

Scottish Affairs Committee

Oral evidence: [Immigration and Scotland](#), HC 1941

Tuesday 12 February 2019

Ordered by the House of Commons to be published on 12 February 2019.

[Watch the meeting](#)

Members present: Pete Wishart (Chair); Deidre Brock; Hugh Gaffney; Kirstene Hair; Christine Jardine; Ged Killen; John Lamont; Tommy Sheppard; Ross Thomson.

Questions 1 - 108

Witnesses

[I](#): Barry McCulloch, Senior Policy Advisor, FSB Scotland, and Gregor Scotland, Principal Policy Advisor, CBI Scotland.

[II](#): Angela Coleshill, Director for Competitiveness, Food and Drink Federation, Dr Donald Macaskill, Chief Executive, Scottish Care, and Marc Crothall, Chief Executive, Scottish Tourism Alliance.

[III](#): Professor Gerry McCormac, Principal of University of Stirling and Vice-Convenor of Universities Scotland, and Miss Rachel Sandison, Vice Principal, External Relations, University of Glasgow.

Written evidence from witnesses:

– [CBI Scotland](#)

Examination of witnesses

Witnesses: Barry McCulloch and Gregor Scotland.

Q1 **Chair:** Welcome to this short follow-up session on our immigration report, which was released several months ago, and for which we are still awaiting a Government response. We thought that we would kick over some of the issues, given that there have been many developments since we held those sessions. We are very grateful to you all for coming along this morning to help us out with that. We do not have much time because we are hoping to cram a lot of stuff in today, so I will ask you to tell us who you are, who you represent and anything by way of a few short introductory remarks.

Gregor Scotland: First, thank you very much for having me along today to discuss an issue that is really important to CBI Scotland members right across the country. As I am sure Committee members are aware, the CBI is a membership organisation that represents companies of all sizes and from all sectors, both in Scotland and across the UK. Our members employ around 500,000 people in Scotland, which includes companies that are headquartered in Scotland but also those headquartered elsewhere that have operations there.

As I am sure Committee members are aware, CBI Scotland submitted a written response to the Committee's inquiry into immigration last year. That submission highlighted the need for an immigration system that genuinely works for Scotland and the whole of the UK and for all parts of the economy, one that allows businesses access to the highly skilled workers that they need, but that also recognises the balance of skills that are required across the Scottish economy, not just access to the so-called brightest and best. I am very pleased to have the opportunity to follow up on that evidence today, following the publication of the Government's White Paper.

Following that publication, CBI Scotland members have been clear that, although there are some welcome measures in it, the overarching feeling is that it will not deliver for the Scottish economy. There are four specific concerns about the White Paper that I would like to take this opportunity to highlight. The first one is the very real concern from Scottish businesses about the potential for a £30,000 salary threshold for access to highly skilled workers. The second area is the proposal for having only a temporary 12-month route for workers who do not meet that salary threshold. The third is the retention of the immigration skills charge and the health charge. The final point is the retention of the net migration target, which we feel continues to drive a narrow debate that is centred on numbers rather than overall contribution to the economy and society.

Those are four key areas that business really does feel need addressing over the coming months if we are to end up with a final set of proposals that really can deliver for the whole UK and for every sector of the economy. I am very happy to talk about them in more detail with the



HOUSE OF COMMONS

Committee this morning and, of course, to give CBI Scotland's perspective on any other issues that I can.

Q2 **Chair:** Excellent. Thank you ever so much for that. Mr McCulloch?

Barry McCulloch: Good morning. I am Barry McCulloch, the senior policy adviser for the Federation of Small Businesses in Scotland. I gave evidence to this Committee before on this issue and I am looking forward to doing so again today.

By way of opening remarks, I would probably highlight a few issues that we would like to discuss with the Committee today. First, I think that it has been forgotten in the political drama that we are currently experiencing that recruiting foreign workers is about to go through the biggest change in decades and that is going to have consequences for small employers. It is perhaps the most important issue facing small employers in Scotland, and I say that because of two issues: one, smaller firms in Scotland are more reliant on EU27 labour compared with their counterparts in rest of the UK; and secondly, the Scottish economy itself is more reliant on EU27 staff, particularly in sectors such as tourism and hospitality, care, and food and drink—all the sectors we are going to hear about after I am done.

I think that the Committee will hear today that the low-cost, easy-to-use, accessible immigration system that businesses require is not currently tabled in the White Paper. We are quite far away from having that particular settlement and, as it stands, the White Paper will have serious economic consequences. By the White Paper's own account, it will make GDP 1% smaller by 2025 and hit public finances by £4 billion.

Q3 **Chair:** I am grateful for that, too. Since you were last here, Mr McCulloch, we have had the White Paper and we have also had the Immigration and Social Security Co-ordination (EU Withdrawal) Bill, which is effectively the end of freedom of movement. What difference do you think this has made to the members you represent, and what would you like to see addressed in the immigration White Paper as it goes through?

Barry McCulloch: If I think about the year and a bit that has passed since we looked at this subject, a lot has changed. At that point there was still a hope that perhaps an element of freedom of movement could be retained. Quite clearly, that is not going to be the case, and whether or not we depart the EU via a withdrawal agreement or another way, freedom of movement is going to come to an end.

As I said before, I think that will have fundamental implications for the Scottish economy and for the Scottish labour market. Obviously, I am here to talk about FSB members because one in four small businesses have at least one member of staff from the EU27. That varies by sector and geographies. For example, if you go up to the highlands, that figure



HOUSE OF COMMONS

risers to over 40%. If you go to tourism and hospitality, that figure rises to 45%. They are in some ways quite a sizeable part of the workforce.

Just in practical terms, how employers access the skills and the labour they need post-Brexit is causing quite a lot of headaches. I do not want to go into particular proposals at the moment, but I would just say that perhaps the most damaging of the proposals is the salary thresholds. I have to be honest: there is a lot that is wrong in the White Paper, but the £30,000 salary threshold is completely inadequate for Scotland's purposes. It is out of step with the Scottish economy and with Scottish pay levels. I do not think that is a controversial point; I think that is a factual point about the state of the Scottish labour market. We are hoping that in the consultation period that the Home Office will embark upon we can revisit that question and whether or not a lower skill threshold could be set for Scotland or just scope to try to differentiate the system for Scotland's needs.

Q4 Chair: I am grateful for that. Mr Scotland, in my constituency I am hearing real concerns about the ending of freedom of movement. I have a big hospitality sector in my rural area, which is almost exclusively dependent upon having access to that labour. Would you agree with Mr McCulloch about all of this? We have seen this £30,000 limit and I know it is open for consultation. What would you tell the Government about these types of figures?

Gregor Scotland: I would agree with a lot of what Barry just said. You mentioned the hospitality sector, and I think that is a really good example. When you look at the figures for Scotland, 94% of hospitality and accommodation roles in Scotland would fall below that £30,000 salary threshold. Around 12% of those roles are currently filled by EEA nationals, so that shows you how important access to people below that salary threshold is for that particular sector.

When you also look at the economy more broadly, the ONS statistics show that around 67% of jobs in Scotland more generally would not meet a £30,000 salary threshold. That is very important to sectors such as hospitality, but it is very important across the board to other sectors as well. Last year we surveyed our members in Scotland, and 75% of them came back to us and said that in the coming years they expect to increase their number of higher-skilled roles, but nearly two thirds of them said that they were already lacking confidence that they were going to have the skills available to fill those roles. That is obviously before these proposals have come in, so I think there are genuine concerns in Scotland, and indeed other parts of the UK, about what that salary threshold would do.

Q5 Chair: Mr McCulloch, I am just looking at a letter you sent the Secretary of State—well, it is from Mr McRae from FSB. It says that our immigration system “should be able to respond to the migration and skills needs of smaller businesses in Scotland... it is evident that these needs may differ from elsewhere in the UK and require a different response”. Could you tell



HOUSE OF COMMONS

us exactly what you mean by that? Are you suggesting that Scotland should now acquire certain responsibilities over immigration that would allow it to meet the needs of small business? That is my interpretation of what you are saying there.

Barry McCulloch: I think that what Mr McRae was trying to portray—and I think it is important to note that this was pre-White Paper—is that the proposals that were in the White Paper were not quite what we expected. There are a number of reasons why that is the case, but one particular aspect that we are concerned about is the effect of the exclusion of lower-skilled routes and the focus on what the UK Government are describing as a skill-based system. It is not a skill-based system. Although they have changed the qualifications framework, that would be more than overrun by the salary thresholds.

Q6 **Chair:** We know about these concerns. We do not have much time so we are trying to keep to the pertinent issues here. What that says to me is that you are proposing that Scotland should have some sort of differentiated immigration system. The reason we did not push that harder in our report was because business, sitting here, told us clearly that was something it did not want. Is there a change of mind or is there a change of emphasis with this now? Do you recognise that something might have to be specific for Scotland?

Barry McCulloch: I do not think that was the evidence we provided to the Committee.

Chair: It was what we heard.

Barry McCulloch: What we said was that the system is already differentiated.

Q7 **Chair:** Yes, we know you want a UK-wide change to address these things, but what we are trying to get at is whether there is anything specific that you now think Scotland could have and do that would help the businesses you represent.

Barry McCulloch: Sure. With the Chair's grace, I would point to the White Paper and the contradictory statements it contains about whether the system can regionalise, differentiate or devolve to some level. These are quite unhelpful labels for describing how a system can operate for Scotland.

If I may, I will quote the White Paper. On page 24 it says "the future border and immigration system must be flexible enough to service a range of interests and to reflect the diverse needs of all parts of the UK and our existing devolution agreements". On the next page it states that immigration policy is reserved and that they agreed with the MAC's rejection of the need for regional immigration policies. Both of those statements cannot be true; they are in complete opposition.



HOUSE OF COMMONS

For FSB Scotland, a reformed system has to emerge from this consultation period that I have described and Gregor has described; one that builds on the flexibility that already exists. I think that is a key point that would be worth stewing on. There is already a Scotland-only shortage occupation list.

Q8 **Chair:** It includes only two categories.

Barry McCulloch: Is it perfect? Absolutely not, but it could be built upon. It could be revived. It could be expanded.

Q9 **Chair:** The MAC already said that that is not a particular line it wants to pursue. It does not want to have an extensive differentiation in the list between Scotland and the rest of the United Kingdom. Is that all you are proposing we should look at?

Barry McCulloch: No, not at all. If I may continue, Chair, to make this immigration system work for small businesses in Scotland, we propose a range of things. First, we think that there is merit in piloting the extent to which differentiation can work in Scotland. We would take inspiration from the UK Government's decision to launch the seasonal workers pilot in agriculture and ask whether we can test in real time whether or not differentiation can happen. We see opposing sides politically and within Government, so let's take the bluster and the heat out of this and just see if it works. Will it lead to greater complications? I don't know, but let's see. Is it workable? I don't know, but let's see. There is a variety of different ways you could do that.

Q10 **Chair:** How could you possibly have different sector schemes across a range of 30 or 40 sectors? You have seen the Scottish Government's response to that. What is wrong with just giving responsibilities to Scotland so that we can do these things?

Barry McCulloch: I think that there is scope for both Governments discussing the merits and realities of running a pilot. There was Fresh Talent not that long ago, which worked incredibly well. Why can't we look at a scheme that could function in Scotland with the UK Government and the Scottish Government in partnership with a key sector just to test some of these assumptions?

There are two other things that I would like to point to. First, I think that there is definite merit in setting a different salary threshold for Scotland, so gross salaries in Scotland of £24,000, and in London and the south-east over £30,000. There are differential rates of pay, there is a different labour market, and the Scottish Government and others are making a fairly compelling case about why a different pay level or salary threshold if we are to retain it could be introduced.

Lastly, the market itself needs to be reformed. The paper that they launched last year, which was instrumental in the UK Government's consideration, had a number of flaws, as we see it. One of the flaws is that they do not quite have the expertise of Scottish developments. We



HOUSE OF COMMONS

think that there is scope to reform the governance, to bring on a Scotland representative and make them responsible for reporting on what is happening in real time post-Brexit, whether it is the labour market, skills shortages, labour shortages, and in addition to that have a serious look at the Scottish shortage occupation list. There is a consultation that is out just now, or it has just closed, and we have made representations to Professor Manning and others on practical ways by which you could revise that.

- Q11 **Chair:** Thank you for that. Mr Scotland, we hear Scottish businesses repeatedly telling us that the immigration system is not working for them, that what is being proposed will be a disaster for Scottish business. It may not be the language you have chosen exactly, but you have come quite close to this. Why don't you propose and suggest something that will allow Scottish business to significantly get in charge of this process and deal with these things? What Mr McCulloch suggests is all very well and good, but it has all been looked at in this and been rejected already. Is there not more that we could do to serve Scottish business better?

Gregor Scotland: The first thing to say is that I think it is inevitable that if there aren't significant changes to the proposals in the White Paper, then calls for devolved flexibilities and regional flexibilities will grow louder. That being said, one of the things that we have welcomed from the White Paper is the commitment to further engagement.

Our members are clear that their preferred option would be a UK-wide system that genuinely does work for all parts of the UK. When you look at things such as the salary threshold, there is a good example of that. I would probably take a slightly different position from Barry on this, in the sense that I mentioned earlier that 67% of jobs in Scotland do not meet that £30,000 threshold; the median salary in Scotland is just below £24,000. If you compared both those statistics across the UK, there is a huge amount of similarity there if you take out the obvious exception of London. Our focus is very much on getting things such as a salary threshold that genuinely works, and not just for the south-east but for all parts of the UK. If you take London and the south-east out, there is a real commonality there in terms of median salary levels and salary threshold.

As I say, if there aren't changes to these proposals and if business do not think they will deliver the people and skills that they need to grow the economy, then I think that we will need to revisit that question and the calls for devolved and regional flexibilities will inevitably become louder.

- Q12 **Tommy Sheppard:** I think that we are getting to the heart of the matter now. If we cut to the chase, there is a range of views in this Committee about this question. Some of us believe that there should be more devolution of control over immigration to Scotland. Others see that as a perceived threat to the unitary nature of United Kingdom public policy. I am keen to know where business sits in that debate. Do you think that a case can be made for some control over the quantum and the type of



HOUSE OF COMMONS

economic migration coming into Scotland? If so, do you think that is necessarily contradictory to having a UK-wide policy and how might those two things fit together?

Gregor Scotland: I would reflect on my conversations with businesses across Scotland, both since the White Paper was published and beforehand. I would say that the focus of businesses I have spoken to has very much been on the practicalities of this, not about the politics, not about the wider constitutional issues. They want a system that is as simple as possible, that is as easy to access as possible and that allows them to access the people and the skills that they need to grow the economy.

