

**MAC salary threshold and points-based system commission:  
COSLA response to call for evidence**

**Introduction**

1. The Convention of Scottish Local Authorities (COSLA) is the representative voice of Local Government in Scotland. COSLA represents the views of Scotland's 32 local authorities, and also acts as the employers' association for local authorities. Total employment in Scottish Local Government was 251,000 in June 2019.<sup>1</sup>
2. This submission has been prepared by COSLA in consultation with our member councils. We have received formal written evidence from a total of 16 local authorities. These are: Aberdeen City Council, Angus Council, Comhairle nan Eilean Siar, Dumfries & Galloway Council, East Ayrshire Council, East Lothian Council, East Renfrewshire Council, Falkirk Council, Fife Council, Glasgow City Council, Highland Council, North Ayrshire Council, Scottish Borders Council, Shetland Islands Council, South Ayrshire Council, and South Lanarkshire Council.
3. This submission was discussed and agreed by COSLA Community Wellbeing Board on Friday 8<sup>th</sup> November 2019. All 32 councils in Scotland have political representation on the Community Wellbeing Board.
4. COSLA has chosen to send our response in report format rather than the online form, as the online format is focused on our member councils as employers. This limits our opportunity to highlight our significant concerns in relation to wider economic and social impacts. Where possible we have tried to adhere to MAC's structure and questions.

**Key points**

5. The key points from this response are as follows:
  - Migration is crucial to Scotland's economy, to Scottish local authorities and to our local communities. COSLA and our member authorities recognise that Scotland has benefited significantly from membership of the single market, and the continuation of free movement of people would be the most advantageous system for Scotland.
  - COSLA and our member councils are calling for a flexible immigration system that can meet Scotland's economic, workforce and demographic needs. This must be responsive to local as well as national needs.

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<sup>1</sup> Scottish Government, Local Government Employment, June 2019 - <https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/PublicSectorEmployment/LAPSE>

- The salary threshold is currently too high and is a barrier to many occupations in our key sectors and in some local areas. There should be more focus on the value and need of the job, rather than on an arbitrary salary threshold.
- There should be no minimum salary, other than the Scottish Local Government Living Wage.
- We support the position of awarding points based on parts of the country in need of increased population.
- Scottish local authorities must have a greater role in monitoring and addressing our immediate and projected labour shortages.

### **Potential impact of current salary threshold**

6. COSLA has consistently stated that the salary threshold has been set too high and is a barrier to many occupations in our key sectors and in some local areas. We suggest that there should be more focus on the value and need of the job, rather than on an arbitrary salary threshold.
7. The overwhelming response from our member councils was negative regarding whether there should be a minimum salary threshold. The majority of responses received stated that there should be no minimum salary, other than the Scottish Local Government Living Wage.
8. Analysis carried out by Scotland's Expert Advisory Group on Migration (an independent group of academics) shows how salary threshold will significantly reduce EEA migration to Scotland, will have a detrimental effect on some sectors (e.g. social care) and geographical areas, and impact on the age and gender profile of migrants.<sup>2</sup>
9. We asked our member authorities if the current salary threshold would impact on council and local area workforce / sectors, bearing in mind that the new system will apply to EEA citizens as well as those coming from outside the EEA.
10. Angus Council has drawn on a report by Trade Organisation MAKE UK (the Manufacturers' Organisation) to emphasise that 88% of employees working in manufacturing (excluding professional jobs such as senior engineers) would not meet the £30,000.<sup>3</sup> With a UK manufacturing workforce of 2.7 million and 11% of those currently EU nationals, it alarms employers that they would not be able to recruit these people given that they make up a vital part of the manufacturing workforce. Angus Council shares this concern, especially in Angus where there is a high concentration of people working in Standard Occupation Classification groups 8-9, and also skilled trades (see table below).

