phase 1 agreement and the draft agreement that the UK and the EU now have on status after Brexit of EU nationals, what are your views on that? Does that work for you or are there any concerns you have about that?

Scott Johnstone: It certainly seems a lot better than falling off the cliff edge of a hard Brexit. Certainly, for people who are looking at access to talent, and they have issues and they have EU workers here, then that is relieving a bit of the pressure. It is not completely mitigating it, but it is relieving it.

Q299 Christine Jardine: David Duguid mentioned the bilateral agreements. You said that those negotiations would have to take place after the current Brexit negotiations. Is there a possibility that again, although you are saying America is your major market, although there is not a direct effect, there is a consequential effect because you will have to negotiate new trade agreements with the United States? Although there might not appear to be an immediate impact of Brexit in the same way as perhaps other sectors, there is a consequential one?

Scott Johnstone: Yes, I would say it could go both ways. We could end up with a good relationship because we do have a lot of US companies in Scotland. It is probably the same for oil and gas as well. Discussions that I have had already with the US embassy have been very, very warm and I look forward to those. However, we will be a smaller partner in that agreement than the EU and what we were trying to do with the TTIP agreement between the EU and the US. You can see what the US is doing with NAFTA at the moment as well.

It is not an easy place to be going, but at the moment I feel that we do have a good relationship with the US and one that we could build on. We have already seen little glimmers of hope. There is no VAT charged on



software to the US. It is little things like that that are happening now that give us hope that that eventual trade agreement will be positive.

Q300 Paul Masterton: To follow up, Ms Ramsay, on some of the comments that you made there, obviously we are dealing with highly skilled industries, often reasonably well paid. When you are talking about people coming into the UK and into Scotland, were you suggesting in your answer that domestic issues around costs of living, the position around taxation, comparative costs perhaps in Scotland to other areas, is as much of a consideration for these people as Brexit as a high-level issue?

Kirsty Ramsay: It is probably wrapped up in the whole discussion and the nervousness of potentially coming to the UK for some existing EU employees or new entrants. It is a bit of a dual discussion around the impact of Brexit and what position they will be in post-Brexit but, following that, what the options are about what countries we can locate these individuals in. For the UK specifically, it is anecdotal but we have had a bit of a trend over the last 12 months, in terms of concern from our employees about taxation, how far their salary will go, whether it is a better option to look to one of our other countries. We operate in over 100 countries, so there are typically a lot of options available. In terms of the UK, a lot of the concern is just in the areas I have described.

Q301 Paul Masterton: Presumably, it is still too early to tell, then, whether or not even within the UK the people who you are looking to move are attracted to entering the UK but Scotland is less attractive because of the increased tax take. Presumably, it is still probably too early to see the impact on that decision of the workforce globally.

Kirsty Ramsay: The numbers we are talking about, because they are so low in the grand scheme of our overall employee population base, we have not seen any detrimental impact or impact to our talent pipeline as of yet.

Scott Johnstone: I have one example where that has been an issue for a small company trying to bring a CFO into Scotland from the States. The visa issue was not a big problem, but the issue for that person was stamp duty. They wanted to buy a house. This was a pretty well-salaried person. That was a bigger issue than the whole Tier 2 visa. You can get over those but, especially if you are coming to work for a smaller company as well, there is a higher risk. We are luckier now in Scotland because we do have a bigger industry around it that, if something happened to the small company, there might be another small company that could take you on now. You would have issues about your sponsor at that point. The big issue was stamp duty for that, but that is $n=1$. That is one small company.

Q302 Ross Thomson: As we talk about the implications of Brexit, particularly looking at the oil and gas industry, myself and colleagues had a briefing from Paul de Leeuw—he is the Director of RG's Oil and Gas Institute—who talked us through what they had assessed as the risks, which mainly are



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low given the global nature of the industry, how you work right across the world, and the multinationals are based in the north-east. With that in mind, and as you look to attract the skills that we need to still come into the industry and, given that the oil and gas industry I know from my point of view is beyond Aberdeen and I know is beyond the north-east and is UK wide, is there not a risk that in trying to meet those skills, if we have any divergence in the immigration system across the UK we are putting up barriers in trying to attract those people? We are potentially putting in more bureaucracy and confusion if there is a difference between Scotland, England and the rest of the UK.

Alix Thom: As you say, our membership of Oil and Gas UK covers literally the whole of the UK. We would welcome a system that, as I have said before, is clear and simple to administer. We would hope that both Governments could work together to come to such an arrangement.

Q303 **Ross Thomson:** I know that the industry has said that, naturally to operate, they do not look to have any new barriers, whether that is in relation to trade or skills or anything. If there are to be any new barriers caused by any divergence, then that would be a concern for the industry, presumably?

Alix Thom: If we go back to the previous question, it is too early for us to say about the impact of the different tax rates, for example, but I am sure that some of our members will be concerned about moving people from south of the border north of the border. We have yet to see the impact of that, but we do know that around the time of the independence referendum, for example, there was a lot of concern. It was difficult to get people to move into the industry from other parts because of the uncertainty around at the time. That is what makes people nervous.