What I noticed from reading the Committee's report last year was the point about further work being required on both the advantages and potential disadvantages of greater differentiation within the UK. I think that is a really important point. If we do get to the point further down the line, at the end of this extended consultation period, where the proposals will not work for businesses, it is really important that some work is done to establish what the concrete advantages and disadvantages are. I hear anecdotal evidence of concerns about protecting the single market and so on, but I think that there needs to be some proper work done to establish what the advantages and disadvantages would be.

Q13 Tommy Sheppard: Both of you have talked about differentiation and recognising that there are different needs, and I think we all get that. Here is a question. If there is to be differentiation, for example a different threshold, do you think that is best set by a committee in London or a committee in Edinburgh?

Gregor Scotland: The honest answer is that the businesses I speak to are not overly concerned about where decisions are made; they are more concerned about the practicalities of what comes of them. That is just based on my conversations with business.

On that salary threshold, the reason we have not had a great demand from our businesses to call specifically for a separate salary threshold for Scotland is that point about the same issues being raised by my colleagues in Northern Ireland, the same issues being raised by my colleagues in Wales and lots of other parts of the United Kingdom as well. The honest answer is that not a lot of businesses come to me and say that they think decisions should be taken there or there. They are just concerned about the practicalities and where the most effective decisions can be made that will allow them to do business.

Barry McCulloch: My view is very similar, but where I would depart from Gregor and the CBI is that at the heart of the devolution settlement is that they are decisions that Scotland can make for Scotland. I do not think that we should lose sight of that in the current political context. We have the Scottish Government and the Scottish Parliament. We have public agencies. We have Skills Development Scotland, whose job it is to



HOUSE OF COMMONS

advise employers to run modern apprenticeship programmes. We have local authorities. We have an elaborate state apparatus, and it would be a missed opportunity if we did not use that to set the threshold in a hypothetical scenario.

- Q14 **Christine Jardine:** I take your point absolutely that it should be about the practicalities and what is best for business, and I would not like you to think that everybody in this Committee is thinking in political terms. Certainly for myself, I am thinking about what is best for Scottish businesses.

One of the arguments that has been put to me, and I would be interested to hear what both of you think, is sectoral agreements across, say, the agricultural sector for all of the UK—fruit picking would be part of that, but engineering, sectoral agreements—and perhaps a variable threshold according to sectors. As you have pointed out, the salaries outside the south-east of England are very different, but presumably they are much the same across the thresholds. How would industry feel about that, if there were sectoral agreements that were designed to meet the specific needs of different industries?

Gregor Scotland: Yes, it is a very fair question. There are two main reasons why at the CBI we tend to focus more on the whole economy picture than on specific sectoral ones. Obviously, we represent businesses from a range of different sectors and that is part of the reason, but we also need to remember in these conversations just how interlinked different sectors are. Take food and drink manufacturing as an example. You will maybe start with the agriculture sector, then you will go through logistics, and then you will end up with retail. You have three separate but very interlinked sectors there, and we need an immigration system that works for all of them. If you have one part of that process working but not the other two, then the whole system falls apart.

That is why we have very much concentrated our response to the White Paper on the fundamentals that are applicable to the whole economy so that if we do get a salary threshold that is workable, if we do have a route for workers to come below that salary threshold and contribute to the economy, then that is the best way of making a system applicable to all the sectors that you are talking about.

- Q15 **Christine Jardine:** I was thinking specifically about visas. If you are going to have differentiation in visas, is it more practical for business to have a visa that allows someone to work, say, in Aberdeenshire in agriculture but only in Aberdeenshire, or one that allows people to work across a sector, to perhaps start the fruit-picking season in Cornwall and the visa to allow them to move north and employers to work with one another to ensure that they are co-ordinated—that sort of thing?

Gregor Scotland: Yes, I see the point you are making and I would have to go back to my conversations with businesses. They are always looking for the process to be as simple and as clear as possible, and I think that



when you do get into different types of visas that are limited to specific sectors, there is obviously an extra burden on businesses in terms of HR operations, keeping track and so on. I think that there would be questions. I am not saying it would be impossible by any stretch of the imagination, but our focus, and the steer we get from business, is that we should try to focus on something that works on a cross-sector basis rather than just on something sector specific.

- Q16 Christine Jardine:** The main point they want is that it should be about the practicalities of the decision rather than the location of where the decision is made?

Gregor Scotland: Yes. Practicality is the word that always comes back when we have conversations about anything, but particularly about things like this. They are very concerned with the practical operation of the process. How do we do things simply? How do we do things in a cost-effective way? How do we make sure that businesses can access the people and skills they need?

- Q17 Ross Thomson:** Looking at some of the proposals contained within the White Paper, I would be keen to hear what your views are in relation to the new skilled immigration route that is contained within it and how you think that would impact the Scottish businesses you represent.

Gregor Scotland: On the new skilled route, we would be keen that first and foremost there is adequate time to adapt to the new system. I think that is a really important point and some of the language used in the White Paper suggests that these changes will be phased in from 2021. The danger is that we replicate the existing system with a couple of tweaks and then a promise of further tweaks down the line. We really need to make sure that the new system is ready to go from day one. Even if that means that we extend free movement beyond December 2020, I think it is important that that system is ready.

I suppose the skilled route comes back to some of the points that I made earlier on. We have lots of what I would consider skilled jobs in Scotland that would not meet a £30,000 salary threshold; jobs that are often really important to the economy, and really important to people in Scotland. I would like to make sure that we have a system that allows businesses to continue to access that and at least if we are to have a salary threshold it is at a level that is much more accessible for businesses in Scotland and most of the UK.

Barry McCulloch: Now we are getting to the heart of how effective the post-Brexit immigration system could be for Scottish employers. The focus on having a skilled migration system—which, as an aside, I am not entirely sure will be a skilled migration system because of the salary thresholds, which will usurp that in terms of importance. Given that small businesses that employ EU workers do so across a variety of occupations—the largest group is mid-skilled roles; secondly, there are lower-skilled roles; and then latterly there are those at the lowest-skilled



HOUSE OF COMMONS

angle—I think that what the White Paper is effectively saying is that lower-skilled migrants will not be coming to the UK. There are some temporary visa routes, which I am sure we will come on to, but we are effectively saying that there will be no sustained access to lower-skilled migrant workers. I think that will have quite profound economic consequences for the Scottish economy, whether that is in the north-east or in the central belt.

There is a need to have a controlled immigration system. That is a point that we would agree with, but there are employers who will be able to shift their recruitment strategies to cope. Our data and research and the conversations we have with members tells us that many will shift to UK citizens. They will try to do what they can to invest and train up their staff, but if it becomes more difficult to recruit EU workers or foreign workers more generally, it will lead to small businesses reducing their operations, closing their operations and potentially relocating.

I am very aware that that does sound quite alarmist, but I would point to the new report from Global Future, which concluded that a new skilled migration system would shrink the workforce across the board, so not just shrink the workforce of migrant labour but the workforce across the board, particularly in sectors reliant on EU workers. I am not sure that that is a stated aim and aspiration of the UK Government, and that is why, to go back to Gregor's point, we will be engaging fully in this consultation period to make sure that the system works for Scotland.

Q18 Ross Thomson: I have a brief supplementary. I absolutely take the point on skills, particularly referencing low skilled, medium skilled and high skilled, but just to give you a case from my own constituency, Nolan Seafood is a processor in Aberdeen. They just cannot get anyone to take the work, not even EU nationals—at the moment they are relying heavily on Filipino workers. The work is classed as low-skilled, but if you look at what you have to do, there is a real argument that it is more than that and requires a higher skill. They have really struggled. They are now paying £1,300 a week, which is mad, I know, just to attract those people. What do you think needs to be reflected in how we define what is highly skilled and low skilled? Are there any changes that you suggest or recommend for companies such as Nolan Seafood? How would you go about suggesting changes for people like them?

Barry McCulloch: I share your frustrations with the way in which we talk about skills more generally in these discussions. I think that it has an undertone that jobs such as fish processing, cleaning or property maintenance are not something worthy or are not somehow skilled occupations. I just do not think that characterisation is true.

For the purposes of our research, we did have to use ONS classification, imperfect though it is. To be fair to the UK Government, the White Paper does contain qualification levels that make a lot of sense. They have shifted to an RQF level 3, I think, by focusing on A-level and above rather than graduate, which I think equates to SCQF level 6. That all makes



HOUSE OF COMMONS

sense. What it is effectively doing is lowering the criteria of qualifications, a very sensible move, but to go back to that point, it does not really matter because of the skills threshold, which will frustrate people.

Chair: We must move on, if that is all right, because we have lots of questions and we are trying to make the best use of your time, if that is okay.

- Q19 **John Lamont:** I want to get back to the £30,000 threshold. Mr Scotland has touched on this already. Scotland's average salary is £23,150. The UK's average is £23,474. Do you accept that the £30,000 threshold is an issue for the whole of the United Kingdom, not just for Scotland.

Gregor Scotland: Picking up on that—I think I have probably made that point already—yes, absolutely. I speak to colleagues across the UK, whether in Wales, Northern Ireland or the different regions across England, and they are every bit as concerned about the prospect of the £30,000 salary threshold as I am and as businesses are in Scotland. That is very much why we see this as an issue that needs to be resolved right across the UK. We need a salary threshold that is realistic, achievable and allows businesses to access the people they need.

- Q20 **John Lamont:** Some have argued that the Scottish Parliament should have full control over immigration policy, and you have both touched on that already. I represent a Borders constituency. Could you tell me what the practical implications would be for cross-border trade if Scotland did have an immigration policy that was separate from that of the rest of the United Kingdom and, in particular, how that would impact on your members?

Gregor Scotland: We have a mixture of members. We have members that operate only in Scotland, we have members that operate across the UK, and we also have members that operate internationally. It comes back to that point I was making earlier about just being concerned about the practicality of things rather than the politics of things. Members are always keen to point out to me the value of the internal single labour market, so there are obviously a lot of questions about that. I do think, however, that there need to be significant changes to the White Paper proposals if it is to work for Scotland. It is inevitable that there will be further calls for that differentiation, if those proposals are not addressed in a way that allows them to work for Scotland.

- Q21 **John Lamont:** That was not quite my question. I accept that the White Paper needs to change. I am asking what the practical impact will be for your members with businesses, particularly those that operate in my constituency, if there is a separate immigration policy in Scotland compared with people one mile down the road in England and the rest of the United Kingdom.

Gregor Scotland: One potential complication that has been raised with me is the additional burden on HR staff; the additional need to keep an eye on where citizens are and where their employees are working. There



HOUSE OF COMMONS

is a question about how it would be enforced, what extra burden would fall on business in terms of that functionality of the system. That is one system. Because it is not at the forefront of the minds of businesses I speak to at the moment—they are more concerned about trying to shape the White Paper proposals—I do not have a long list of examples that I can give you.

John Lamont: That's fine.

Barry McCulloch: I have to confess that I do not have the answer to Mr Lamont's point. What I would point to is that the small businesses that we talk to are focused on the outputs and the outcomes of the immigration system and are far less concerned about how the immigration system is structured to operate. What I would say is that the Immigration Act placed substantial responsibilities on the employer to do right-to-work checks so the barriers to further differentiation might not be quite what they appear to be. Secondly, I would just point out something that I think is worth stressing again and again: there is already differentiation within the system. It is not perfect, but the architecture is there and what we are arguing for is an incremental approach that would increase the representation and role of Scotland within the UK system.

Q22 **John Lamont:** I do find it slightly odd that you are arguing for more differentiation potentially, but are not able to explain what the impact would be on businesses, particularly those operating on the border. That might be worth some further research. The members of your organisation who speak to me about this are very concerned about the possibility of how they would manage their workforce and how they would recruit, particularly when they are recruiting people from both sides of the border. Perhaps you might be able to follow up on that.

Barry McCulloch: There is definitely a tension between differentiation and the want and desire for a simple administrative system. Of course they are natural tensions. However, to go back to the White Paper, the UK Government, when they were setting out their rationale for a skills-based system, said that the threshold was required because they want migrants to raise productivity levels, make a positive contribution to public finances, and ensure that there is no downward pressure on wages. I don't want to get into the specifics of why that argument is incorrect, particularly across constituencies in Scotland, but for the moment I would find it tough—and I think FSB members would find it tough—that somehow the productivity problem is the fault of small businesses hiring EU workers. In simple terms, were the threshold to be maintained, if we cannot explore how a differentiated threshold could operate while mitigating the impact on business, then it will, as our UK chairman Mike Cherry said, have serious economic consequences, and not just for businesses in Scotland, which I am here to talk about, but for businesses across the UK.

Q23 **John Lamont:** I accept your conclusion about the threshold. I agree with



you. I just don't make the next jump, which you seem to be suggesting, about how we deal with this challenge in Scotland, when it is a challenge that also faces many other parts of the United Kingdom beyond Scotland.

I want to follow up on one other issue. The Government have proposed removing the visa cap in the resident labour market test when the tier 2 visa scheme is expanded to include EU nationals. How do you think that will impact your members?

Gregor Scotland: Both are measures that business welcomed but, on the other side of the coin, it is the salary threshold that might be the bigger impediment in accessing the people we need. Those measures in isolation are welcome. We now need to join them up with other measures to make sure that we can genuinely access those people that businesses need with the higher skill levels.

Barry McCulloch: The UK Government's decision to accept the MAC's recommendation to scrap the cap on skilled visas and the resident market labour test was a very sensible and very welcome move, and skilled immigration should not be slowed up by an administrative system that cannot function properly. Although the recommendations were welcome reforms, it is worth going back to the White Paper, because it did reiterate the UK Government's commitment to "reduce annual net migration to sustainable levels". What I am trying to say is that these are welcome moves but the UK Government maintained their commitment to reduce annual net migration and, in effect, a cap will have to function if they want to get numbers down. That sentence does detract from what are sensible and welcome additions from the UK Government.

Q24 **Deidre Brock:** Further to Mr Lamont's points, I note that, as well as the £30,000 salary threshold, the White Paper proposes employer sponsorship for all migrants under tier 2 and an immigration skills charge, which I would argue means more bureaucracy and is very costly for employers. Surely a devolved Scottish visa system could reduce such bureaucracy and costs. Would that not be something that your members could consider? Certainly the SCDI seems to wish for a more flexible approach to immigration. The SCDI points out that other countries successfully operate regional migration schemes, which target the specific needs of their economies and believes that there are workable options for more differentiation in the UK system.

Gregor Scotland: If I could pick up on a couple of those points, first and foremost the immigration skills charge is something that we did not think should be extended to EU nationals. I think it effectively operates as a penalty charge. It also plays into the idea that businesses face a choice between investing in their own staff and training or accessing labour from overseas, whereas our surveys show that nine in 10 businesses operating in Scotland have a learning and development strategy, and more than eight in 10 have a training and development budget, so there is real commitment there to invest in staff and invest in training. The idea that



HOUSE OF COMMONS

they face a choice between doing that or accessing labour from overseas is false. The reality is that they need to do both.