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<sup>2</sup> EAG on Migration (Feb 2019) - <https://www.gov.scot/publications/uk-immigration-policy-leaving-eu-impacts-scotlands-economy-population-society/>

<sup>3</sup> Available from [www.makeuk.org/Services/Brexit](http://www.makeuk.org/Services/Brexit)

<b>Employment by occupation (April 2018 – March 2019)</b>				
	Angus (no)	Angus (%)	Scotland (%)	GB (%)
<b>Soc 2010 Major Group 1-3</b>	<b>19,700</b>	<b>35.7</b>	<b>43.1</b>	<b>46.8</b>
Managers, Directors & Senior Officials	4,500	8.1	8.8	10.9
Prof Occupations	8,600	15.6	20.9	20.9
Assoc Prof & Tech	6,700	12.1	13.3	14.8
<b>Soc 2010 Major Group 4-5</b>	<b>12,000</b>	<b>21.7</b>	<b>21.2</b>	<b>20.1</b>
Admin & Secretariat	4,900	8.9	10.1	9.9
Skilled trades	7,100	12.8	11.0	10.1
<b>Soc 2010 Major Groups 6-7</b>	<b>10,200</b>	<b>18.5</b>	<b>18.1</b>	<b>16.5</b>
Caring, Leisure & other occ	6,300	11.3	9.6	9.0
Sales & Customer Services	3,900	7.1	8.4	7.4
<b>Soc 2010 Major Group 8-9</b>	<b>13,300</b>	<b>24.1</b>	<b>17.6</b>	<b>16.6</b>
Process Plant & Machine Operatives	5,900	10.7	6.6	6.3
Elementary Occupations	7,400	13.5	11.0	10.3

11. Dumfries and Galloway Council employs 56 European citizens covering 76 positions. 69.7% of the positions held by EU nationals are below the £30,000 threshold. The majority of the posts which the EU nationals cover are lower skilled administrative and manual work. There are 10 modern language teachers, the band for whom is £22,500 - £36,500, crossing across the threshold. The number of EU nationals working for the Council is relatively low (0.88% of the Council's workforce). However, they predict an impact will be felt in education, where recruiting teachers to the region has been difficult.
12. In Falkirk, circa 63% of our employees and circa 59% of our non-UK employees earn under £30k. The jobs identified as having the highest non-UK (Teachers, Cleaners, Support for Learning Assistants) are included in the under £30k salary bracket.
13. Glasgow is the largest local authority in Scotland and is home to over 620,000 individuals. It is also Scotland's most ethnically diverse city. As an employer, Glasgow City Council, together with its wider council family employs approximately 25,000 people. The majority of its workforce are women who account for around 70% of their employees and a significant proportion of the workforce earns below £30,000.
14. In Glasgow, the working age population is set to reduce over the coming decade. Being able to draw upon EU nationals and Third Country Nationals is helpful in their ability to tackle the workforce replacement demand challenge that Glasgow will increasingly face. However, the proposed salary threshold will curtail that ability, given the current average salaries in the city. This in turn could lead to increased skills gaps and their economic base being undermined and becoming fragile which is not good for the city, the city region and Scotland as a whole.

#### *Impact on Social Care*

15. All our responses emphasised councils' concerns about the impact on the health and social care sector, in that the average wage in the independent social care sector is the current living wage. Several member authorities stipulated that some Care and most Care Assistant roles meet the proposed qualification threshold but not the

£30,000 salary. Also, the current starting salary for a professional health care worker (nurse, occupational therapist) is £24,000. Therefore, in order to meet health and social care needs, the salary threshold needs to be significantly lower.

16. Our member authorities highlighted the challenges of an ageing population, the high demand for care workers and their struggles to recruit to these posts. For example, East Renfrewshire engage agency workers to fill gaps and engage overseas workers (EU and non-EU).
17. Highland has a population aging faster than the Scottish & UK averages meaning an increasing demand for health and social care. Projections from Skills Development Scotland anticipate the need for 3,400 Health Professionals and 3,800 new recruits in the Caring Personal Service Occupations between 2018 and 2028 if replacement demands and expansion demands are to be met. Based on current job vacancies, the average Registered Nurse Salary in the United Kingdom is £24,664, meaning that essential posts such as this could not be filled by migrant workers under the proposed £30,000 threshold unless through the Shortage Occupation List (SOL).
18. There is a particular issue with jobs that have high social value but not a high wage value. In Glasgow, 'social care factor staff' are critical to the smooth running of the city's health services. Currently in Glasgow 32% of these staff are EU nationals and, given the critical infrastructure support they provide, the proposed salary threshold would have a critically detrimental impact on services' capacity to continue to provide this support in the future, given the reliance on employing EU nationals. Full consideration and recognition therefore needs to be given to the high social value roles which are carried out and contribute to meeting our health and social needs.
19. Statistics published by the Care Inspectorate and Scottish Social Services Council (SSSC) in January 2019 show that vacancy levels across social services are significant and increasing and, with wages for most roles in the care sector being no higher than for a registered nurse, the proposed threshold is again likely to have an even greater impact on the Care sector. Many of these roles can clearly be described as jobs of high public value but not high wages and as such should not be subject to restrictions associated with the proposed threshold.

