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Professor Alan Manning
Migration Advisory Committee
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Shortage Occupation List – Migration in Scotland

Dear Professor Manning,

The Royal Society of Edinburgh (RSE) welcomes the Call for Evidence by the Migration Advisory Committee (MAC) into developing a new Shortage Occupation List (SOL). Given the specific nature of the questions within both Annex A and B in the Call for Evidence the Society feel that we are not best placed to provide a direct response; we would hope that the detailed responses you require will be supplied by the Scottish business community. However, due to our work over the past few years on migration in Scotland we are keen to provide a broader response covering our concerns and considerations on migration in Scotland. It is aim of the Society to provide a response to the new Immigration Bill, once published.

Background

Migration and Brexit are intimately connected. It is expected that Brexit will have a significant influence on the UK labour market over the coming years. After the Referendum on Membership of the European Union, the RSE launched an EU Strategy Group. This group oversees the work of 5 separate subgroups including: Constitutional Law and Government; Economy and Public Finance; Research & Innovation; Migration & Rights; and Environment. Each of these groups produced position papers that highlighted the Society's key concerns and considerations from Brexit and the future relationship with the EU. The migration position paper presented the immediate and long-term effects and consequences for Scotland of immigration and integration in the UK after the Brexit vote¹. The paper encouraged the development of a new immigration system which would consider both the immediate labour market needs and the longer term economic and demographic impacts. Of the approaches available, the RSE recommended that a differentiated points-based system would be the most effective in responding to Scotland's demographic and economic needs. The response indicated that there is scope to make short-term adjustments within the existing system to address shortages in Scotland. Among those suggested were reducing the salary threshold and lowering the skills requirements of migrants to better meet the labour demand of Scottish employers (many of the vacancies which migrants fill in Scotland have salary and skill levels which fall below those currently recommended by the MAC); or expanding the Scottish SOL.

Since then these groups have helped facilitate numerous responses to Government, and Parliamentary consultations, inquiries and calls for evidence. These include responses to MAC inquiries and consultations; as you will be aware the Society has responded twice to the MAC, last year to the inquiry

¹ RSE, (2017). 'Brexit: Challenges and Opportunities – Migration and Diversity'



on EEA workers in the UK Labour Market² and last year to the inquiry on international students³. In our response on EEA workers, the RSE made clear that the Scottish economy has significantly benefited from EEA migration. Scottish employers have benefited from EEA migration, specifically those in sectors where there are labour shortages and/or a mismatch of skills. Employers in Scotland in sectors such as social care, healthcare, food processing, agriculture and hospitality have all benefited from the ability to easily recruit EEA migrants. Moreover the Scottish economy is more heavily dependent on these sectors than is the UK economy as a whole. In addition, highly skilled migration from the EEA has also boosted research and innovation in Scotland. EEA migrants make a valuable contribution and any reductions in current migration levels through restrictions would damage these sectors, at least in the short run.

The response made last year to the inquiry on international students illustrated the importance of international students to Scotland and its Higher Education Institutions (HEIs). The inclusion of international students in Scottish universities enriches the learning and cultural experiences of students and helps to provide economic benefit either from direct or indirect spending by international students. In this response the RSE reiterated our support for the removal of overseas students from the net migration target and for the reintroduction of the post-study work visa, which would make clear the UK's wish to welcome talented students coming to its HEIs.

In addition, the RSE has also produced responses on the 'Future Immigration Policy for Science and Innovation'⁴ to the House of Commons Science and Technology Committee, and more recently on 'EU Student Exchanges and Funding for University Research'⁵ to the House of Lords EU Home Affairs Sub-Committee. Both these responses reiterated the importance to the UK of attracting global talent to its HEIs, whether they be students or staff. The UK has experienced a competitive advantage in research and innovation, particularly due to its world class universities. However, changes in immigration rules as a consequence of Brexit may put this pre-eminence at risk. The RSE recommended that the UK must be viewed as 'open for business', to make clear the demand for skilled migration. Substantially increasing barriers to entry for EEA migrants may send the wrong message to a group of individuals who are likely to have other attractive options open to them.

The several responses itemised above have emphasised and illustrated the Scottish demographic context and how it is different from the rest of the UK. In Scotland, migration assumes particular importance in mitigating risk from demographic issues; Scotland will need to experience a significant increase from current levels of migration to see a notable effect on demographics. The RSE have continually recommended that the demographic context in Scotland must be accounted for when a new migration system is developed and implemented. Currently, the Scottish SOL is the only element within the UK immigration system where it is possible to consider the needs of Scotland relative to the rest of the UK. Therefore, the Society would recommend that any new Scottish SOL will need to fully take account of Scotland's demographic circumstances and projected labour market needs as well as current shortages. In order for the Scottish SOL to be reflective and responsive to Scotland's needs, consideration should be given to strengthening the Scottish representation on the Committee.

Impact on Productivity

The RSE would express concern at the introduction of significant restrictions on migration. It will result in migration being heavily dominated by those who meet the requirements of a new Shortage Occupation List. If future migration is concentrated within jobs detailed on the Shortage Occupation List this may reduce productivity enhancing opportunities in the Scottish economy. The latest report by the Committee on EEA Migration⁶ illustrated the positive impact of EEA migration, particularly of the highly skilled, on

² RSE, (2017). 'RSE Response to Migration Advisory Committee Inquiry on EEA Workers in the UK Labour Market'

³ RSE, (2018). 'The Impacts of International Students in the UK'

⁴ RSE, (2018). 'Future Immigration Policy for Science and Innovation'.

⁵ RSE, (2018). 'EU Research Funding and Student Exchange'

⁶ Migration Advisory Committee, (2018). 'EEA Migration in the UK: Final Report'



productivity. However, there is a case for continuing to monitor the impact on productivity of lower skilled migration.

The ‘productivity puzzle’ is the most pressing long-term economic policy issue facing the UK. On the available evidence, migration can play a significant role in addressing this. “Low skilled” migrants may increase productivity by, for example, raising the quality of native-born apprentices. And Germany has been successful in training refugees themselves. Figures released by Federal Office for Labour illustrate that around 300,000 refugees have been absorbed into the German workforce with the majority of these being apprentices⁷⁸.

Quality of Data

The report by the Committee⁹ on identifying shortage occupations, demonstrates how difficult it is to obtain good evidence on this. It seems likely that business and stakeholders in Scotland will be unable to provide clear evidence on job shortages. We would encourage the MAC to make very clear to business their interest in improving the quality of the available data on shortage occupations.

ONS data on job vacancies does not provide sufficient detail at either the industry or geographical level to allow robust evidence on shortage occupations in Scotland to be produced. Therefore, we believe it important that the MAC work with the ONS and with the Scottish Government, its agencies, and key stakeholders to develop the statistical base required to provide more comprehensive evidence of shortage occupations.

Yours sincerely



Dr Alison Elliot
General Secretary, RSE

cc. Professor Bob Elliot

cc. Professor David Bell

⁷ Reuters, (2018). ‘More Refugees Find Jobs in Germany’

⁸ OECD, (2017). ‘Labour Market Integration of Refugees in Germany’.

⁹ Migration Advisory Committee, (2017). ‘Assessing Labour Market Shortages: A Methodology Update’

