



NEW SCOTS

ATTRACTING FRESH TALENT TO MEET THE CHALLENGE OF GROWTH

FEBRUARY 2004



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FOREWORD

The most important thing that any government can do for its people is to act for the long term benefit of all, not to secure short term gain for a few.

The single biggest challenge facing Scotland as we move further into the 21st century is our falling population.

It is at its lowest level since the first half of the 20th century and is projected to fall below the symbolic 5 million in only five years' time.

It is also getting older, with half the population over the age of 39 and the working age population projected to fall by 8 per cent, to below 3 million, by 2027.

In the past, population decline could be blamed on Scots leaving their country to make a new life elsewhere, but that is no longer the case. Net emigration from Scotland is much lower than it was 40 years ago, and even 15 years ago.

Scots want to stay at home, to enjoy all the economic, cultural and social opportunities that 21st-century Scotland has to offer. They are proud of their country and think it is the best place in the world to live and work.

But if we are to make Scotland even better, if we are to compete – and succeed – in the global economy, we need a constant flow of fresh talent to flourish alongside our home-grown talent.

A year ago today, I laid down a challenge to Scotland – the challenge of growth. I set out the economic and social case for increasing Scotland's population through promoting ourselves within the UK's policy of managed migration.

This policy statement describes how Scotland's devolved government will begin to reverse the population decline that threatens our future prosperity, through a modern scheme of managed migration. I am grateful to the Home Secretary, David Blunkett, for his support for these proposals.

I am confident we will now build a national consensus to support our objective of attracting fresh talent, an objective which is in the long-term interest of Scotland.

Across the world, Scots enjoy a reputation for being warm, welcoming, friendly people.

It is now time to extend that traditional Scottish welcome to the new Scots who will help our country grow.

A handwritten signature in black ink, which appears to read 'Jack McConnell'.

Rt Hon Jack McConnell

First Minister

25 February 2004

INTRODUCTION

Scotland's population is declining. It is predicted to fall below 5 million by 2009 and our demographic profile is ageing. While other European countries and regions are experiencing similar declines, Scotland's is projected to be one of the worst.

The Registrar General for Scotland's projections for the population of Scotland show that:

- the total population of Scotland is projected to fall from 5.05 million in 2002 to 4.84 million in 2027;
- the number of people of working age is projected to fall by 8% from 3.15 million in 2002 to 2.88 million in 2027;
- the number of people of pensionable age is projected to rise by 25% to nearly 1.2 million in 2027.

If this decline is not stemmed then our economy will suffer, there will be severe strain on our public services as an ever ageing population struggles to cope with the challenges of the global economy, and our cultural life will be diminished.

If Scotland is to achieve a balanced economy, with a stable tax base to support strong public services, then we must boost the working age population, particularly the 25 – 45 age group.

In a speech in Edinburgh on 25 February 2003, at a conference on the future of Scotland's cities, the First Minister, Jack McConnell, stated the need to attract more people to live and work in Scotland.

He said:

"I believe in-migration into Scotland can play an important role in helping our economic future.

"Not at the expense of older people, or those currently in the labour market. Nor somehow disregarding the talent we already have. In addition to our own talent though, we should look to fresh talent."

Following his speech a project team was set up in the Scottish Executive to develop proposals which would help the managed migration of new people to Scotland. This team was supported by a steering group, whose members included external interests as well as government officials (membership at Annexe A).

The team considered the following areas:

- Promoting Scotland as a place to live and work
- Promoting Scotland as a destination for people applying for UK work permits
- Encouraging students at Scottish universities to stay in Scotland
- Improving first impressions of Scotland on arrival

This policy statement is based largely on the work of the project team and steering group, complemented by further work by Scottish Executive officials in partnership with their Home Office colleagues.

1



PROMOTING SCOTLAND AS
A PLACE TO LIVE AND WORK

PROMOTING SCOTLAND AS A PLACE TO LIVE AND WORK

“We already promote Scotland as a place to visit and as a place to invest. I want to complete that circle by promoting our country as a place with a high quality of life and a good place to live and work.”

First Minister, Jack McConnell,

The Challenge of Growth, 25 February 2003

Scots are a cultured people, our universities modern and innovative. We have some of the most beautiful scenery in the world, and our cities are dynamic centres of creativity and economic growth. But if Scotland is to compete with the best to attract new talent to live and work here then we must promote ourselves at home, and abroad.

Our early research work in promoting Scotland as a place to live and work suggests that there is also much to gain from the generic promotion of Scotland, and research in this area is ongoing.

We will assess the findings, and later this year the First Minister will announce details of a global campaign.

However, in relation to Fresh Talent, there are several practical things we can do immediately.

We will introduce a promotional campaign, which will include printed materials with factual advice and information for potential in-migrants.

We will also develop a Fresh Talent website so that it offers a comprehensive and interactive advice service to those interested in living and working in Scotland.

In September 2003, the First Minister announced the creation of a new one-stop relocation service to advise on jobs, accommodation, visas, work permits, school and university opportunities.

The Relocation Advice Service will be operational from October 2004.

Staff from the Home Office and Work Permits UK will be involved in setting up the Relocation Advice Service.

The message that Scotland welcomes fresh talent is a global one, but to achieve the best results we need to target our efforts.

There are many thousands of Scots living and working elsewhere and we will actively encourage these expatriate Scots to return home.

The extent of the Scots Diaspora means there are millions of people across the globe who have a strong emotional and cultural link with Scotland.

Friends of Scotland and GlobalScot will be re-organised to create a more focused relationship with this group, to encourage some of them to live and work in Scotland.

Countries which are likely to be rich sources of in-migration include England, Ireland, France, the USA, South Africa, India and China.