#### *Impact on Education / Early Learning and Childcare*

20. The majority of our member councils stated their concern about the potential impact on the early learning and childcare workforce. Scottish Government has committed to almost double the entitlement to free Early Learning and Childcare (ELC) to 1,140 hours per year by 2020 for all three and four year olds and eligible two year olds. Estimated figures on the increase in the workforce that will be required range from 8,000 to 20,000.<sup>4</sup> It is anticipated that this will create further pressures in terms of seeking early years practitioners to fill these roles.
21. East Lothian is one of the councils that has raised particular concerns that employers will be dependent on the current UK population to fill these roles. As a semi-rural council area, the increase in early education roles as a result of 1,140 hours could be challenging to manage, as they are potentially more reliant upon the residents of

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<sup>4</sup> Please refer to A Blueprint for 2020: The expansion of early learning and childcare in Scotland - <https://www.gov.scot/publications/blueprint-2020-expansion-early-learning-childcare-scotland-quality-action-plan/>

East Lothian to fill these roles (given salary and travel). The increased number of new build homes across East Lothian may improve/increase the pool of potential employees, but this does not detract from the fact that they would potentially be competing against neighbouring councils for these workers.

22. East Renfrewshire flagged the roles of Early Years Officers within school nurseries and Pupil Support Assistants who support pupils with additional support needs. There are EU nationals fulfilling both roles at present and, while they meet the proposed qualification threshold, the roles do not meet £30,000 salary threshold. East Renfrewshire Council has also highlighted the need to recruit additional Early Year Officers following the Scottish Government decision to increase the early years provision from August 2020.
23. Aberdeen City Council states that the salary threshold, if extended to EEA nationals, will impact on their ability to sponsor probationary teachers for one year while they gain their full teaching registration with the General Teaching Council for Scotland. This means that Aberdeen City Council could potentially face reduced teacher numbers, especially around subject areas which have a higher proportion of non-UK students. This would also restrict their pipeline of future teachers. Furthermore, work has been undertaken in partnership with the University of Aberdeen to work on incentivising people to come to Aberdeen to study to become a secondary teacher and to remain in the area and work for Aberdeen City Council afterwards as this has, historically, been an issue. Adding further barriers to this attraction and retention approach would be an issue for the Council.

#### *Impact on other occupations*

24. Glasgow City Council is aware that a significant number of its employees are EU nationals, all of whom assist to deliver the vital services that the council provides for its communities and citizens. A minimum salary threshold of £30,000 would restrict Glasgow's ability to successfully recruit for roles such as catering and cleaning, as well as child and social care. These are roles which already face recruitment challenges and these are likely to be exacerbated with the proposed salary threshold requirement expanding to EEA nationals.
25. East Renfrewshire Council raised an issue with IT roles: many roles within IT do not meet the salary threshold, and they have a similar issue with some administrative roles. East Renfrewshire also currently engage overseas workers in manual roles, including cleaners, which will not meet the qualification or salary requirements.
26. South Lanarkshire Council highlighted lower/mid graded posts which may remain unfilled if the salary threshold is implemented. These include Probationer Teachers, Cleaning and Catering posts, School Support Assistants and Health and Social Care posts.
27. Angus and Dumfries and Galloway, as rural council areas, rely on agricultural workers, many of whom are EU Nationals, and employed below the current salary threshold.
28. The Outer Hebrides envisage that the long-term impact of the cessation of economic EU migration to their islands is bound to have some impact on the fishing, shellfish,

retail, construction, tourism and healthcare/social care sectors (for example, many of NHS Western Isles Consultants are EEA nationals).