On your second point, I suppose I would go back to a point I made at the start: I think that unless there are changes to some of the proposals in the White Paper that I have outlined, the calls for devolved and regional immigration policies will become louder. That would bring with it its own complications and challenges, which is why I think I would go back to that Committee report point about needing some further work to establish what those advantages and disadvantages would be.

- Q25 **Deidre Brock:** We have a UK Government who are clearly set on a very hostile environment towards immigration, and a Scottish Government who fully recognise the profound implications of the loss of immigration for the Scottish economy. Within those two pictures, certainly at the moment, surely you could see the potential for a Scottish visa scheme being simpler, less costly for employers and something that your members could be entertaining.

Gregor Scotland: We would not rule anything in or out. We are more than happy to revisit the issue once the final White Paper proposals have been brought forward. We will consult with businesses and we will be led by their views on what would be workable for them. That is the position we are in at the moment.

- Q26 **Deidre Brock:** It is a year-long consultation, isn't it?

Barry McCulloch: Yes, 12 months.

- Q27 **Deidre Brock:** Say Brexit happens at the end of March, and we are already seeing, anecdotally at least, a drop off in the number of people applying to come here from Europe, or indeed even just tourists visiting these shores, so there seems to be a drop off there, but particularly a drop off in workers. What will the impact be on your businesses?

Gregor Scotland: There are a couple of specific examples that I could highlight. We spoke with a higher education institution in Scotland that said it had experienced increased difficulty in recruiting people from overseas, just following the Brexit referendum, because of the uncertainty.

- Q28 **Chair:** We are speaking to the higher education sector, so we will get these anecdotes from them directly. Did you want to come in, Mr McCulloch?

Barry McCulloch: I would stress that the FSB in Scotland is focusing more on what is possible. In theory, the SCDI is absolutely correct. There are differentiated immigration systems across the globe that function effectively at regional levels. They work. I don't see any reason why it could not work in Scotland. On the two provisions you highlighted, however—the sponsorship systems and the immigration skills charge—I had a look at the sponsorship tier 2 guidance, which is 204 pages, and I



HOUSE OF COMMONS

found it absolutely baffling. If you think that the majority of small businesses do not have formal HR set-ups, I think I can assume that they would also find it absolutely baffling, which is why the UK Government's commitment to simplify this process is welcome. If I could make a brief point—

Chair: We do not have time for brief points. We will maybe just leave that one there, because we are trying to get through as much as we can. Thank you for that. Christine Jardine.

Q29 **Christine Jardine:** Much of what I was going to ask about we have already touched on—the jobs that qualify for the tier 2 visa—but I did want to clarify whether you feel there is a specific way you think the Government can make decisions on job skills, in a way that does not rely entirely on salary level or formal qualifications.

Gregor Scotland: It is about getting that balance right. If you are to have a salary threshold, it needs to be at an appropriate level. That leads me to the second point I made at the beginning about the route for lower-skilled workers. I do accept Mr Thomson's point that we need to be careful about the language we use around this. It is important that we do not differentiate to the extent where one group is welcome and another group is not, because the reality is that we need a balance of skills across the economy.

If you look at what is being proposed with the route for lower-skilled workers, only having a temporary, 12-month route for so-called lower-skilled workers is potentially very damaging for a number of sectors. It would essentially encourage businesses to hire a different person every year. That increases churn, which is not good for businesses on productivity, as they are constantly having to get people up to speed, it is not good for the individual in terms of their local integration into the community, and it also discourages any sort of investment in training and upskilling of that person because you then cannot move them on to a different visa systems if, say, they then met the threshold.

It is really important to have that balance; not just focused on those higher-skilled workers but having a genuine route for workers who would not meet a salary threshold or be deemed to be higher-skilled.

Q30 **Deidre Brock:** We have also touched on this already. You said that you felt that the salary should be set lower than it is. You are suggesting that the £30,000 threshold works for the south-east of England but perhaps not elsewhere. Could you repeat what you think the threshold should be, and whether there should be different thresholds for different sectors?

Gregor Scotland: We are doing some work with our members, both in Scotland and across the UK, to try to establish what they think would be a workable level. As a starting point, we need to be talking about something that is much closer to median wage levels, so well under the £30,000 mark that has been spoken about. We are doing some work with members at the moment to try to identify that workable level.



HOUSE OF COMMONS

There is the option, of course, of not having one blanket salary threshold, of varying it by skill level or occupation, if it is the undercutting of wages that the Government are worried about. There would not necessarily need to be one blanket salary threshold for the whole economy. There would need to be some further work done on that, to see what would be workable, but I do think that is something that could be considered.

Q31 **Deidre Brock:** Thank you. Mr McCulloch?

Barry McCulloch: I do not have a specific figure in mind, but I do think that it is important to know that the £24,000 figure is in their minds. What we wanted to say, however, is that if the salary threshold of £30,000 were to go ahead, it is important to understand in clear terms what that means. What it means is that almost all the jobs in the retail sector would not meet the threshold. Retail is the largest private sector employer in Scotland; a huge number of jobs. The CBI and others will be engaging in discussions with the UK Government about how we can match the proposals within the White Paper with what is a very different reality within Scotland.

Q32 **Kirstene Hair:** Following on from Christine Jardine's questioning, with regard to having potential differences for particular sectors, as opposed to regions, do you think it would be better to have a cap on sectors? For example, I am thinking of something like an abattoir that is heavily reliant on migrant workers. Would it be a cap or would it be an exception for particular sectors? What are you hearing from business?

Barry McCulloch: I don't think that businesses are ruling anything out but I think there is a danger, were we to go down the sectoral route, that it would create a far more complicated system. I think the MAC was correctly recommending to the UK Government, pre-White Paper, that the sectoral route is perhaps not the most optimal route to go down, because I think you start to build in quite a lot of complication and complexity. As Gregor said earlier, there are sectors that operate across sectors and subsectors.

For example, we did some research a number of years ago on tourism and hospitality. It found that the number of businesses that, aside from their SIC code in their ONS classification, self-identified as a tourism business was one in four in Scotland. The figure is far lower now but, if you are a carpenter, a café or a carpet cleaner and your customers are in the tourism sector, you are probably going to think you are in the tourism sector, so I am not clear how a sectoral route would work in practice.

The Scottish Government's economic strategy has been underpinned by six key sectors for quite some time, and it really hasn't had the desired effect on Scottish economic growth.

Q33 **Kirstene Hair:** We obviously do have a sectoral system. We had one. For example, seasonal agricultural workers had a sectoral system before and that obviously did work. On that point, if you are suggesting that a



HOUSE OF COMMONS

sectoral system isn't the way forward and you are obviously a little bit closer to a regional system—and I know Deirdre Brock raised this; that there are regional systems in countries such as Australia and Canada, which I think have been mentioned, and they have not been particularly successful because they distorted the competition between firms in those areas. If you had a firm in one town and it had a different pool of people from a firm 10 miles away, it just caused a lot of confusion and did not really have the benefit that was desired. So if you had to pick between one and it is open to both, where would it lie? You are going to have complexities with both, and we have seen that sectoral systems in fact do work because we have had that in place for a number of years and we have a new one starting later this year.

Barry McCulloch: I don't think the choice is between sectoral differentiation and whole economy differentiation. As I said earlier, there is differentiation already within the system. What we are proposing is that the UK Government and the Scottish Government should sit down together and think about how the White Paper could work to the best advantage of Scottish businesses.

I don't think the sectoral route is necessarily the best one to explore, but that view might not be shared by all FSB members. I am well aware of that. I think it is important to try, where possible, to create a low-cost, easy-to-use, flexible and accessible system, and I don't think that whole thing is in conflict.

Kirstene Hair: Can Gregor Scotland come in?

Chair: We have only about 10 minutes left, Kirstene, so unless there is a brief response—

Gregor Scotland: I will be very brief. The only thing I would say is that any sectoral system really needs to take into account the fact that no sector operates in isolation, as Barry and I touched on earlier. There really is a lot of crossover. We see lots of examples from businesses. The energy sector is still heavily reliant on HGV drivers—

Chair: Mr Scotland, you have told us that already. We need a response to some of the other questions, so thank you for that.

Q34 **Deidre Brock:** Further to my earlier points about tier 2, wouldn't it be the case that businesses that wanted an employee to work in England and Scotland could still use the tier 2 scheme but in conjunction with, say, a devolved Scottish visa scheme? That would provide businesses with another option, an extra tool in the toolbox of possibilities available to them. Potentially, could a devolved Scottish visa scheme be something in addition to employers' other options?

Gregor Scotland: We have had informative and constructive conversations with the Scottish Government about their proposals. We met with Mr Macpherson, the Minister for Europe, Migration and International Development, but when we took those proposals back to businesses, our members were very clear with us that, although there



HOUSE OF COMMONS

are merits to the proposal—it is very well thought through—their priority and their ideal outcome is still a single UK-wide system that genuinely works for all parts of the UK because, if you do have two systems, there would inevitably be a greater demand on HR individuals. There would be a burden of responsibility for enforcement.

There would still be questions about how it would operate, which I think is one of the reasons why our members would still like us to use this 12-month period to try to ensure that what the final proposals look like are ones that would genuinely work for Scotland and the whole of the UK.

Barry McCulloch: Honestly, I think there is a third way in this, and this is not a cop-out by any means, but I think we have the Secretary of State in Scotland saying that over the next 12 months he wants to arrive at a situation where the immigration system will work for Scottish businesses and, absolutely, differentiation is part of that mix.

I could be completely wrong, but I would proceed on the basis that a separate visa system controlled by the Scottish Government is not on the table; it is not up for grabs. Just from a practical perspective, our members are telling us to operate within what is possible. In that light, we are looking to work with the UK Government to make the system work for Scottish firms.

Q35 **Deidre Brock:** But it is only not possible because the UK Government are refusing to countenance it, isn't it? Certainly that is part of it.

Barry McCulloch: I could not possibly comment. There are many aspects within the immigration White Paper that are imperfect and will cause serious economic consequences for Scottish firms. I think there is this tension within the White Paper itself between whether or not we differentiate. There are two opposing statements, and I think what we will be doing in future is trying to find clarity on what the intention of the UK Government is here because both statements, as I said earlier, cannot be true.

Chair: We have only a few minutes left, and we have Hugh Gaffney, Christine Jardine and Ged Killen.

Q36 **Hugh Gaffney:** The Government are reviewing, but currently plan to retain, the immigration skills charge, which will extend to EEA workers. How will this impact on Scottish businesses that recruit non-UK workers?

Barry McCulloch: We have to remember that for a lot of small businesses the immigration system is a completely unknown entity; 95% of small businesses have never used it because they have never needed to. Labour and skills have been in the labour markets, whether within Scotland or the UK, because of freedom of movement. That is obviously going to change when we leave the EU, and I think there are a lot of provisions within the White Paper that will be disadvantageous for Scottish firms, but the skills charge stands out. It stands out because effectively what you are saying to a small business is, "If you want to



HOUSE OF COMMONS

employ a migrant worker over a five-year period, it will cost you an additional £2,000.” That is quite a lot for local businesses.

If you go up to our members who have more staff, that will be £5,000 and that is in addition to the costs of engaging in a complicated and expensive bureaucratic system. We are not talking about the opportunity costs of what that means about the need to bring in expertise. That is just focusing on the charge itself. It is disappointing because what it will do is make sectors that have tight profit margins, or start-ups, effectively block out this route.

Migrant workers can play a key role in the Scottish economy—they already do play a key role for a lot of our members—but if the skills charge is to be retained, moving forward, we hope that the money raised will be used to support those businesses that will be faced with a very unfamiliar system.

There was a report out a couple of days ago, which said that the White Paper proposals would generate an additional £1 billion in red tape for employers. That is a sizeable headache. The NHS itself will see costs of half a billion pounds. We are concerned about access to migrant labour becoming significantly more expensive. In fairness, that is the policy intention because they want to encourage employers to access workers that—

Q37 **Hugh Gaffney:** I get the impression. On that basis, would you like the charge to be abolished or the level of the charge changed? I actually thought it cost more than the figures you quoted. Would you like the charge to be abolished or changed?

Barry McCulloch: It would be wonderful if it was abolished, but I think we would be working—

Q38 **Hugh Gaffney:** That probably falls into the next question, because I think we would all like it abolished, but if it is not abolished would you like the money put more into skills? There is a lot of talk about skills not being there. We need to review that whole point as well, don't we?

Barry McCulloch: Absolutely. The obvious solution to these problems is that you have the education and skills system working in tandem with what the economy and the labour market need. We are quite far away from that in Scotland and if you could reinvest some of this money to allow employers to invest in their staff, to expand our headcount, to review what skills they are investing in, that would be a preferable route.

Gregor Scotland: Could I respond very quickly to that? Before the White Paper was published, the CBI said that the skills charge should not be extended to EU nationals because the real danger was that it makes the system inaccessible and unaffordable for too many businesses.

On your second point about what it should be used for if it is to remain the case, I think the fact that we don't know what it is used for is part of



the problem. Businesses see that money going in and they don't know what it is spent on. I have heard two different arguments for what it could be used for. Maybe it should be used to address the skills gaps and skills shortages that cause the increase in demand for overseas workers in the first place, or perhaps through something like the controlling migration fund, to address the impact of immigration on public services, but I think the fact that we don't know what it is used for, and businesses don't see where it is going, is part of the problem.

Q39 Christine Jardine: I will keep this brief. We are still on tier 2 visas, but would you like to see the shortage occupation list provide any additional benefits beyond the current ones?

Gregor Scotland: I think the White Paper itself mentions the possibility of the shortage occupation list being used to reduce whatever the salary threshold is, reduce that for occupations that are on it. I think that would be a logical thing for it to do. There is the wider point, which maybe we don't have time to get into, about reviewing how the shortage occupation list functions, and whether it delivers what we would hope it delivers. The idea of reducing the salary threshold further for occupations on the shortage occupation list would seem like a sensible move.

Barry McCulloch: For the MAC consultation we made a number of points, and one was that the Scottish shortage occupation list should be kept under continuous review. We did not feel it was logical to conclude either now or in the immediate aftermath of Brexit, because we won't know what the labour and skills shortages are, so let's not make any hasty judgments.

We also think that the MAC should take a greater interest in labour market developments in Scotland and appoint a Scotland representative to do that. We do think that there are revisions and expansions that you could make to the shortage occupation list for Scotland, but I think the point has to be made—others have made it publicly—that there is an argument that the list is not required, given the provisions in the White Paper, because the benefits that affords employers are no longer required.

Q40 Christine Jardine: If I could just finally nail this, you have both said—to be absolutely clear—that what your members were telling you is that they want a UK-wide system that works well for Scotland.

Gregor Scotland: Yes.

Christine Jardine: Thank you.

Chair: I think we established that earlier in the proceedings.