Q304 **Ross Thomson:** Given that uncertainty, and I speak to people in the industry now and I know with the prospect of a second independence referendum hanging over everybody's heads, is that still there, given what you have said about the previous uncertainty, given it is still not resolved and that threat is still there?

Alix Thom: That is not something I am hearing at the moment, but certainly from some of our executive search companies, for example, as I say, at the time of the independence referendum they were having challenges attracting people to key roles in Scotland.

Q305 **Ross Thomson:** Post-Brexit, looking at the design of any new system of immigration, what kind of arrangements do you think would best meet the needs of your members in oil and gas? I know companies range from big multinationals to the smaller ones within the supply chain, and some of them may be just five guys who create a product or a tool that is used offshore. What kinds of arrangements do you think would be best for the industry going forward?

Alix Thom: Something that recognises the complexity in our industry. We have already said that we operate throughout the UK, but if we look



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just in Aberdeen, we have Total, which is French; Repsol Sinopec, which is Spanish and Chinese; Shell, which is partly Dutch; Maersk, which is Danish.

Ross Thomson: Global Aberdeen.

Alix Thom: Yes, global Aberdeen, which, of course, has other benefits. You can begin to see immediately the challenges of anything that is more onerous of those companies being able to move people between their Paris office and the Gulf of Mexico or wherever.

Q306 **Ross Thomson:** Yes, absolutely. There is a risk that, if we ensure that things are not as attractive in Scotland as the rest of the UK, given that some of these companies do operate across the globe, it is very easy for them to operate and move elsewhere and also base people elsewhere. I know that given the downturn we have found that people have moved to other parts of not just the UK but other parts of the world just to find employment.

Alix Thom: Absolutely. Our people are very mobile because of the skills they have developed, which was one of the reasons behind the skills shortages we experienced before. I will come back again: we are competing globally for investment so those global companies, if the costs are lower elsewhere and it is easier to do business, will be less attracted to invest in our basin.

Q307 **Deidre Brock:** I was interested in your point about the independence referendum and its effect on immigration. Of course, immigration numbers have been going up steadily since that period and prior to that as well.

In reference to Mr Thomson's point about a differentiated approach for Scotland in the Immigration Service, since the UK Government seem particularly sold on the notion of quite restrictive immigration policies, surely the alternative view is that potentially a Scottish immigration service, or some sort of differentiated approach, could produce a more streamlined approach for getting folk in for Tier 2 visas. We have heard a lot about how onerous that is. Certainly, in our experience in my constituency office dealing with UKVI on a pretty much daily basis, I think there are significant changes that could be made to that system to simplify matters for employers and, indeed, for your members.

Alix Thom: From our point of view, as I say, our members are spread and the supply chain is spread throughout the UK. Something that is consistent would be attractive to us, or certainly flexible enough to accommodate the challenges that we have, and something that is clear.

Q308 **Deidre Brock:** If the system in Scotland was simpler and more streamlined, that presumably would be attractive to the people who are looking to relocate here?

Alix Thom: The fact is we represent companies throughout the UK, so it is important to have some system in place that will work for everyone.



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Kirsty Ramsay: From our experiences, we do not think that regional variation in terms of immigration policy would be helpful, to be honest. We would look for a consistent policy throughout the whole of the UK.

Q309 **Deidre Brock:** All right. What are your views on Dr Hepburn? Have you had a chance to have a look at Dr Hepburn's report?

Kirsty Ramsay: No, I have not.

Deidre Brock: Well, I would recommend it.

Q310 **Chair:** Just to clarify for me, you seem to be saying, if we made it easier for people to come to live and work in Scotland, grow businesses there and grow capacity in different parts of Scotland, that that is somehow an impediment and difficulty to your operations.

Scott Johnstone: Absolutely, to that point, yes, that would be great. How that worked would be the issue, but if you were going to make it easier for us to get people from the States into Scotland, then—

Q311 **Deidre Brock:** In Australia and Canada and Spain and similar it is already happening and it does not seem to be having a huge number of problems. Biometric passport information could be attached to those.

Scott Johnstone: Sure, I would be happy to come and discuss that with you and see how you could make that happen.

Q312 **Chair:** What I am trying to understand is if people are coming to the United Kingdom, there is going to be an immigration set-up and arrangement for that. Scotland may or may not be part of that. Surely, if we are making it easier for people to locate, settle, grow businesses in Scotland that is giving Scotland a bit of an advantage. Surely that could only be a good thing. Am I missing something here?

Alix Thom: Our companies operate globally. They are not confined to Scotland. As I say, the emphasis for us would be on a system that is clear, robust and provides guidance.

Q313 **Chair:** Across the UK? It could only apply across the UK?

Alix Thom: I did not say that. That is not for us to determine.