29. Suffice to say that remote and rural communities in Scotland depend on workers from the EU in a range of sectors with tourism providing more than 200,000 jobs in total, 21,000 of which are held by non-UK EU nationals. Around 8,000 people in Scotland employed in the food and drink sector, particularly fish and meat processing, are non-UK EU nationals. There are also up to 15,000 non-UK EU seasonal migrant workers in Scotland in soft fruit and vegetable sectors, and 3% of health and social care workers in Scotland are non-UK EU nationals.<sup>5</sup>
30. Aberdeen City Council suggested that, in future, they may need to explore sponsoring employees in other areas, particularly in areas of demand or growth. This could include a need to sponsor EEA nationals. There could be roles in the organisation which will require sponsorship which do not meet the £30,000 salary threshold. This could include lower-paid roles which they struggle to recruit to internally, particularly roles in trades, waste, roads, care, facilities and early years.

#### *Regional wage variations*

31. Our member councils have also emphasised regional variation in salaries and have raised concerns that a salary threshold would impact regions differentially. Wage levels across the UK are not uniform; even for the same role there is a variation. Areas which have lower wage levels will therefore be disadvantaged even with a job-specific salary threshold. The result of this could be that there will be a concentration of migrants in areas of higher salaries, where there is already likely to be competition for these roles. In rural areas in particular, there is a shallow pool of talent, and a need to attract labour, and salary thresholds will not address this.
32. Average salaries in Highland are around 3% below the Scottish average which in turn lags behind areas such as London, the South East and East of England. On average, a worker in Highland will earn only 81% of what a London worker earns or 88% of the salary earned by a worker in the South East. While this differential will have a limited impact in some instances, there are also times when the proposed £30,000 threshold would disproportionately affect Highland. Situations will arise when areas such as London and the South East will be able to attract migrants to fill a certain type of vacancy while areas like Highland will be prevented from filling the equivalent post by the threshold. A good example of this would be professions such as dentistry where starting salaries in the Highlands are commonly below the £30,000 threshold while in many other areas they are above it. The same situation is likely to arise with those working for a period of time who wish to achieve settled status as the current £35,800 settlement income threshold will be harder to achieve in Highland.
33. Scottish Borders predict that the salary threshold will have a significant negative impact on their regional economy. Scottish Borders is a low wage economy, with wage levels which are amongst the lowest in Scotland. The median wage for all workers in the Scottish Borders is around £20,000 annually, well below the proposed threshold. They estimate that only 1 in 4 jobs in the Scottish Borders would be available to migrant workers.

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<sup>5</sup> Scotland's Place in Europe (Dec 2016): <https://www.gov.scot/publications/scotlands-place-europe/>

34. The gross weekly wage in 2018 for the Outer Hebrides was £476.70 compared to a Scottish average of £562.70.
35. Dumfries and Galloway highlighted that they have the second lowest average salary in Scotland. They have raised particular concerns about the impact of the salary threshold on local businesses and industry in the region where salaries are generally lower than the rest of Scotland (particularly those in the Central Belt) due to the lower cost of living.
36. Fife Council noted that they employ workers who meet the qualification requirement but not the proposed £30,000 salary threshold, and that the starting salary in their grading structure is £18,000. The salary threshold will therefore impact their ability to recruit in the same way as they do at present.

#### *Part-time workers*

37. The recruitment of part time workers was also raised as an issue. While there will be a number of people who work part time through choice, there are also instances where the scale of service the area requires dictates what can be offered. Rural communities, particularly in more peripheral areas or on islands, may still require public services to be provided locally but in many cases the demand will not justify a full-time post in a given area. As geography can also prevent the same individual providing the same service in different areas at different times, this often leads to only part time posts being available. If these communities are not to be disadvantaged, a system is required that recognises essential posts which may not meet the salary threshold due to their required part time nature.