Q41 Ged Killen: Mr Scotland, in your introduction you said that businesses had concerns about the short-term temporary immigration route. Can you just outline some of those concerns and tell us how you think it might meet or not meet labour demands in Scotland?



HOUSE OF COMMONS

Gregor Scotland: We have very real concerns about that. I touched on this briefly before, but restricting workers below that salary threshold—whatever it proves to be—to 12-month temporary visas would increase churn. It would encourage employers to hire a different worker every year, so it is not good for the individual. It is not good for the business and I don't think it is good for the public either because it does not encourage people to integrate into communities either. There is a range of occupations across Scotland that are really vital to the economy, from the house building sector to within our hospitals, where workers simply won't meet that salary threshold. We need to have some sort of route for them to come to Scotland because they make a key contribution to the economy.

Q42 **Ged Killen:** The Government have said that they are committed to working with key sectors to facilitate the change needed to reduce the demand for low-skilled migrant labour. How practical is that? How do you think that would work?

Gregor Scotland: I also think that plays into the idea that businesses have a choice between accessing overseas workers or potentially, with Government support, doing more to invest in training and support for their own staff. That is a false choice. Businesses absolutely need to do both. Over the long term, there are things that the Government can do to try to help, such as ensuring our skills system is as responsive to business needs as possible, maybe supporting R&D investment, automation and things like that, but none of these things will happen overnight. None of these things will even happen in the short to medium term to reduce the demand we have for overseas workers. It is important to keep that in mind in the conversation.

Barry McCulloch: My initial reaction was that this could potentially offset some of the challenges that smaller businesses find in accessing migrant labour at a lower skill level, but I think the more you dig into the transitional measures and the implementation period in 2025, in a short time period you are going to see a significant amount of churn. Recruiting people is an expensive business and small businesses like to recruit for the long term. These would be, in effect, temporary contracts, with all the legal responsibilities that go along with that in terms of right-to-work checks. You would have that and your biennial churn, them coming in and out, which would not be good for creating a common and consensual workplace culture. There would be no ability for these workers to switch to other visa routes while they are in Scotland or in the UK, which is unfortunate.

The final point is about the responsibilities under the Immigration Act that employers will have to make sure that they do not overstay their welcome. The consequences of getting this wrong, even for innocent mistakes, are quite substantial. Shifting small businesses from running a business into being immigration officers—that, in effect, is what we are doing—will not assuage those fears, because they do not have the



apparatus of a larger business. They are trying day in, day out to turn a profit and make a living. The intention behind this policy is sound, but the time-limited period is too short.

- Q43 **Chair:** Can I just try to sum up the session? It has been fascinating and intriguing, and I noted your press release today about your appearance in front of this Committee, in which you said that we might have to move towards some sort of differentiation when it does come to immigration policy. Is it the view of you both that if progress is not made on the £30,000 cap, on the shortened occupation list and on freedom of movement, you as business organisations will start to request or suggest that we move towards differentiation for Scotland when it comes to immigration policy? Is that a rough characterisation of what you are telling us today?

Gregor Scotland: We will absolutely revisit the issue. If there are not significant changes to some of the White Paper proposals, then we will consult our members again further down the line about what they think would be the best way forward.

- Q44 **Chair:** What I do not understand is that if you get differentiation, you get a competitive advantage against the rest of the United Kingdom. What is wrong with that? I just do not get that. You see all this coming your way and you have told us just how bad it is going to be. Why do you not actively suggest that we do something practically about it? Mr McCulloch.

Barry McCulloch: In fairness, Chair, that is what we are trying to do today, in setting out our case for differentiation and the practical ways by which you could do that. What I would kindly ask is that if you were to invite FSB back next year, we could have a conversation about whether or not the proposals that are on the table are effective. Gregor is right that we are going to engage fully in the process that the UK Government have set out, and we are going to be arguing vociferously for our members and the needs of our members. We may need to revisit some of these questions at a later date, but we do not want to pre-empt that.

Chair: Thank you. Fair enough. We have heard that and you have been very honest and candid with us, not just about your view but what you suppose may happen with all this. We are grateful for your evidence today and please keep in touch with us about this. I am pretty certain, given how important this is to your businesses and to the constituents that we represent, that we will want to revisit this in the future. Thank you.

Examination of witnesses

Witnesses: Angela Coleshill, Dr Donald Macaskill and Marc Crothall.

- Q45 **Chair:** Thank you very much for coming back and helping us with our one-off session on immigration following the latest immigration Bill, which



HOUSE OF COMMONS

is effectively ending freedom of movement. Just for the record, please state who you are, who you represent and anything else by the way of short introductory remarks.

Angela Coleshill: First of all, thank you very much for inviting me to give evidence today. I am Angela Coleshill, the competitiveness director for the Food and Drink Federation. We represent food and drink manufacturers right across the UK and we are supported by an office in Scotland.

David Thomson gave evidence to this Committee last year on this subject, but obviously things have moved on. David was not available today and also I have a role where I am accountable for broad issues relating to the Food and Drink Sector Council. I can give some insight into what that is there for and the opportunities for influencing this subject. I am also quite actively involved in the workforce and skills agenda under the Sector Council and I am leading the work that we are developing around a UK-wide sector deal for food and drink.

This is a significant agenda right across the UK, with a third of our workforce generally due to retire in 2022. For Scotland that is 23%. When we look at the headline figures for Scotland, there is an ageing population—you will know this already—and that in itself fundamentally at macro-economic level is having quite an impact on general businesses' ability to recruit. We do not have the birth rate that we need. We know that. We know that people are living longer. This is a very broad macro-economic issue. Obviously we are focusing on immigration today and the impact that the EU changes are going to have on us, but we should be looking at this quite strategically as a country anyway.

The ageing workforce is one area, but we have seen quite a significant increase in EU workers coming to Scotland—between 2016 and 2017 there has been a 23% increase. That really is very significant. Obviously, as a consequence, we are going to see big impacts from any changes to free movement. The prediction is that there will be a requirement for 19,000 new recruits by 2024, which is not that far away. That is the backdrop to the evidence I want to give today.

Marc Crothall: Good morning and thank you very much for having me here today. My name is Marc Crothall and I am the chief executive of the Scottish Tourism Alliance. We are the overarching trade body for the tourism industry in Scotland. Under our umbrella of membership, we have all sectors of the industry represented not just hospitality and accommodation sector; this includes everything from adventure to marine, roughly 275 organisations that represent about 75% to 80% of the total 14,500 tourism businesses in Scotland. However, as you heard from your previous session, we say that tourism is everyone's business and the STA is a far-reaching industry group with many business from other sectors also under our umbrella membership, namely the supply chain.



HOUSE OF COMMONS

In addition to the role that the Scottish Tourism Alliance plays in representing the industry's voice, we are also the lead and the champion of Scotland's national tourism strategy. We co-ordinate it and drive it, as well as also now jointly , with Scotland Food and Drink leading the national food tourism strategy, which has aspirations to put on a further £1-billion's worth of revenue by 2030.

Without question, the biggest challenge for the sector , as we start to shape our future tourism strategy beyond 2020, is identifying what are the barriers to growth, not just in the long term but in the more immediate future. The main concern is about access to a workforce. We have approximately 23,000 EU nationals working in the sector already—that is hugely important. Why, Tourism is a global industry, and therefore we attract a global audience and it is very important for us to have a representative workforce who are able to respond to and cater for our visitors. Equally, it is important for our own home-grown rising talent to learn from those foreign nationals who work alongside them as friends and colleagues with different cultures, languages, cuisines and so on.

We have genuine concerns that what has been presented by way of a uk immigration proposal, particularly around the tier 2 visa salary cap, will significantly restricting in our ability to grow our workforce. To put things into perspective, , we need 150,000 new recruits into our sector by 2027.

Dr Macaskill: I am Donald Macaskill, the chief executive of Scottish Care, the representative body of the independent care sector in Scotland. That is the charitable, voluntary and private providers, predominantly of older people's care and support. Our members, running at about 1,000 services, employ 110,000 people across the length and breadth of Scotland. We are significantly impacted because of the composition of the workforce. Our members employ 10% of Scotland's nurses, and 12% of that 10% is made up of EU nationals. In general, the social care workforce is constituted by about 8% EU nationals. There is significant geographical variation in that. In some parts of the highlands, Aberdeenshire and the outskirts of Edinburgh and Fife, the percentage in one service can be as much as 30%.

Q46 **Chair:** Looking at some of the figures here, I am astounded just by the number of EU workers you have within all your different professions. I am seeing that something like 44% of care staff are EU workers and 25% are non-EU, 20% of the hotel workforce are EU nationals and 50% of the restaurant workforce. This is going to kill your industries if you do not have access to these particular people. How dependent are you on EU nationals in order to ensure that you have the workforce necessary to do your key functions?

Marc Crothall: It is significant for a number of reasons. Unfortunately, the gap in the demographic age profile is obviously giving us a concern. One of the key areas in the tourism sector deal that is in play at the moment is about changing perceptions of the industry as a career of choice. The timeline to bridge that gap, to try to get to a point where we



HOUSE OF COMMONS

believe that we can start to fill our own sector employment needs with home-grown talent, is 10 years. It is important not to lose sight of the fact, as I alluded to earlier, that having also having diverse international workforce is key.

Right now we are already hearing from business on the ground that applications from EU nationals to work in the more immediate term have declined significantly. Unfortunately, there are a number of factors that are causing this. Currency, of course, is one of those that does not make it as attractive. However, also the uncertainty about the future and whether they as employees would be invested in and developed is also something that is playing into that. We are hearing this from across different geographies of Scotland. Importantly, there are other factors to consider too, such as the value they bring to the community, and it is important we make clear they will be welcomed.

Q47 Chair: Thank you. We just heard in the inquiry and the report that Scotland is more dependent on EU nationals for the whole range of sectors that you represent. Is that the case and could you give us a sense of just how dependent your industry is on EU nationals?

Angela Coleshill: The first thing to say is that when businesses are recruiting, at this moment in time they have not differentiated between UK nationals and EU nationals.

Q48 Chair: You have not? Surely you should be doing that. You are going to be losing them in the next few—

Angela Coleshill: The reality is that up until the point of the decision on the referendum, businesses were not even recording whether people were EU nationals or UK nationals. In fact, a lot of the businesses that we work with do not even have those records for all their permanent staff, who are very integrated into their business. The complexity of this issue is more around the short-term nature of some of the work and the seasonal nature of food. There is a need to have people who are more transient, coming into businesses, spending short periods of time—up to six months—in seasonal work and then moving back out again.

Q49 Chair: But you are not going to be able to get that in future. Surely you have examined that.

Angela Coleshill: Exactly. For me, first of all, I understand the immigration White Paper to be an open consultation in that we have plenty of time. The feedback we are getting from the Home Office is that there is a very strong appetite to understand business perspectives. We have to be very evidence-based and quite strategic in the way we present our position, because a one-size-fits-all approach does not work. I think there are going to be different solutions for different parts of the working population within our sector, and we need, as a number of industry bodies, to work very cohesively together to make sure that we can influence those. That is not to say that we are going to accept everything that is currently in the White Paper.



Q50 Chair: Could we hear from Mr Macaskill? Again, I am looking at the numbers of the workforce in social care. There are 375,000 people and 14.2% are EU nationals. Is that roughly accurate?

Dr Macaskill: Our workforce is hugely impacted, not just by EU exit but by the proposals presented in the White Paper. It is a shame, Chair, that we even have to be in a situation where we consider where somebody is coming from—Scotland has been enriched by the quality of care and compassion of some of our most dedicated staff, and our annual awards ceremony shows that—but we are quite rightly in that situation. Faced with that situation, working together with the Scottish Government and local authorities, we have been doing all we can to improve the playing field for social care in Scotland, not least through the Scottish living wage.

We are not starting from a blank piece of paper, because we are starting with a sector that is already facing nine out of 10 providers struggling to fill vacancies and nearly a quarter of all nursing posts currently lying vacant. In the last year, with the massive uncertainty over EU exit, we have seen a drop of over 90% in nursing intake into the United Kingdom and Scotland, according to the NMC. We have seen our providers lose 67% of intake from the European economic area. An already parlous and challenging situation has been made worse by the uncertainty over EU exit, and is being, and is likely to be, made considerably worse by some of the proposals in the White Paper. We would not want to be where we are, but because we are, we are trying to do lots of other things to mitigate the negative impact.

Chair: That is very clear. Thank you for that.

Q51 Tommy Sheppard: We are going to get into some of the specifics but just while we are still quite general here, is it your view that the circumstances affecting the labour market in Scotland are sufficiently different from other parts of the United Kingdom to justify a differentiated approach to immigration policy? If that is the case, what sorts of things do you think could be different in Scotland in terms of aspects of the policy and, crucially, who should determine what that difference is?

Angela Coleshill: Broadly, this is going to be huge for all businesses right across the UK, and having simplicity and a system that is consistent will be key, particularly in the beginning. There is a strong appetite for trying to get rolling on a system that is as simple as possible. The opportunity for submitting evidence to the consultation will enable some differentials around different parts of the UK, including Scotland, that have special issues around travel-to-work patterns and transport infrastructure where there are some real challenges. There are parts of the UK that are very much more reliant on transient workers and seasonal workers, which will need a differentiated response. We welcome the seasonal pilot for agriculture but we think that is just the tip of the iceberg. There needs to be a more holistic look at the make-up of the UK workforce.



HOUSE OF COMMONS

I am not properly answering your question because we are starting to unravel all of this within the Sector Council for Food and Drink. We have commissioned a big piece of research looking at future workforce needs right across the country, and that will be differentiated right across regions in Scotland and Wales—all the devolved side. When we publish that in May, we will have a much clearer picture of the needs.

The only other thing I would say is that there is one thing around devolved policy but there might be another around the delivery of practical solutions. One suggestion that has come through today, which I listened to quite hard this morning, is maybe not centralising all the Home Office applications but instead having them regionalised so that that is devolved, which might improve simplicity, efficiency and so on. It is not an area that the Home Office has put on the table, but it is something for us to think about.

Dr Macaskill: From the social care perspective, Scottish Care has argued for some time that we need a differentiated system. How that is operationalised is ultimately a political decision, and as a non-political organisation we do not wish to comment. Our membership has a divergence of views but our argument would be that differentiated systems in Canada and Australia do work for social care.

Social care is a very different sector compared with some of the other business sectors my colleagues have spoken about. We do not have a supply chain in the classic sense; we have individuals who will come and enter the sector, who might take their skills and move into clinical delivery, particularly in the NHS, but tend to stay within the sector. We do operate things differently in social care. Social care is already differentiated across Scotland compared with the rest of the United Kingdom. We desperately need—as other commentators have said this morning—a system that is light of touch, flexible, person-centred and enabling of local divergence and diversity, both within Scotland and across other parts of the United Kingdom.