Q314 **Christine Jardine:** On that very point, you said a few minutes ago that what you would like is a system that did not impede people moving from your offices in Aberdeen to Paris or the Gulf of Mexico. Presumably, you would not like a system that prevented your people from moving from your office in Aberdeen to your one in London. It would be the downside of a separate Scottish immigration policy.

Alix Thom: If there were to be a separate immigration policy for Scotland and separate visas for Scotland, you could not move a member of staff quite as easily from Aberdeen to London if they were only entitled to work in Aberdeen and they were not entitled to work in London.

Chair: We will maybe just leave that one alone now. Thank you for that



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interesting little exchange.

- Q315 **Hugh Gaffney:** A recent report by Professor John Bell on the UK's life sciences sector—some of you may have seen it—made a number of recommendations on how the immigration system could better meet the needs of the life sciences sector. His recommendations include simplifying the Tier 2 skilled visa process, shortening the time jobs have to be advertised under the labour market test, removing salary restrictions, and reducing some of the fees. What are your thoughts on these proposals? Do you have any thoughts on these proposals?

Scott Johnstone: I would agree with that. It is going to make it easier.

- Q316 **Hugh Gaffney:** Do you think it would make it easier? The first thing people look at when they apply for a job would be the salary, and you would get people coming in just on the salary. To remove the salary from your job vacancy advert, would that be a big hindrance if it was a separate salary?

Kirsty Ramsay: I have to be honest. A lot of the feedback we had in terms of Tier 2 candidates is it is often not just to do with the salary. It is to do with the company they want to come and work for. It is to do with the chances of progression once they are an employee. It is about the culture. It is about development, all of these things. While salary is one part of that, it is not necessarily always going to be the deciding factor. All the things you listed there in terms of reducing the labour market test and making it an easier process, I would agree with all of that from a life sciences perspective.

- Q317 **Paul Masterton:** We have heard throughout the course of this investigation a number of ways in which immigration arrangements could be changed short of having a fully separate, differentiated system, like having central visas that would apply on a UK-wide basis but reflect particular areas, or Scottish representation on the Migration Advisory Committee. Do you think that any of those ideas or, indeed, any other ideas would have merit as we move forward to start looking at a new immigration system?

Alix Thom: It would be interesting to hear more about those ideas because I am not familiar with them. Perhaps we could come back to you on that.

- Q318 **Paul Masterton:** Yes, absolutely, particularly the latter one about having Scottish representation on MAC. There was a lot of evidence coming through that people felt that they were giving advice as external parties into the MAC and it was not going anywhere, and that having some sort of Scottish voice, whoever that might be, might be something that would be beneficial.

Scott Johnstone: Having met with the MAC last year, I think life sciences has a very prominent position with that and we are quite happy with that. Immigration is not yet devolved. There may be an aspiration



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for that, but from a life sciences point of view we are quite relaxed that we do have a good relationship with the MAC.

- Q319 **Paul Masterton:** In terms of life sciences and oil and gas, you tend to then see your issues going forward as being sectoral issues rather than regional or geographic? The issues that you are seeing in oil and gas and the issues that you are seeing in life sciences are to do with the sectors that you work in rather than the fact that you work out of Scotland?

Alix Thom: For oil and gas I would say that is the case.

Scott Johnstone: Yes.

Kirsty Ramsay: I would echo that, yes.

- Q320 **David Duguid:** Mr Johnstone, you mentioned that you had already interacted with the Migration Advisory Committee. Does Oil and Gas UK have a link with the MAC to discuss these issues that we are talking about today?

Alix Thom: We have not been speaking to them regularly, but certainly in the past we have had someone come from MAC to speak to our members and listen to their concerns.

Chair: Great. Thank you ever so much for that.

Danielle Rowley: Chair, forgive me for being new and perhaps not knowing the procedures, but is it orderly for a Member to have asked witnesses a question for it then to be stopped, the Chair to stop the witnesses from giving an answer?

Chair: I was not aware that that had taken place. Whose question was this?

Danielle Rowley: When Christine asked her question and you said, "Let's move on".

Chair: I am sorry, Christine.

Danielle Rowley: I was very interested in the answer.

Chair: All right. Please, let's re-put the question. I did not recognise that had happened. I am sorry about that. Please, get your response.

- Q321 **Christine Jardine:** I remember exactly the question. I was clarifying the point that the Chair raised and I said: would you be in favour of a system that had visas for Scotland specifically, which prevented your staff in Aberdeen from being easily transferred to London in the same way that you would prefer them to be able to move about the world? How would you feel about a restriction that meant they could only work in Scotland and not in London?

Alix Thom: That would make life difficult. You would be amazed at the number of people who still commute between Aberdeen and London every week in the oil and gas sector.



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Chair: I am pleased we have managed to clear that up and we have a satisfactory answer to Ms Jardine's question. Thank you ever so much for coming along today. I think there were a couple of outstanding issues that you might get back to the Committee about. If you could provide that for us, it would be very helpful. Thanks for coming along this morning.