#### *Local businesses / economy*

38. Many of our member councils feel that the salary threshold is a blunt instrument, which will effectively rule out the option of sourcing migrant labour for large numbers of local businesses, and impact on local economies. There were strong views on how the proposed immigration policy would hinder the socio-economic development in some areas. Our member authorities are calling for an immigration policy that will support the sustainability of communities and businesses in local areas.
39. For example, Scottish Borders's economy is more reliant on sectors such as Agriculture, Forestry and Fishing, Food and Drink processing, and Tourism and Hospitality. These are largely considered to be low wage industries which employ significant numbers of migrant workers. Supporting these businesses in an environment where they cannot access migrant labour without paying a salary of £30,000 will be challenging, and they believe that this will severely test the sustainability of a number of key businesses in the Scottish Borders.
40. Scottish Borders also emphasised that they have an increasing shortage of working age people, out migration of young people, low unemployment and thus limited latent capacity, and an increasing demand for people across their economy in key sectors such as Food and Drink.
41. North Ayrshire Council believe that any initiatives that restrict the flow of labour could have a potential impact on their local and regional business base. Salary caps will

be difficult to get right for particular sectors and regions and could end up adversely impacting lower wage sectors. Evidence from local businesses shows skills shortages are already an issue, compounded by an out migration of the working age population. Particular consideration should be given to ensuring locally important sectors such as health and social care and tourism are able to attract sufficient workers. Further to this, engineers and manufacturing businesses are also commenting that they are finding it extremely difficult to recruit experienced, well qualified staff. Tourism is another key sector in North Ayrshire and has a reliance on both domestic and foreign workforce. From ongoing discussions with businesses (especially on Arran) it is apparent that the number of non-UK EU Nationals applying for vacant positions is in decline and, in some circumstances, has almost ceased completely. This has an impact on the ambitions of local businesses to grow.

42. At a city level, Glasgow City Council believes that the proposed salary threshold will be challenging for a wide range of employers in the city. The Annual Business Survey for 2017 reveals that out of 304,200 jobs in the city, 77% earned less than an average of £30,000. The average earnings were based on the mean earnings and therefore earnings would be lower if based on the preferred median. Sectors where average mean salaries are below the proposed threshold include construction, manufacturing, hospitality, transport, admin and support, arts and entertainment and caring and personal service occupations. All of these are vital to economic and social wellbeing in the city.
43. Many of our rural member authorities emphasised that a salary threshold of £30,000 would have a serious negative impact on the ability of rural Scotland to attract new entrants to the local labour market from outside of the UK. A large proportion of jobs in rural Scotland earn below the proposed salary threshold – overall, 63% of workers in Scotland earn less than the proposed £30,000 salary threshold, and this figure is higher in some rural areas. This would have a particular impact on economically important sectors such as social care, hospitality, construction, processing, aquaculture and transport, where entry level salaries are often substantially below the £30,000 cap. It would also affect the ability of rural areas to attract young people, as those with an earning power of £30,000+ tend to be in older age ranges.
44. The Highland economy is dependent on a number of business sectors including the Tourism & Hospitality and Food & Drink sectors which are traditionally lower wage sectors and ones that rely heavily on migrant workers to fill vacancies. The council has previously contributed information on these and other sectors which has been incorporated in the Scottish Government's earlier submission to the MAC on the Shortage Occupation List.
45. South Ayrshire Council emphasised the importance of low and high skilled to grow their economy. The Ayrshire Growth Deal (AGD) is expected to generate 4000 new jobs in South Ayrshire. Whilst the objective is to provide these jobs for local people, the labour market will not be able to fulfil demand. The majority of the jobs created by the AGD will be high level jobs and therefore not be affected by a salary cap. South Ayrshire's economy also requires a large number of low skilled and/or lower paid workers. This is particularly the case for the visitor economy, the blue economy and health/care sectors. A salary cap within the immigration system would severely hamper recruiting into these positions.