Our argument is that we need something that works for Scotland. Social care staff tend to come to Scotland and stay in Scotland, and we want to be able to continue flexibly to benefit from their immense skills in care, but also their immense contribution to our local communities.

Marc Crothall: I echo a lot of what Dr Macaskill has just said about the right people. Tourism obviously happens everywhere across Scotland. We are very fortunate to have seen significant growth in the demand of international visitors to explore the highlands and the rural parts, and that is where we are driving economic growth. The reality is that there is no population there to provide a workforce to service that demand. One of our key challenges—and, I suppose, our big opportunities—is to extend seasons, grow more revenues, retain more people and actually be able to provide more jobs. From a geographical point of view, it is across all of



HOUSE OF COMMONS

Scotland that we are challenged, and probably more so in the rural communities more than anywhere else.

Importantly, there are umpteen other possible barriers to recruitment at the moment, whether it be affordable housing or transport networks, so it's about the need to be creative and encouraging businesses to invest—there is much talk about encouraging inward investment in Scotland at the moment. As an example, some of the first questions our more recent investors who have acquired property in the Highlands have been asking—and it is certainly a big consideration for them—is, “Where is the workforce?” , as is the big consideration about whether they invest or not”

Q52 Tommy Sheppard: Is that a yes or a no to having a differentiated policy?

Marc Crothall: In hospitality, in terms of the sector across the UK—and I am sure my colleagues in UK hospitality would voice the same opinion—we need a system that works for our industry, without question.

Q53 Tommy Sheppard: Is that a no then?

Marc Crothall: Is that a no to a differentiated—

Q54 Tommy Sheppard: I am asking whether there is a case for saying that Scotland should have a differentiated policy with regard—

Marc Crothall: Scotland needs a system that is easy, accessible and opens up the door for people to be attracted to come and work there. If that system is something that is more viable through a separate entry visa system at a lower level of salary cap ie below the £30k threshold that is currently in the White Paper to allow that immediate point of entry, then I am sure that would be looked upon very favourably, but many of our operators also operate across the border, and for that reason, for business purposes and common sense, ideally we would like there to be something that works for Scotland and for the UK as a whole.

Tommy Sheppard: Anybody else?

Angela Coleshill: It is not fully worked up but one of the issues is that we are speaking a lot about the needs of business and that is what we are here for, but from the perception of the worker—accepting that in the care sector people seem to come to Scotland and stay, and maybe that is the case in tourism—certainly for food manufacturing, people do move around the country. Sometimes they might join a Scottish-based business that will have operations internationally or within the UK and it could be a barrier to attracting talent. It is just something to bear in mind.

We are assuming that people will continue to want to come to the UK, but I think the evidence is that where they are coming from the economies are improving and there are lots of incentives to stay, so we are going to have to work quite hard to get people into the UK in the longer term. Is



that going to create a barrier? It is a question rather than an answer. Is there going to be a barrier in having a differentiated immigration system for Scotland over the UK? Will people think, "I am going to be in Scotland and I cannot go anywhere else"? There is something for us to explore.

- Q55 **Tommy Sheppard:** There is no suggestion from anyone that there should be something in Scotland that is different from the tiered system that exists in the UK. There is a suggestion that there should be additional routes to work. Your operators that are cross-border could choose the tier 2 route but in Scotland you might have an additional mechanism of a geographically specific working visa.

Angela Coleshill: Right, OK. Understood.

- Q56 **Hugh Gaffney:** Would you say that Scotland needs more migrant workers than the rest of the UK? Would that fill a gap?

Angela Coleshill: The statistics for food manufacturing do not tell me that because the overall level across the UK is 33% migrant workers and at the moment for Scotland it is 23%, but there will be big differences because food manufacturing is very different from hospitality, tourism or care.

Dr Macaskill: The simple answer from care is yes. Scotland is dependent on our migrant population. I do not need to remind the Committee—your report articulated it very well—of the demographic challenge of the decreasing number of working-age people and the increase in the demands made upon organisations such as care homes and home care providers. We need to continue to attract the best, the most caring and the most capable, and proportionately we are more dependent than other parts of the UK. Anything that stops that contribution, quite frankly, is a little bit like fiddling while Rome burns and turning off the tap to the hoses. That is what we feel. We are already in a critical situation in social care in Scotland, and exit from the EU is making matters worse because of the uncertainty. The White Paper gives us profound concerns about what the future might hold.

That impacts immediately on the sustainability of our communities, because if a care home closes in the remote parts of the highlands, or if a home care organisation cannot work in Aberdeenshire, the dependency and the lives of those individuals lead them to be transferred into acute hospital settings. The knock-on effect, not just on health and social care but on the wellbeing of society as a whole, is profound. We are very keen to work with Government at UK and Scottish levels to enable a system to be developed that is as flexible and responsive as possible.

- Q57 **Hugh Gaffney:** Given that care homes have skilled workers, are all these skilled workers on £30,000? Is that the basic pay or do they get more than that?

Dr Macaskill: We find the £30,000 setting absolutely bizarre. Nobody in the categories under the MAC in social care falls into that category,



HOUSE OF COMMONS

according to independent research. About 10% might get to £25,000, but the average salary for social care in Scotland is £18,000. We are concerned about the use of salary as a categorisation in itself.

Q58 Christine Jardine: First of all, can I apologise, because I am going to have to leave after I have asked this question?

When UK Government Ministers were here speaking to the Committee, they were quite adamant that differentiation is already possible within the UK-wide system. There are two parts to this. Do you think that needs to be made clearer, and that perhaps we should work with that to ensure that you get that? From what you are saying, you also need—particularly in tourism—some sort of sectoral approach that allows people to come to this country, as we have heard with other sectors, and work throughout the UK. What we are looking for is not as simple as saying, “Well, Scotland should have visas”, because there are simply sectors for which that will not work.

Marc Crothall: We have to have simplicity. Picking up on Angela’s comments again, we need to attract people to the UK as a whole those who to want to stay and work here and, yes, we would like to hope that they will want to stay in Scotland and work. It is not clear, and the reality is that at the moment there is confusion among many business . Barry McCulloch referred to a lot of the businesses being very small SMEs and how this is all new stuff for them. There is real concern about rising costs and other things that are in play t for business to manage on top of that.

It is the difference for some I think in many parts of our sector between, “Do I shut my business and go away and do something different, or do I stay open and really want to grow?” There is an aspiration by many to grow. However, the reality is that without a workforce that is accessible and wanting to stay and comfort that gives you the encouragement to invest, that may not happen.

Dr Macaskill: To respond to that, with respect to the officials, and indeed the Minister, who came and said that there is existing differentiation, that is not what the social care system in Scotland is experiencing. We have less than 4% in total Scottish applications through tier 2. Most of our businesses are small and medium-sized enterprises. They have found it inordinately challenging to go through the existing system.

I have appeared before this Committee and made some fairly blunt comments about the inability of MAC to liaise and to deal with the social care system in Scotland. Nothing has happened since that, over the 18 months. To me, MAC looks at a mirror and it sees itself. It does not see the reality of what is happening in Scotland in social care.

Q59 Christine Jardine: We have heard a lot about the £30,000 threshold being inappropriate, but what about the proposal for a transitional scheme of 12-month visas for workers earning less? Would a 12-month



cooling-off period prove difficult for your sectors?

Angela Coleshill: If you are happy, I will take that question. The 12-month period does give an opportunity, but there are challenges with it. It is reassuring that we have something on the table for the transition period or, if there is no deal, the period up to the beginning of the new immigration system. Again, that needs to be nuanced, because the cooling-off period does not necessarily meet the needs of seasonal workers, a situation where people may not come for as long as 12 months; they might come for six or nine months and then go home. Also, even though the argument is that these are lower-skilled jobs, they are often quite technical; they are competency jobs.

We are so hung up on qualifications, but if you have to come for six or nine months and you have never worked in butchery, or catering, or machine operating before, it can be quite complex. It takes people some months to understand and learn a competency, so for them to have to go and for the business to have to reinvest in a brand-new person, does not make sense for seasonal work.

Christine Jardine: It does not work.

Angela Coleshill: No.

Dr Macaskill: For the care sector, it is a fig leaf of a promise. Are we honestly expecting people to uproot themselves from a different context to come into a community, to try to be part of that community's caring dimension and then for those relationships to be fractured with them leaving at the end of 12 months, unable to access public benefits, unable to bring their family? It ain't going to happen, and anybody pretending that we are going to make up the gap of the 85% that we are losing by that transitional arrangement is, quite frankly, not working in the social care sector in Scotland.

Marc Crothall: Absolutely not for the tourism industry either. For all the reasons of cost, you want businesses to invest in training talent, and we don't want the knowledge that time invested to then just be lost due to a restrictive policy. It is totally impractical and I cannot see businesses looking to support it at all.

Q60 **Kirstene Hair:** We have talked a lot about the salary level, and I think all members of the panel are in disagreement about the £30,000 proposal. If you do not have a salary level, then do you look at specific skills or do you look at specific sectors? For example, we all know the hospitality sector or the healthcare sector. For another example, in my constituency I have abattoirs that are heavily reliant on migrant workers, so if they are having issues in my constituency and they are having issues in Wales, they are having issues down south as well in England. Do we therefore look at it in a more sectoral system or do we look at specific skills that we need? If you do not agree with the salary level, where do you think that this should be going? Should it be skills, sectors or



something else?

Marc Crothall: From the tourism and hospitality sector, I probably speak from my experience. I was an operator until seven years ago and have been fortunate to move around the world and work, from starting out as a milkman to where I am today, and I do not have any academic qualifications. I have learnt a lot of skills along the way and know how to what it takes to come to work in our industry. Skill is what we need, but it is also attitude and the right approach to business. It is those people you invest in, so I think defining a criteria that you have to have A-Levels or PhDs for the tourism and hospitality sector is absolutely inappropriate. Language is hugely important, and the ability to communicate and connect.

Do not lose sight of the fact that we also require digital marketers, and we require engineers on mountain railways. Tourism employment comes in all shapes and sizes; it is not just about hospitality, and having a broad range of skillsets is vitally important.

Q61 **Kirstene Hair:** It is more based on the skills that they have as opposed to the qualifications?

Marc Crothall: Businesses more and more now will be looking to skills and attitude.

Angela Coleshill: I totally agree with that, so I will not repeat it, but I think there might be opportunities to look at the salary level, certainly a much lower level, but perhaps as an incentive for local recruits, if they are available, to have a level where there is an entry level and then potentially people could move up into the next level of salary, which would encourage employers to create pathways. One of the challenges we have as a country is that often the perception of young people, certainly on coming into the food industry, is that there is nowhere to go. We have to take responsibility for that, both in terms of changing those perceptions, but also changing our behaviours.

One of the areas that might be helpful is to have, yes, a salary threshold, but a salary threshold that recognises that people are on a journey, so even if they are an overseas worker, they are coming in potentially at an entry point, but then when they have a certain competency level, they go up a level. Then that means that local people, if they are available, might be interested in hooking into that, so that the mechanisms internally for training and development are created and there is the incentive for that.

Clearly in other sectors outside of food and drink there are medical qualifications and so on, but within food and drink you could have someone coming in, a skilled operator, but they do not want to get into that job and stay there forever; they want a pathway through. I think that is the longer term that we need to start to look at.

Q62 **Kirstene Hair:** Do you think that could be rolled out across different sectors as well? If you think that would work in the hospitality sector, it



might work in other sectors?

Angela Coleshill: Yes. I think that is where the sector deal scenario is very helpful, because it is getting into the level of granularity of what is needed for that sector and its skill development.

Dr Macaskill: Mr Thomson referred to this earlier. We also have to be very careful about the use of language, such as references to low, middle and high skills. Comments when the White Paper was launched were received very badly in Scotland among the care sector, where care was described as a low-skill sector. You try saying that to somebody who is engaged in palliative and end-of-life care, who is supporting somebody with advanced neurological conditions or dementia. It is massively skilled and it is a sector with regulatory requirements and registration and qualification requirements, so to describe social care as low-skilled has been massively unproductive in the last couple of months or so.

I think we need to find a model that appreciates the competence and skills of individuals. As Marc said, not everybody starts with those, and certainly care is illustrative of that. People start with very basic levels of skill, often to do with humanity, communication, ability to be alongside another and then they build those. That is what we need to develop, that career pathway within social care that values the initial contribution, builds upon it and recognises the singular contribution of those skills.

Q63 **Ross Thomson:** Going back to that transitional scheme that Christine was asking about before she left, I would be interested to hear from you what impact you believe charging a fee to workers who enter on that kind of visa would have for your sector's ability to recruit from abroad. Is it likely that employers would have to take on some of those costs of that visa?

Dr Macaskill: I will continue. It would have a dramatic effect, because we are dealing with a low-paid workforce, so the idea of having another barrier placed in terms of their access is a non-starter, because as other commentators have said, we are going to have to recognise that Scotland and the UK are going to have to compete for the best talent. Anything that restricts, whether it is societal attitudes or stereotypes or particular barriers and blocks, is going to put us at a disadvantage. I also cannot see the social care sector in Scotland, be that a private, voluntary or charitable provider, having any resource available to give an additional contribution to increase a migrant workforce because the sector is lacking in resource as it is.

Marc Crothall: From a tourism perspective, and having been somebody who has worked around the world, I have never been asked to pay to play. I think absolutely, employers are finding their cost base more and more squeezed, their labour margins have increased significantly and the bottom line is eroding. The impacts of the whole Brexit scenario around food and drink costs and so are there impacting now. What they are all focused on though is if they have a good person and they attract



HOUSE OF COMMONS

somebody in to work for them, they will want to invest in that person in their training and development. Using money to invest in their people and in their asset rather than having to pay a fee is something that they would definitely far rather do.

Angela Coleshill: This is about the 12-month fee?

Ross Thomson: Yes, that is correct.

Angela Coleshill: I do not think we know how much it is at the moment. We would be, as a principle, saying it would be better if there is some mechanism for people's development, for that to be an investment for their development, that they then feel some ownership of what they are paying for; not paying for a job, but paying for being here and becoming competent.

Q64 **Ross Thomson:** What kind of level do you think that should be, if there is to be something?

Angela Coleshill: It is very hard to say. The £1,000 potentially for the visa seems very high. I think anything above £200 would be prohibitive.

Marc Crothall: For a large-scale private independent, any operator, small or large, the figure of £1,000 is ridiculous. Again, it comes back to wanting to be able to reinvest in your people and your asset. My chairman has 1,000 staff across his portfolio of hotels in Scotland, and many of those are foreign nationals because they happen to be in the geographies and he attracts that diversity of talent and some of them are seasonal. But if you said to him, "There is an extra £25,000 on top to recruit," I think there would be a lot said.

Q65 **Deidre Brock:** I have a more formal question, if you like, but Mr Crothall, you just mentioned that you have worked in all sorts of countries and they have never asked for the equivalent of this sort of skills charge when you have worked there.

Marc Crothall: Yes. I worked in South Africa during apartheid and the only thing I had to do was speak a bit of Afrikaans to the local constabulary to be able to get a visa. I worked for Gilbey's when I was out there. I have worked in the Channel Islands, again not having to pay and the housing licence restrictions were there. I have worked in Scandinavia and in France as well. I have been fortunate that my career has taken me around the world, but ultimately I have gone to those countries and worked and I have been made to feel very welcome, and in every country my employers have invested in my career development. I think that is the important thing.

We are in a very competitive world globally for tourism. Again, in the last 12 months I have been very fortunate to speak at national industry conferences in Australia and in Canada and everybody is facing a similar challenge. How do we attract more people to work in our industry? We have to be open, accessible and we have to be able to present that there



HOUSE OF COMMONS

is real opportunity to grow your career and make the UK or Scotland your home and for them to then share their skillset your learning with our future talent, because ultimately for us we have to grow more home talent , but we just have a gap at the moment in age demographic.

Q66 Deidre Brock: Last year—I think it was December—the BBC reported you as saying that your sector now supported the idea of a Scottish visa scheme. Can you tell us more about how you think that might be able to work, at this stage anyway, in conjunction with the immigration services administered by UK law?

Marc Crothall: Sure. We met with Ben Macpherson in Inverness. It was a roundtable with a number of leaders from our sector, and I think the views of those at the meet was specifically in response to the salary cap that was being proposed on the tier 2 visa , because we felt that if there was not an alternative solution that was found at a more level playing field to allow an affordable entry point, then a Scottish visa offering entry at a lower level would be something that would be very welcome, again recognising the immediacy for attracting future talent. , Going back to the commentary about the sector by the MAC,I think the MAC has totally disregarded our sector in terms of its value, its contribution, and not just to the economy but to society, and it certainly has no appreciation of what a skill is In summary the answer to your question is yes, if there no alternative solution that is suitable for everybody can found over the next 12 months then a Scottish Visa option would be welcomed

Q67 Deidre Brock: With regard to that immediacy, the White Paper suggests the Government would like to see some sectors reduce their reliance on low-paid immigration and will support key sectors to help drive this level of business change. How realistic is that kind of change for your sectors? I think some of you have mentioned the transition period not being a realistic proposition. I would be interested to hear for your sectors.

Dr Macaskill: It is wholly unrealistic. It presumes that we have been sitting on our fingers, twiddling our thumbs, not being aware of the challenges facing social care in Scotland. Together with local and national Government we have been seeking to create career pathways. We will have a national recruitment campaign coming shortly. We have been trying to improve things in terms of basic rates of pay with regard to the Scottish living wage. We have continually tried to attract. Like elsewhere in the United Kingdom, we need to face up to the reality of society, that lots of people do not want to go into the job of caring. That says something about ourselves as a culture and society, but that is maybe for another place.

It is not going to be as simple as turning off the tap and opening another tap and, “Hey presto, we have a workforce.” We need to be much more grown-up and realistic about the realities we are facing, which are that we need a migrant workforce, we benefit from that migrant workforce and we need collectively to find ways of introducing an immigration



HOUSE OF COMMONS

system that is flexible and will give us what we need and what many people coming to this country desire and want.

Angela Coleshill: Perhaps there is a slightly more mixed picture for food and drink manufacturing. We have certainly had to take a step back and think about the skills investment programme and how, as a sector, we have probably moved so far into post-grads for recruitment and then have not invested in vocational courses and vocational training for people. That chimes with the whole mood music in the country, about how not everybody has to go to university and making sure that apprenticeships work for the workforce.

There is also some evidence that in food manufacturing there is a level of under-investment in technology. The food industry is highly competitive, we are all consumers, we enjoy good-value, good-quality food, but what we are suffering from are very tight margins within small businesses in particular and not really the headroom to think about investment in technology. This is not even new technology; this is known technology that has already been adopted in the food industry in larger businesses and other industries.

Q68 **Deidre Brock:** That all sounds like it would take quite a lot of time though.

Angela Coleshill: It will. It will take time.

Deidre Brock: If you are looking to replace low-paid workers when the tap, as Dr Macaskill says, is going to be turned off fairly soon, what can your organisation do, given that the Government's White Paper suggests that you should be reducing your reliance on low-paid workers? What are you going to do about it? Indeed, for all of you, what help would you be looking for from the UK Government in order to be able to do that to any sort of reasonable level?

Angela Coleshill: We are working hard to try to have this sector deal agreed. Part of that is co-investment with Government on interventions for businesses that are lagging behind on technology, because often businesses do not have the headroom. That would be about creating a partnership with Government to go in with experts to have a look at businesses and their productivity and whether that could be improved.

Q69 **Chair:** On this point, are you telling this Committee that you believe there is some sort of technological solution—

Angela Coleshill: There are some technological solutions.

Q70 **Chair:** In your view, the Food and Drink Federation is prepared to sit here and say that this would try to mitigate the impact and effect of losing freedom of movement and the access to labour?

Angela Coleshill: Absolutely not. It is one step. It is a multi-problem solving approach. Obviously free movement and the issues we have talked about—



Q71 **Chair:** I think Ministers would be comforted to hear that message, if that is what you are saying to them. The experience I have with the food and drink sector in my constituency is that you are years and years from anything approaching being able to mitigate the loss of even five or 10 workers, far less the whole stream being turned off from the European Union.

Angela Coleshill: But the reality is that there are parts of the food industry that are still quite manual. There are pockets of the food industry that employ very large numbers of people who could look at technology. Part of that would also enable some upskilling. It is not a case of just taking out jobs; it is also about making sure that people have a development route within the food industry. That is not one solution that is going to solve all problems, but it is one option that we are looking at, among many others.

Q72 **Deidre Brock:** What are the others then? That one sounds like it is going to take some time to get close to any sort of degree that would—

Angela Coleshill: Yes. We are doing a lot of work on thinking about the image and changing perceptions. We are taking a leaf out of Scotland Food and Drink in relation to the work you are doing with the schools programme, going into schools and trying to change the perception of food. That is a fantastic model that is not in the UK; it is in Scotland only and we are trying to encourage Government to think about that.

Q73 **Deidre Brock:** Great. Again, it seems to me that is going to take quite a lot of time in order to replace the workers that you already have.

Marc Crothall: From the tourism sector, on the basis this is not something that has just happened, because we have been having to look at workforcesolutions for the last couple of years. It is has just accelerated, which is unfortunate. What we have witnessed is a change to some of the ways of working and technology has played its part too with digitalisation. For some of that there have been barriers to being able to do work effectively with digital , so skilling programmes are in place. We cannot lose sight of the fact that tourism is in global growth. It is growing 3% year on year, so we are going to experience more visitors and need more people.

The megatrends of travel behaviour suggest that travellers still want hospitality, they still want that people interaction—the story you are telling; the experiential piece—and it's not going to be about a robot giving you that in a hotel. It requires a workforce to tell those stories and to be interactive, but there are of course other ways of looking at product diversification. You will see these in some hotel property developments now, whether it is Premier Inn hub self check-ins and very little human interaction e that, that is fine, but that does not tick all the boxes when you go up into the highlands of Scotland and visitors are looking for that interactive experience with people.

Deidre Brock: Indeed.



Marc Crothall: It is about the broader food and drink sector specifically coming together, as we have done with Scotland Food and Drink, to try to get the farmers to see themselves as a tourism business and do that cross-sector education, I suppose, and upsell and work more cohesively, rather than as two independents.

Q74 **Deidre Brock:** Given that the UK Government have basically caused this through their immigration proposals, their hostile environment and indeed by leading us to this Brexit situation, what support would you like to see from them in order for you to be able to try to mitigate some of the effects of these decisions on your sectors?

Angela Coleshill: I have mentioned the sector deal and the Sector Council. There is the whole focus first of all on evidence: what does the future look like? What are the big gaps? What are the interventions that we need with co-investment with Government, whether that is on the image side or on the upskilling side? There are opportunities, dare I say it, for looking at unspent apprenticeship levy funds, coming together as a sector and across the food chain and looking at that and thinking about some of that underinvestment that could be ploughed back in; supporting smaller businesses; adoption of technology. There are lots of ideas that we are developing. The Sector Council has given us that strategic partnership with Government that we did not have before.

Dr Macaskill: An awful lot of this has just been said by Angela, but I suppose from social care's perspective it is about starting to talk to us, and that is across the United Kingdom. Social care has always dropped off the edge, and yet again this morning I have heard the UK Minister say that the White Paper on social care has been delayed yet again or is not due to be published because of other events happening. In Scotland, the reform of social care is very much alive and we are aware that we need to increase the pace of technological contribution and we are already, as a sector, extremely dynamic. But ultimately, as Marc says, just as tourism and hospitality is a people sector, then care is a people sector par excellence.

What we want to see is appropriate fiscal investment in all the strands that Angela has talked about, but also a recognition of the priority that social care has and enables the rest of society to function effectively. Social care in Scotland is the fourth economic contributor to the wellbeing of our country. We do not always recognise that, so we do want to be heard and we do want a particular fiscal focus that emphasises social care. It would be good if we had a rethink massively on the White Paper.

Chair: I know you are desperate to come in, Mr Crothall. We will maybe get to you later, but I am conscious that we do not have much time left and we have a couple of questions from Mr Gaffney.

Q75 **Hugh Gaffney:** The Government are currently piloting a seasonal agricultural workers scheme to help with recruitment issues in that sector. Would you all like a similar scheme developed in your sectors?



Angela Coleshill: Yes, please.

Hugh Gaffney: I thought there was a straight answer there.

Dr Macaskill: Except that the EU settlement scheme that is being piloted on social care is landing very badly, first of all, because people are quite understandably hurt, are upset about the fact that their contribution to Scottish society for 10, 15, 20, 30 or 40 years is somehow now being called into question. There are practical difficulties. If you have an Android phone it will work, but not if you have an Apple phone. There is a privacy statement within the documentation that basically says, in layman's terms, "The data you give us we will share with anybody, private or public sector" and I could go on and list. The experience at the moment of social care providers and the workforce in Scotland is that although we are supporting staff, it is a scheme that is making people question, "Is this the sort of country that values me as a person, that I want to contribute to and that I want to bring up my family and children to?" Yes, the scheme is being piloted. The experience is less than positive.

Q76 **Hugh Gaffney:** Thank you. I will move on. I had a good comprehensive answer there.

To what extent could the proposal to expand the youth mobility scheme and the increased post-study leave period for students help meet your industry's labour demands?

Marc Crothall: Young people coming into our industry and staying and working in our industry I think is hugely important. They bring the spark, and they are our future travellers i. At the end of the day, what you do not want to have is a block to remaining and staying and committing your career future to the country. It is important. It is about how you are treated and how you are viewed.

I was going to come back in earlier about the UK Government piece. I think it is about how our industry is presented in the language that is used. We are being spoken about as an unskilled sector—and if it is a toy, it is not really understood. If there was one big change, needed to attract the youth market, it would be that we need to talk about the sector in the size and scale of contribution to the economy and its importance to society. Yes, we need more young people and we need to accelerate those young people into the system, but they would only want to come and work in a system that is spoken about in a positive light and not how it is being reported and positioned by the MAC.

Hugh Gaffney: I am happy with that.

Q77 **Chair:** We are just about done. I would just like to ask what I asked at the close of the last panel. Obviously we note your remarks, Mr Crothall, which Ms Brock raised, about your view on the Scottish visa. We do note the dependence that Scotland has on European workers and the issues we have with immigration. If we do not get some of the changes that you



HOUSE OF COMMONS

are looking for in the White Paper, would you be more inclined to support some sort of differentiated arrangement for Scotland when it comes to immigration responsibilities?

Marc Crothall: Scotland has huge potential to unlock in terms of its tourism proposition. We are fortunate that tourism is recognised as being an economic driver and is one of the key sectors cross-party, and by the Government. If there were to be something in the way that blocks that potential growth then, yes, there would be very much an appetite from the industry to remove those barriers and find an alternative that suits the sector's growth.

Q78 **Chair:** I know that you represent the UK food and drink sector, so I will ask your views on this. You will know the dependency we have in Scotland for European workers. Surely if nothing can come out of the White Paper that satisfies your concerns, it is totally legitimate for Scotland to—

Angela Coleshill: Yes. My colleague David Thomson and I have spoken about this on and off for the past 18 months. We know that there are some unique issues in Scotland, in terms of the rural nature of the community and the travel-to-work patterns, that would mean that there needs to be some sort of differentiation for Scotland, but I could not say publicly at this time that I could support that.

Q79 **Chair:** That is fine. Thank you. Mr Macaskill, given what you have said today, I imagine this is something you would support?

Dr Macaskill: Yes. We have different regulation and a different system of social care in Scotland. We have called for some time for differentiation. Having had discussions with the Cabinet Secretary for Health and Sport in Scotland and the Minister for Migration, we see that some sort of differentiation scheme, whether within the United Kingdom, as is suggested in the White Paper, is what is required for social care in Scotland.

Chair: Thank you all for helping us out today. It has been a fascinating session, as always. We may require you back at some further point as we get into some of the issues around the immigration White Paper, but thank you for your evidence today.

Examination of witnesses

Witnesses: Professor Gerry McCormac and Miss Rachel Sandison.

Q80 **Chair:** Thank you for coming along. Unfortunately, when we asked you to come along today we did not know that there was going to be a scheduled statement from the Prime Minister, which has somewhat depleted the Committee, as you can see, but we will try as much as possible to get through some of the issues and give you an opportunity to tell us what you feel about what you have observed in the course of the



HOUSE OF COMMONS

past few months since you last gave evidence to this inquiry. Just for the record, please state who you are, who you represent and anything else by way of short introductory remarks. Professor McCormac, we will start with you.

Professor McCormac: Thank you. I am Gerry McCormac. I am the principal at the University of Stirling in Scotland. I am very happy to come along, so thank you for inviting us to provide some input for your investigation.

Miss Sandison: Thank you for allowing us the opportunity to come and give evidence today. I am Rachel Sandison. I am the vice-principal, responsible for external relations, at the University of Glasgow.

Q81 **Chair:** Thank you. First of all, we are grateful to you both for coming along, just to see where we are with some of the recent innovations. Of course we have had the White Paper and the Bill, which effectively ends freedom of movement, the full name of which I can never remember—I know it is something to do with immigration and social security—but that is currently being looked at by Parliament. When you look at these two weighty documents, where do you think this leaves Scottish education and its relationship with issues to do with immigration and numbers at your university, Mr McCormac?

Professor McCormac: We, as a sector, are opposed to any policy decisions that make it more difficult for students or staff to be attracted to or retained within our universities. Sadly, there is an increasing perception at the moment that the UK seems a hostile place for foreign nationals. While we run campaigns such as “Scotland Welcomes the World”, it is also kind of grouped in with the whole immigration policy of the UK, and that makes it increasingly difficult for us.