## Tailored salary threshold

46. We asked member councils if there should be a tailored salary threshold to reflect employers' needs, sectors, regional variations, high public value and not high wages, new entrants/young workers, part-time workers, and occupations. As stated above, the majority of responses received stated that there should be no minimum salary, other than the Scottish Local Government Living Wage. However, councils did make some other suggestions if salary thresholds are used.
47. Overall, the key ask from councils was flexibility built in to the immigration system that can take account of economic diversity and recognises the demographic challenges within Scotland, and, indeed, in other parts of the UK. The immigration system should be responsive to national and regional requirements, and, most crucially, should accommodate Scottish local authority areas and their specific needs.
48. As North Ayrshire Council highlighted in their feedback to us, a general one-size-fits-all immigration policy could accelerate depopulation and, as a result, have significant implications for economic activity in the areas in Scotland predicted to have population loss, particularly the West of Scotland. Immigration is critical to the Council's aim of reversing the projected fall and, as such, they would welcome any policy initiatives that would benefit areas of Scotland that are vulnerable to population decline.
49. Scottish Borders Council also support a regional approach taken to migration, and one which recognises the demographic challenges in different parts of the UK, and the relative wage levels in these areas. The Council believes that there should be a minimum threshold which is specific to that area and which would fit the characteristics of the regional economy.
50. More broadly, COSLA and our member councils are very concerned that, while we have a Scottish SOL, there are no Scottish perspectives represented and involved in MAC's decision-making processes. There is a clear need for Scottish stakeholders to have a greater role in planning and monitoring our immediate and projected labour shortages in developing an immigration policy post-Brexit. There is also a need to look below the national level, so that we can consider a SOL or skills in-demand list that is relevant down to local authority level.
51. Some councils have indicated to us that they favour a Regional Sponsorship Scheme (similar to Australia). This would enable regions to recruit any relevant staff required from overseas on a specific 'Skills In-Demand' list and they would have a requirement to live within the region for a set period. It was also suggested that regional variations would better reflect the variation in average wages within and across the UK. Any salary thresholds should therefore reflect the requirement to deliver sustainable public services, not only within local authorities, but also across the NHS and third sector organisations.
52. As outlined above, the proposed correlation between qualification and salary threshold poses tensions as there are many skilled positions that would not qualify under both in Scotland. To give one example, Glasgow City Council highlighted that credit controllers, plastic operatives, construction workers, warehouse managers,

pipe fitters, childcare workers, skilled technical engineers and chefs would not qualify as a result of not meeting the salary threshold.

53. It is also important to recognise that the salary threshold is not gender neutral as more women are likely to work part-time than men. It is not sector neutral either, with sectors such as social care, retail and hospitality paying less than other sectors. A failure to recognise all of these factors will threaten the efficiency of our public services, affect women more than men, increase skill shortages, increase the challenge of labour replacement demand and weaken our economic position.

### **Settlement eligibility**

54. We asked councils for their views on the current £35,800 settlement income threshold for migrants on Tier 2 (General) visas. All but one of the responses that we received stated that the settlement income threshold is too high. Many suggested that the IDL salary threshold should be revisited, along with the £30,000 salary threshold.
55. Many councils questioned the current settlement income threshold assumption that there will be career progression over the five-year period and that salaries will have increased by almost 20% for those individuals who only started at the minimum threshold of £30,000.
56. For example, in Glasgow average wages have not increased by 20% during the last five years and this is certainly true for the public sector as a whole. Furthermore, of the 304,200 jobs surveyed in 2017 only 2.6% of those jobs earned on average a salary to meet the settlement threshold.
57. In Dumfries & Galloway, 64% of positions in the Council are below £30k and that percentage is expected to increase as the Council continues to apply efficiencies. The number of positions within the Council which are above the £35,800 threshold is low. Therefore, the opportunity for an individual to achieve this level is limited.
58. Many councils felt that the IDL threshold is an arbitrary figure which is divorced from the realities of pay and progression increases and does not take account of the job holder's success and contribution to the job that they are doing. The responses also highlighted that these thresholds can economically disadvantage rural Scotland i.e. severely restrict the numbers of those eligible to settle in rural areas, given the relatively low numbers of jobs which attract salaries at that level. This was also linked to the potential to exacerbate current trends towards ageing populations and depopulation, and would make it much more difficult for employers to attract workers. The threshold may also have an equality impact in relation to age and gender.

### **Characteristics to award points**

59. All councils stated that characteristics would be role dependent; therefore, allocating relative priority to each characteristic is potentially subjective and will vary depending on the job role and skills / experience required to do the job.

## Points awarded based on population and demographic need

60. Many council responses supported the position of awarding points based on parts of the country in need of increased population. Some of the responses specifically highlighted the population and demographic challenges that they are facing. For example, North Ayrshire is one of eight local authorities (all of which are located in the West of Scotland) anticipated to see population decline 2016-2026. North Ayrshire is also one of 11 local authorities expected to experience population decline by 2041; indeed, it is expected to see a 2.1% decrease by 2026 (the fourth highest rate of decline, behind Western Isles, Inverclyde and Argyll and Bute).
61. Anticipated population decline clearly has an impact on regional economic inequality. Indeed, population decline has been recognised as a barrier to achieving inclusive growth by the North Ayrshire inclusive growth diagnostic. For North Ayrshire, the proportion of the working age population is projected to decline in relation to the growth of retirement age residents. This creates additional pressures in relation to key cross sectoral workforce shortages in areas such as education and care services.
62. Brexit and the uncertainty regarding arrangements for future movement of people have implications for current council area populations too. Using the example of North Ayrshire again, 2,000 EU-born people live in the council area. The Council stated in its contribution to a previous COSLA response to the MAC that the issue of immigration is critical to the Council's aim of reversing the projected population fall. In addition to this, a recent publication by Scottish Government outlining a Brexit Vulnerabilities Index uses a measure where 3 out of the 8 variables used are migration/population based (share of the population of working age, population change and EU worker migration), highlighting the significance of this issue for local areas and Scotland as a whole.
63. In Highland, following decades of population decline from the mid-1800s, the population of Highland began to recover in recent decades. The mid-year estimate for 2018 from the National Records of Scotland (NRS) shows a Highland population of 235,540 – an increase of 12.8% in the 20 years from 1998. However, over the same period, the natural rate of population change showed a decline with deaths exceeding births by 3,410. Without the population growth from inward migration the area would have seen a decline in population of -1.6% since 1998. Over the next 10 years, the population of Highland is projected by NRS to decrease by 1.2% due to natural change i.e. an accelerated rate of decline when compared with the 1.6% decline over the last 20 years. Continued inward migration is therefore an essential means of offsetting the decline in the Highlands.
64. Highland Council has also outlined the particular demographic challenges that they face. Most notably, the 25 to 44 age group saw the largest decrease (-10.9%) while the 75 and over age group saw the largest percentage increase (+57.4%). Not only does this affect the balance between those of working age to those of non-working age, but an ageing population also leads to an expected increase in demand for workers in certain sectors – most notably the health and social care sector. NHS Scotland has indicated that these demographic changes are anticipated to generate a 1% year- on-year, aggregate increase in demand for healthcare at a national level and these trends are exacerbated in Highland due to the remote and rural context and increasing rates of people retiring.