The uncertainty around Brexit—I think it is continuing right until this very minute if the Prime Minister is making statements and so on—is reducing our global competitiveness. It is important to say that my university might look as though it is there in the central belt of Scotland, but our reach is China, Vietnam, the United States and Australia—we are global. You would apply the same statement to all the universities in Scotland, with greater dependencies for some than others, so it is really important for us that immigration and the movement of people, both staff and students, is as straightforward as possible and with as few regulations as possible, because that is the way universities operate.

Miss Sandison: I just wish to reinforce what Professor McCormac has already said, in the sense that our concern for many years now has been that UK immigration policies are detrimental to our global competitiveness and our ability to attract and retain global talent within our organisations. Unfortunately, the White Paper does not really put forward any recommendations or suggestions that seem to support our desire to attract international staff and students, and of course EU-EEA nationals, to our campuses going forward. I think there are real concerns



HOUSE OF COMMONS

about having EEA nationals move on to an unreformed tier 4 visa. In fact, it would be the sector's desire that there would be no visa compliance necessary for EEA nationals coming to our universities in future.

If that were the case, however, I think we have to be aware of the impact it will have on our organisations as a whole. We are incredibly global institutions. Within Scotland alone, we have 52,000 international and EEA students studying within our communities. This does not just contribute economically to our cities and regions, but also to the cultural capital of our local communities and our institutions. They benefit our community in myriad ways. Unfortunately, I think that the immigration policies put forward do not take this into account in an effective and efficient way.

Q82 Chair: I am just going to explore a couple of issues that we have had with the White Paper, which you have mentioned and given us your very strong views on. One of them, of course, is that the White Paper accepts the MAC's recommendation against removing student numbers from the migration figures. I think it goes on to say that it would be difficult to do and would make little impact. This is what the MAC said, which the Government seemed to be minded to accept. What do you make of that assumption, Professor McCormac?

Professor McCormac: Things can be difficult to do, but they can be done. We have been arguing for a very long time that students should be removed from the net migration figures, and we will continue to argue that. Just recently we have heard from the chair of the MAC that that is a figure that the Government are not applying to policy, and therefore we should just not worry about or raise it any further, but so long as the Prime Minister, who is the one who stated it, is still there and still wants to continue to push that target, then we will lobby against it.

Miss Sandison: Yes, absolutely. I think there is a very confused picture across the globe when we are saying that we are not taking international students out of net migration targets, but we are not setting caps on those students. For many of the agents, high school counsellors and prospective students that we were talking directly to, they do not understand what this means. In fact, it still paints a very negative portrayal of the openness and inclusivity of UK institutions.

Q83 Chair: The MAC's report says that there is concern about students being included in the figures, often linked to concerns that the UK is being perceived "as unwelcoming to international students". I do not know if you have any particular views on that view from the MAC.

Miss Sandison: I agree with that. I think that is exactly what we have faced across the globe for the last number of years, when it has been very clear that the Government's policy is to attempt to limit the number of international students coming to UK institutions and our prospective student communities worldwide are very aware of this. It is something that we are having to constantly work against. As Professor McCormac mentioned, there have been a number of campaigns run by Universities



UK and Universities Scotland to try to bolster the impression that we are open and inclusive institutions. But unfortunately the immigration policies, as they currently stand, do not evidence that.

Q84 Chair: The White Paper obviously also proposes a single immigration system for EEA and non-EEA students post-Brexit. What impact is that going to have on Scottish universities?

Professor McCormac: That will have a serious impact. At the moment about 13% are non-EEA international staff, for example, and then 9% are European, so you are roughly doubling the number of people who are going to have to be compliant and apply for visas. You are talking about staff here?

Chair: Students, yes, and the single point of entry as well. We will come to staff in a minute.

Professor McCormac: Yes. Effectively the same thing applies. For students, we have about 10%, for example, at Stirling and across of students that come from the European Union. They can move freely at the moment. Post that, they are going to have to have visas to move, or whatever system is in place—in a no-deal Brexit that would be the case. In a deal situation, our hope is there would be no visa requirement for students moving between the European Union. That is the system that we would push very hard for.

Chair: Mr Sheppard is going to have to leave us soon, so I am going to bring him in now.

Q85 Tommy Sheppard: I think Ms Sandison maybe has to answer that first, but let me chuck this in as well, because what you seem to be saying so far indicates a disquiet at what has happened and what is about to happen. We have been discussing this morning whether a case could be made for having a differentiated policy in Scotland in terms of immigration more generally. Is that something that you have a view on, and would you like to see the Scottish Government have the ability to take extra measures that would allow your institutions to attract international students better?

Professor McCormac: As a principal of a university, I would like anything that will help us secure increased numbers of international students coming to Scotland. Ideally what we want is an immigration system that works for everyone across the UK, because I think that the nuances and the complications that are created through, "Oh, in England it is like this, in Wales it is like that, in Northern Ireland it is like that, and in Scotland it is like that" are often lost on international students and staff, and sometimes it is difficult even to explain to them which part of the UK we are in or which part of Europe the UK is in sometimes, depending on where you are going. Ideally a system that worked across the entire UK would be best.



HOUSE OF COMMONS

That said, in the interests of my institution, I would be delighted to see one in Scotland that allowed us to have a thing such as Fresh Talent, which was initially there in Scotland, where the two-year post-study work visa was available. I would like to see it come back again.

Miss Sandison: We can probably talk at length about the benefits of post-study work. I think it is absolutely our intention as a UK sector to try to push for the return of a two-year post-study work opportunity for international students. It is tremendously important for the future success of our institutions to have that competitive offering for international students and it is evidenced across a range of different surveys and research impact case studies that have been undertaken that do show that international students rate access to post-study work opportunities as the No. 1 decision-making thing that they were taking into account when deciding which country to go to for a Master's or for undergraduate study.

As Professor McCormac has indicated, our preference will always be to try to secure the best possible opportunities across the UK sector, but that is notwithstanding the fact that if that is not possible and there is the opportunity to look at something that is devolved to Scotland, then of course we would be delighted with that. The importance is having that post-study work visa being returned. That was introduced very successfully as part of the Fresh Talent scheme in Scotland a number of years ago.

If I may, I just want to pick up on the call for a single system of visas. I think it is important to recognise that currently where we are making sure that we are compliant for non-European international students, the cost to the Scottish sector alone is circa £6 million per annum. If we were to include European students in that single visa system, then the costs could be exorbitant, based on current EU numbers. Now, that of course is notwithstanding the fact that we may see quite a significant decline of EU students coming to study in Scotland going forward, because of course the tuition fee regime will change entirely. But based on our current numbers of EU students, including them in a single visa system will add a huge burden to universities in managing compliance and also the cost of that compliance as well.

Q86 **Chair:** I am just looking at the stuff in the White Paper, what it says about the single point of entry for EEA and non-EEA. It talks about differentiation with the EEA countries almost like a bending of the immigration rules, enabling EEA students to benefit from the reduced documentary requirements when applying for a visa. Does any of this help to overcome some of the issues and difficulties that you say you anticipate?

Professor McCormac: As long as the rhetoric matches practice, that would be one thing. It is really important that bureaucracy is kept to a minimum. We are about doubling the number of people who will require some form of visa, or otherwise, to come in. The possibility for that



HOUSE OF COMMONS

exists, and in doing so there is going to be an overhead, as Rachel has said.

Q87 Chair: The MAC report is almost contradictory in some of the things it says about this. It also says that, in leaving the EU, it does not see any upside for the sector and that any barriers to student mobility are likely to have a negative impact.

Professor McCormac: I would agree with that 100%.

Chair: I presume you would also agree with, Ms Sandison.

Rachel Sandison: Yes.

Chair: It is always good when you get that type of agreement.

Q88 Deidre Brock: Ms Sandison, continuing with your comments about EEA students, the White Paper acknowledges that requiring EEA students to have a visa will increase the volume of students who institutions will need to sponsor. You have already talked about that to some extent. Do your institutions have the capacity to cope with that sort of increase?

Professor McCormac: We will deal with whatever we are faced with but there will be consequences; there are always consequences in terms of the overhead associated with the processing of visas, the paperwork, the personnel resource that we have to put into it. Fundamentally, and beyond that, however, there will be an impact on students and on the working of the organisation, on staff, and on that human aspect. People have set up, have their families, have their children going to school, and so on. Uncertainty has been created. Having to apply for leave to remain is a huge negative and will have an impact on the people who have been working in and supporting the system for many years.

Rachel Sandison: I think there is limited capacity, if the visa system remains exactly as it is now. There is an opportunity for us to co-create a more streamlined, more digital, more effective and efficient tier 4 immigration system, and we would certainly welcome the opportunity to help inform and shape what that system would look like, irrespective of whether EEA nationals have to apply for a visa in future or not.

On the staff visa front, to give an example from my own organisation, we currently sponsor about 260 international staff visas per year. If we were to look at our current EU staff numbers, that would be an extra 1,300 staff members who we would be responsible for sponsoring. Just to give you an idea, that would make a difference to the current cost to the university of about £200,000 per year to beyond £500,000 and upwards. That is without taking into account the staff time, the level of bureaucracy and the difficulty of managing the system as it currently stands. If we are retaining the systems as they are, there is limited capacity within institutions to manage effectively, particularly if you are a large university, with very high levels of international staff and students currently.



Q89 **Deidre Brock:** You mentioned a figure of £6 million across the sector.

Rachel Sandison: That is right, for compliance.

Deidre Brock: For compliance. Do you have any estimate of where that might jump to if you had to take on these extra tasks for staff and students?

Rachel Sandison: No, and that figure is probably not as high as it really is. The last time that there was some research undertaken on this, for the UK as a whole the cost was £65 million, but that was back in 2013. Numbers have grown since then. We have taken a rough estimate that for Scotland it would be about 10% of that £65 million that we would be responsible for. In fact, those figures are very likely much higher now, and will continue to grow, but again on the basis that we are still able to welcome the same numbers of EU students into our communities, which I think will be highly unlikely, given how difficult it will be for EU students now to be able to gain entry to our institutions.

Q90 **Deidre Brock:** The White Paper mentions a digital system for sponsoring students. Have you had any discussions with UK officials about that?

Professor McCormac: No.

Q91 **Deidre Brock:** No one has approached you to discuss the possibility of that?

Rachel Sandison: No, not at this stage.

Professor McCormac: For an ETA set up, do you mean?

Deidre Brock: I think so, yes.

Professor McCormac: No, we have not had any discussion, but we would like to be involved in any system and any changes to the regulation, and be able to inform the policy decisions that take place. We need to be part of that. It is too critical for us not to be part of it.

Tommy Sheppard: Excuse me, I have to leave now.

Professor McCormac: If I could add to one thing that Rachel said, she described a tripling of the cost to Glasgow University and she is absolutely right. You could apply that right across the sector in Scotland.

Q92 **Chair:** I am sorry, but I can just see that the Prime Minister is turning to one of her regular statements. We did not anticipate that when we invited you down here, two days ago, but we will get through things. Sorry about that.

Can I come back to your academic staff? I won't start with you, Ms Sandison. I will start with Professor McCormac. I am reading from your figures: "11% of workers in the higher education sector, with EU nationals making up 17% of academic staff and 25% of research staff." That is an awful lot of people coming in from the EU. What are you experiencing in terms of their views and attitudes, their concerns, and



ideas about all this?

Professor McCormac: As you quite rightly say, we have large numbers of EU staff working at all our universities. I can give you some specific examples from Stirling. These are anecdotes. We have recently had someone apply for a job, who was highly qualified, and we were very keen to get them and reached the point of offering the job, and the person said to us, "Because of the uncertainty associated with the immigration system in the UK, I am not taking the job."

I had another member of staff, who had won a European Research Council grant for over £1 million to work on psychology, and who wrote me a letter, saying, "I have just decided that I am moving back to Germany because of the uncertainty." This was someone who had set up their entire life in the UK, who had been working here, doing research, teaching students, but who said, "I can't live with the uncertainty anymore." This is the point I was making before, that there is a human cost to this.

It is easy to sit down and look at policies, but it is very important that we also look at the impact of the policies. There will be impact on individuals, on institutions, and on the reputation of higher education in Scotland and across the UK, the impact on research collaboration and the movement of people. Research today works on a global basis. People need to be able to move freely from place to place and not have to think that they might be risking their residency status, or otherwise, as a consequence. Whatever system we finally end up with, we want to be involved in its creation and in the policies around it, and be able to ensure, where possible, that there is as much mobility as is feasible for staff and students.

Q93 Chair: Last week I hosted a meeting in Perth for EU nationals who have concerns and issues, on any point they wanted to bring up. I have Perth College UHI in my constituency and the James Hutton Institute as well. I was overwhelmed by the number of academic staff who came along to that evening. Is this something that has been more profoundly felt within academia, among EU nationals? Is there a sense that people are starting to make decisions about their futures and perhaps deciding to leave?

Rachel Sandison: Most definitely. We have 1,300 EU staff at the University of Glasgow and that is across academic and professional job roles. There has been real concern and anxiety around the post-Brexit scenario and how it will impact on their future ability to continue to work within our institution. As Professor McCormac has said, these are people who have lived in the UK, sometimes for decades, who have built their entire careers in our higher education sector. Now they are made to feel incredibly unwelcome and they are seriously looking at opportunities elsewhere.

Exactly as Professor McCormac indicated, those stories of people turning down contracts because of the uncertainty are, unfortunately, all too



common. We have really important research chairs that we will not be able to recruit EU members of staff into because they are not sure about the EU research funding or access to it post Brexit, and they are unclear about immigration because they don't know what that will mean for their families and dependants. It is having quite a catastrophic impact on our EU communities and, as a result, on our communities within higher education as a whole.

Q94 **Hugh Gaffney:** Are any European countries trying to poach some of your staff in these circumstances?

Rachel Sandison: Absolutely. We are seeing that with the Netherlands, France, Germany—

Hugh Gaffney: They are stealing our skills.

Rachel Sandison: This is anecdotal, but I hear, when I meet with colleagues, that Ireland is very clear that they see this as an opportunity for increasing student recruitment and also for being able to poach our key academics, and that goes beyond the EU as well; we are facing stiff competition from Australia, New Zealand, Canada, and the USA. All these institutions within those regions are mobilised to harness and retain talent in a way that we are not, currently, within the UK, and it is having a detrimental impact on our global competitiveness.

Q95 **Chair:** Looking at the White Paper, there is stuff about the £30,000 threshold. I am not entirely sure whether that is going to be appropriate or of a level of what is expected. Maybe you could tell us.

Professor McCormac: Earnings are a crude proxy for skills. I don't think they apply; they certainly don't apply in universities. If you take people such as language assistants, laboratory workers—a whole range of staff who work in universities—to suggest for a minute that they were in any way unskilled, and that this threshold was needed in order for them to be issued with a visa, is frankly ridiculous. Our goal would be that there would not be an earnings threshold at all and that the skills that are required would be looked at as skills alone. If there is to be a threshold, certainly bringing it way down the scale from £30,000—say, £20,000 or £21,000 but even there I am reluctant to say set it, because you would have situations where you could readily identify skillsets that were important for young people developing in their careers and so on, coming forward, for whom that would be restrictive. We don't want that.

Rachel Sandison: I will add a few points to that. One of the things that is quite challenging is that it does not take into account any regional variations, where £30,000 as a graduate-level salary in London may be appropriate in some sectors, it is certainly not appropriate in Scotland, or some parts of England. Not taking regional variations into account is very problematic. Within the Russell Group, 70% of EU staff earn less than £30,000. Within the University of Glasgow, 44% of staff earn less than the £30,000 threshold. They are all staff who are on academic tracks—post docs, early-career researchers, specialised lab technicians, language



assistants—and these people are the lifeblood of our organisations. They are starting their careers and we hope that they will develop their careers within our institutions, but they would not be able to do so if the salary level was set at £30,000. For the higher education sector as a whole, it simply does not make sense, and the salary level is absolutely not a proxy for skill. As Professor McCormac indicated, we would like to see that be completely taken away.

Q96 Chair: I think you will have surprised a number of people who are listening to this. Many people assume that people such as doctors, professors, senior academics, will be on reasonable wages, and will have assumed that that is the type of professional you are talking about, but what you are telling us is that there is a strata below that of people who are required in order for your academic institutions to be able to function effectively.

Professor McCormac: Absolutely. I am a professor in a university, and now a principal in a university in Scotland, but I started out as a research assistant, earning very few pounds, and there is an entire ecosystem that takes you from postgraduate level right through until you end up in your professorship. We want to make sure that that ecosystem is maintained and that there is mobility around the world, and certainly within the European Union, as there is at the moment, for that ecosystem to continue to exist.

Q97 Chair: Another thing in the White Paper is the removal of the visa cap and the resident labour market test. Will that affect recruitment from staff? Will it assist you or support you in any way?

Professor McCormac: I do think that is helpful. Removing the visa cap is certainly helpful and removing the labour market test is helpful, too. I suppose it is one of the areas within this White Paper that we would welcome.

Q98 Chair: What about you, Ms Sandison?

Rachel Sandison: I totally agree. That is a welcome piece of progress. However, that is alone, when we are looking at all of the other caveats that have been placed on immigration, and still may not help us with the competitiveness that we would like to have.

Q99 Chair: I want to go back to post-study work, because this is something that has greatly energised and excited this Committee. Professor McCormac will certainly know all about our interest. It has been recommended to the Government on at least two occasions. Now we have Brexit, the European Union and serious issues about all of this. However, we do have pilots in place. Are you detecting that the pilots are being of any value or assistance at all?

Professor McCormac: The pilots were put in place originally, I think, for five universities in the south-east and then extended to a larger number, which thankfully included two universities in Scotland—Edinburgh and



Glasgow. Sadly, Stirling University was not included, yet we, and some other universities like us in Scotland, are as internationally active and competitive as any of the other universities in the UK—on a lower scale maybe, and somewhat smaller.

Rachel Sandison: As one of the institutions in the pilot, have we enjoyed increased recruitment of international students? Yes, we have. That is probably not just down to that six-month opportunity for post-study work, but it is a very helpful element.

However, I will come back to a point I made earlier. Even with that six months, or a year for our PhD-graduating students, we are still at a complete disadvantage when we compare ourselves with all our main competitor nations across the globe. You have Australia offering up to four years post-study work. Canada offers up to three years. Almost every other country that we are competing with for talent has, as a minimum, two years post-study work, which of course is what we did enjoy in the past. Yes, the six months is helpful, but is that really going to be the thing that allows us to retain competitiveness? Absolutely not. It is an incredibly aggressive and competitive market globally, and that six months dwindles to nothing when you are comparing us with the major host countries elsewhere in the world.

Q100 **Deidre Brock:** The possibility of the devolved Scottish visa scheme could allow for a post-study work visa to be created within it. Would that be something that you would welcome?

Professor McCormac: We would welcome anything that would increase the duration that people can stay on after graduation. As Rachel said, one of the top four reasons given for students selecting a university in any country—she mentioned the regimes in different countries—is the capacity to work afterwards. We are also a very highly compliant sector. It is not that these students come and then stay on in the country afterwards; they get experience, they work with employers, they can put it on their CVs, and they go back to their home country. Years down the line, they will be the soft power that Scotland will be able to draw upon. We have seen this when you look back in time. If you want evidence for the post-study work visa being effective, when it was removed from our capacity, there was a decline of about 60% of Indian students coming to the UK. It is dramatic and clear what the causes and effects were.

It is returning to something that makes sense, in an area that is highly compliant in terms of following the law and the visa regulations. It is an own goal not to be doing this and the competition have woken up. They are there—Canada, Australia, and all the other countries, including Ireland, which is right on our doorstep. It is an absolute own goal. As a principal, I would be delighted if they did it for Stirling University. I would like to see it for all of Scotland and I would like to see it for my colleagues throughout the UK because I do think it is important. I am very disappointed that we were not included in the pilot.



HOUSE OF COMMONS

Q101 **Deidre Brock:** If this was proposed as part of a Scottish visa scheme, it is certainly something that you would be prepared to consider as something to give your universities a competitive edge.

Rachel Sandison: Of course

Q102 **Chair:** We had Lord McConnell before this Committee last week. He had famously introduced the Fresh Talent initiative, and we were talking about inter-governmental relations and some of the issues in trying to ensure that initiative went through. It is an example of what happened. We hear some mixed reports about the success of Fresh Talent, but in terms of student numbers, and attracting people to Scottish universities and other higher education institutions, it was an example that worked. Was that right?

Rachel Sandison: It was tremendously successful. It did give us a very distinct USP at the time and we did enjoy increased levels of international recruitment as a result. As Professor McCormac said, that is not just the impact of the students when they are on our campuses, when they are contributing to our culture, contributing to our local communities and our economies; it is also the fact that these students are then going back to their home countries as part of our growing alumni network and continuing to be brand ambassadors for Scotland thereafter. It is hugely important. We have the potential to lose that soft power and goodwill that we have built up as a result of no longer having that competitive offering for international students.

Q103 **Chair:** We educate all these wonderful young people to this incredible standard at the hands of people like you and your colleagues and then we do our best to get rid of them. It seems such a waste, combined with what we are doing with freedom of movement and the access to higher education institutions. Tell us what you feel we may end up with here in terms of our ability to keep making ourselves attractive as higher education institutions.

Professor McCormac: Most academics would tell stories of how their career developed. I went to the United States and spent some years over there. I came back home because my family is here but the time away hugely benefited me and also made connections and collaborations in the United States that I was able to maintain and which were of benefit to the universities that I have worked in. In Stirling, those connections have been a huge benefit, and they were beneficial to Queen's University Belfast, where I was before I came to Stirling.

Mobility, the capacity to move around the world, do research around the world without fear of impinging upon residency requirements or whatever, is critically important. This is a sector that plays on a very international stage, and that contributes enormously, effectively as an export industry, as international students come to us. We are the envy of the world. If we get the policies wrong, as it looks as if we about to do in spades, the chances are that we will one day look back at this point and say, "Where did this go wrong? How were we once the envy of the world



HOUSE OF COMMONS

and now we are in a situation where very few people want to come here, it is felt as a cold place for movement for international people and the collaborations that we used to have don't exist anymore?"

In 20 or 30 years' time we will look back and I just hope we can get it right now so that we don't have those regrets in future and that young people here in the UK, in Scotland, get the chance to have the freedom of movement that I have enjoyed through my academic career.

Rachel Sandison: This is not just a financial imperative, but if we were to look just at the economics of it, a piece of research that was undertaken by Oxford Economics for Universities UK showed that in the period 2015 to 2017, the UK lost out approximately between £1.9 billion and £2.9 billion in expert earnings as a result of our immigration policies. That is a huge figure. For all the reasons Professor McCormac has highlighted, we want to remain open, we want to remain inclusive and we want to allow free movement of our people, and that is not just academic members of staff, it is professional members of staff as well. Immigration policies as currently constructed undermine our ability to do that successfully.

Q104 **Hugh Gaffney:** How will the expansion of the immigration skills gap impact on the higher education sector?

Rachel Sandison: This is the immigration skills surcharge, specifically, the £1,000?

Hugh Gaffney: Yes.

Rachel Sandison: The fact is that if EU staff will now have to go through complicated and overly burdensome immigration procedures in order to gain access to our institutions and then we have a health surcharge, which is doubled, so they are now having to spend £400 a year, we have an immigration surcharge, which is around £1,000, it just adds to the mix of saying, "Why would I choose to come to the UK when I can go to so many other places in the world that have world-leading institutions and that are making it far easier for me to do so?"

Q105 **Hugh Gaffney:** I just had a student come to me the other day. He talked about us being at the end of world, and we were the end of the world. That student turned up at the class at 10.00 am and they could not find a tutor for him. That happened in Glasgow, and I think that is happening all over. We can't even get staff just now to teach our kids and the kids are asking, "Why am I going to college? Why am I going? I am supposed to be getting a better education and you can't provide it just now." If we include this, what chance do we have, going forward?

I will move on to my second point. Do the current visitor rules satisfy the needs of the researchers and academics engaging in fly-in, fly-out business in the UK higher education sector?



Professor McCormac: That question does address the point I made before. If you have someone working in, say, Glasgow University or Stirling University, and they have to spend a year overseas working in a laboratory in Switzerland or France or America, and then they come back, does that reset the clock in terms of their future immigration status? Or can they fly in and fly out and continue to be on that same timeline that they would have started out on? What about even the easy movement associated with attending conferences, the ease of mobility as you would come and work for a sabbatical, for example?

We have many staff who come from European countries and from elsewhere around the world, who would wish to remain in the home institution ultimately, but because of this international exchange and so on, because of the international collaboration, would come and spend a year in Stirling. You can imagine, for example, language tutors. If their English language can be improved during that time and our students can benefit from a foreign language, that is just one example. Again, it comes back to universities needing to be involved in any discussion around these fly-in, fly-out issues and the concerns that we have about long-term residency or working on a sabbatical overseas for a year or more, and still maintaining a continuous residency within the UK, or indeed shorter-term things, being taken into account.

Rachel Sandison: Likewise, with regard to our European colleagues who we are working in collaboration with now—the University of Glasgow is a member of the Guild of European Research Intensive Universities—for example, we would want to ensure that our colleagues from those institutions could continue to come and spend time at the University of Glasgow, working on joint research papers, undertaking sabbaticals, as easily allow them to do now. It is unclear to me at this stage what the ETA scheme will look like, and whether it will allow for that to happen.

There is also the question of the strength of the sector as a whole. Scotland has four universities in the global top 200 but part of that is pitched at our international outlook and our international research citations. We need to take very seriously anything that could be detrimental to that level of collaboration with partners outside the UK. We need to be ensuring that anything we set up allows very quick and easy access to colleagues from institutions around the world to both spend time with us and our organisations, but also to allow our academics to be able to go out and spend time with them.

Q106 **Chair:** This is the standard end question. Would you have any issues about Scotland having further responsibilities when it came to immigration that would allow us to do something different when it comes to immigration policy or responsibilities? We have spent a lot of time in our immigration inquiry looking at whether differentials in how we do business would be advantageous or not. We are told constantly that Scotland is no different from the north of England or other regions, but we do have a national infrastructure and Government and the ability to



HOUSE OF COMMONS

make these types of choices. What is your view? Should we have more responsibility, where we could make our own choices?

Professor McCormac: Scotland is different from other parts of the United Kingdom in terms of higher education. It is a devolved matter. We have four-year degrees. Undergraduate degrees are mostly three years elsewhere and in the MAC report, perhaps things that need to be corrected around the three-year and four-year degree.

Chair: That is a very good point.

Professor McCormac: Should there be a hard Brexit, for example, or a no-deal Brexit, and that three years of leave to remain does not take account of the undergraduates in Scotland with the four-year degree—

Chair: Have you communicated that?

Professor McCormac: Universities Scotland is communicating it.

Rachel Sandison: We have, yes.

Professor McCormac: So Scotland is different and there is increasing diversification in the devolved regions, for example in terms of fees, and unintended consequences could happen.

Higher education, from the outside, looking in at the UK, is seen as one big homogenous sector that is very high quality and world leading. When you look closely at higher education within the UK, you see that it is quite fragmented and operates in different ways across the different regions. Ideally, you would want to have a post-study work visa and a regime that worked right across the UK. That would be the No. 1 ideal. Failing that—and given the comments I have just made about the differences between the regions—we would welcome a situation in which that the post-study work regime applied in Scotland, if it is not to be applied across the whole of the UK.

Q107 **Chair:** It was Edinburgh University, was it not, that looked at how you were able to have people come under a specific arrangement and then be able to be tracked across the United Kingdom? I think it was Edinburgh, wasn't it?

Professor McCormac: I don't know about that. Do you, Rachel?

Rachel Sandison: No, I don't.

Chair: I will maybe have another look at that. It was something that came up in one of our previous evidence sessions. What is your view, Ms Sandison?

Rachel Sandison: I totally agree with everything Professor McCormac has said. At the end of the day, we want to be able to recruit and retain global talent and anything that allows us to do that would be most welcome for the Scottish higher education sector.



There are a number of things that could be reviewed, for instance whether the £30,000 salary level should be removed entirely or reduced for Scotland. Again, it would ideal if it was done across the UK but there are different factors at play in Scotland. Similarly, we have a Scotland-specific shortage occupation list. Could we even be looking at a post-study work visa that is linked to that list, where it is clear that we have particular challenges in filling skilled roles that international talent would be in a position to fill? There is a range of things that could potentially be looked at, if we were taking a Scotland-specific approach. Certainly in the absence of a UK possibility in this space, we would most certainly welcome a devolved and distinct Scottish approach.

Q108 Chair: I am grateful. Thank you both ever so much and, again, apologies for the threadbare nature of this Committee, given the statement that is going on, but this topic is something we will return to. We have a long-standing interest in the issue. We have had one report. Today's session has really helped to shape up the views of all the different sectoral interests. Anything else that you have, please get in touch with the Committee, but I am pretty certain that we will be back to you in the not too distant future. Thank you.

Professor McCormac: Thank you, Chair, for the opportunity to present to you today. We have only touched the surface of many of the issues that we have, but Universities Scotland and the staff there, and we too, will continue to communicate with the Committee and provide you with any follow-up that you might find helpful or useful.

Chair: I am grateful for that. Thank you.