65. Current migration statistics for Shetland are also negative. Figures from National Records of Scotland show that the rate of migration per 1,000 of population in Shetland was -5.63 in 2017 and -3.48 in 2018 (compared to +4.41 and +3.84 for Scotland for the same years). Mid-year population figures have estimated negative net migration in Shetland for each year since 2010/11. It is not possible for natural growth alone to reverse this trend, and reasonable to expect that a reduction in national migration will exacerbate difficulties faced in attracting skilled labour.
66. In the Outer Hebrides, 2014 based population projections predict a severe decline in the population of the Western Isles - 13.7% in the next 25 years, the largest in Scotland, with a 28% decline in the 0-15 year age group, the largest decline in Scotland; a 21 % decline in the working age population, the largest in Scotland; and, an 11% increase in those of pensionable age.
67. The overarching objective of the Highlands and Islands Talent Attraction and Retention Strategy is to increase the number of working age people living and working in the region; reverse the forecast decline in population, while rebalancing from aging to young/working age residents by achieving year on year positive net migration; ensure that business located in (or locating into) the Highlands and Islands are able to access an appropriate scale and scope of skilled future talent; and, develop a co-ordinated approach across the Highlands and Islands to talent attraction and retention.
68. However, the Highlands and Islands region is faced with a number of challenges such as: a tight labour market with limited pool of resources. Highlands & Islands typically has a low level of unemployment although there are high levels of under-employment across the rural, remote rural and islands communities; a deficit of skilled people of working age, in particular, 15-39 year olds; and, an out-migration (although maybe temporary) of young people to pursue higher and further education.
69. From the Regionals Skills Assessments and supporting labour market forecasts an estimated additional 4,500-7,500 jobs could be created in the region. These figures may underestimate the likely demand as it does not take into account replacement demand i.e. people leaving the market or changing careers. Ageing demographics coupled with the falling net migration has resulted in restricted working age population. At the same time, the number of businesses has increased.
70. Aberdeen City Council would also welcome the awarding of points based on parts of the country in need of increased population. They emphasise the importance of being able to continually attract people to live and work in the region to deliver the diversification required in the Regional Economic Strategy and to mitigate against the negative consequences of the region's predicted ageing population. The North East of Scotland has historically been an area that has had an inflow of migrants, particularly from the EU and the rest of the world, working in the key energy sector as well as in the food and drink and tourism sectors. Since the oil and gas downturn, this trend has reversed and the region now has a net outflow of migrants. Working age migrants in the North East are particularly important for the region's key sectors and there is a risk that emigration from the region could continue as a result of leaving the EU. An increasing working age population through either immigration or retention of people already in the North East is essential to deliver the City Centre Living Strategy, help the economy prosper, and to fund and participate in the higher education institutions, to name just some of the benefits.

## **Issues with the current UK points-based immigration system**

71. Our member authorities have consistently raised the administrative burdens that they face as employer sponsors and how confusing, time consuming and costly this can be. They emphasised the importance of keeping reporting requirements and costs to an absolute minimum.
72. Dumfries & Galloway highlighted the additional administrative burden on the Council and local businesses if they become reliant on recruitment of staff on visas. This would increase costs for staffing, advertising and registration, as well as increase the length of time for recruitment and appointments.
73. Glasgow emphasised the compliance issues which the new proposals will place on employers, many with no experience and / or resources to meet the requirements. This will be very challenging and the Government must consider how it will equip employers with the necessary skills in this regard. In addition, it should also consider how to reduce the financial cost on employers in meeting the requirements that are being set.
74. Scottish Borders stated that any scheme needs to be as simple as possible, ensuring that clear and easy access to guidance is available – at present it is difficult to navigate and find information on the current UKVI website and phone support is very limited. Falkirk also highlighted difficulty in navigating and finding information on the current UKVI website and phone support is limited. There is a strong need to make Scotland an attractive place to live and work for individuals and families so any process must be easy.
75. Finally, there is concern that if there is no increase in the number of Tier 2 visas available, a large number of Tier 2 visas will be taken up by the NHS and London centric roles, due to the significant number of English NHS staff who are from the EU (c. 55,000), and the size of the EU population in London / England as a whole. Given the number of SOL occupations within the NHS and academia and the proposed emerging occupations within building trades, we could envisage the number of 'remaining' visas being at a premium. East Lothian Council suggested in their response to us that if the volume of SOL occupations increases, so should the volume of visas available, or consideration should be given to certain roles within the SOL not requiring to be limited and as such not included in the Tier 2 visa quota e.g. certain medical occupations.

## **Conclusion**

76. While COSLA's position has been, and remains, that the continuation of freedom of movement would be the most advantageous system for Scotland, we are also clear that Scotland needs a more flexible immigration system that works for every part of the country. COSLA and our member authorities therefore want to see the introduction of an immigration system that can take account of the diversity that exists within Scotland, and that is responsive to the economic and demographic challenges faced by different parts of the country.
77. It is critical that Scottish Local Government's needs are recognised and reflected in whatever immigration system is developed as a result of Brexit. A well-designed

immigration system, developed in consultation with Local Government and other key stakeholders, can play a crucial role in delivering sustainable economic growth for Scotland's councils and for the country as a whole.

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