There are strong historical ties between Scotland and central European and Baltic countries such as Poland, Estonia and Lithuania, so European enlargement on 1 May 2004 offers us an opportunity to promote managed migration from the accession states.

The promotion of Scotland as a place to live and work will be underpinned by a core principle. Scotland needs a higher growth rate as well as a growing population to create the conditions for its continued economic success.

We want to encourage people with energy, ideas and a spirit of enterprise to come to Scotland. Scottish Enterprise has already started work in this area through their involvement in the *Attracting Global Entrepreneurs Scheme* – and we will build on that.

An interesting point to emerge from current research by Highlands and Islands Enterprise into why people choose to settle in Skye, Wester Ross and Arran suggests that they often develop a connection with an area after holidaying there.

This research suggests that there is merit in targeting tourists as potential in-migrants and further work will be done on this.

2



PROMOTING SCOTLAND
AS A DESTINATION FOR
PEOPLE APPLYING FOR UK
WORK PERMITS

PROMOTING SCOTLAND AS A DESTINATION FOR PEOPLE APPLYING FOR UK WORK PERMITS

Current UK immigration policy is clear in its objective of reducing the number of illegal immigrants, while boosting the number of economic migrants.

Speaking on 1 December 2003, the Home Office Minister, Beverley Hughes, said:

“Migrants make a significant economic contribution to the UK – they account for only 8 per cent of the population but contribute 10 per cent of GDP. It is in all our interests to harness the innovation, skills and productivity that new migrants can bring.

“As a key player in a global economy, we cannot afford to be anti-immigration, but we need a balanced approach – welcoming those who want to come here legally and contribute but cracking down on those who try to come illegally or try to abuse our asylum system.”

It is this balanced approach to in-migration that Scotland will adopt in its drive to attract Fresh Talent.

The Home Office issue around 175,000 migrant work permits a year. At the moment only a relatively small proportion of these are for people coming to work in Scotland. Over the past year we have worked very closely with the Home Office to explore ways how we can promote Scotland better as a work destination and help Scottish employers look for workers from both EU and non-EU countries.

We already have links with Fresh Talent information on the website of Work Permits UK and the Home Office Immigration and Nationality Directorate (www.workingintheuk.gov.uk).

This website will display the Fresh Talent link.

During discussions with Scottish employers, particularly small and medium-sized enterprises, it became clear that many were reluctant to use the work permits system because they perceived it to be cumbersome and bureaucratic.

Work Permits UK (WPUK) have agreed to work with the Scottish Executive to explain the service to Scottish employers more effectively.

WPUK will promote themselves proactively to Scottish business, through exhibitions and other activities.

WPUK, in partnership with the Scottish Executive, will provide training seminars for employers.

It became clear during our discussions with representatives of small businesses that many need practical assistance to navigate the migrant work permit scheme.

The Scottish Executive will prepare an easy-to-use toolkit for small businesses considering employing staff who require a work permit.

3



ENCOURAGING STUDENTS
AT SCOTTISH UNIVERSITIES
TO STAY IN SCOTLAND

ENCOURAGING STUDENTS AT SCOTTISH UNIVERSITIES TO STAY IN SCOTLAND

“We already have the fantastic advantage of being a net importer of students, not just from the UK, but from overseas too. Our universities are world class, and we benefit from a massive influx of young people to study.

“We must now work with those students to encourage them to stay in Scotland after they graduate and we will draw together a strategy that will allow us to do exactly that before they graduate.”

First Minister, Jack McConnell,

The Challenge of Growth, 25 February 2003

A critical component of our proposals is to harness the talents of every student who graduates from our universities and colleges. We must nurture and retain our home-grown talent, while at the same time encourage and help graduates from the rest of the UK, the European Union and non-EU countries to settle in Scotland after graduation.

Our higher education system is regarded as world class, and this global reputation means that Scotland is an increasingly attractive destination for overseas students. Latest figures (2001-02) show that there were 48,500 non-Scottish domiciled higher education students. Of these

- Over 27,000 were from the rest of the UK (of whom over 5,000 were postgraduates)
- Over 8,000 were from the rest of the EU (of whom over 3,000 were postgraduates)
- 13,000 were from the rest of the world (of whom over 6,500 were postgraduates)
- In addition there were 2,500 non-EU overseas students in Scottish Further Education colleges.

At the moment an overseas student can remain in the UK until 31 October in the year of their graduation.

We have reached an agreement with the Home Office which will allow overseas graduates from Scottish universities, who express the intention of living and working in Scotland, to stay on for two years beyond the current October date, to seek employment.

They will be allowed to remain in Scotland following graduation and seek any type of work during this time. After two years or earlier, graduates can switch into work permit employment or other legal migration routes for which they qualify.

The scheme will be up and running by summer 2005, and will apply to those graduating that year.

If overseas graduates are to take advantage of these changes, then they must get practical support to help them take advantage of this opportunity.

We will develop, with relevant partners, in particular the British Council, a scholarship scheme for overseas graduates. It will start in October 2004 and will allow graduates to combine a year of post-graduate study with a year of work experience. We are particularly keen to encourage scholarships in the area of entrepreneurship.

From October 2004 we will also appoint champions to encourage students to consider staying in Scotland after graduation.

We will work with employers to encourage the provision of work placements and traineeships to high quality overseas graduates.

Attracting a fresh pool of students every year to Scotland is crucial if we are to achieve our long-term objectives. Scottish universities are already regarded as among the best in the world, but we can always do better.

That is why we will provide government funding to help universities to co-ordinate the recruitment and support of overseas students.

4



IMPROVING FIRST IMPRESSIONS

IMPROVING FIRST IMPRESSIONS

“We must give greater attention to the first impressions people have of Scotland when they come here. Whether they are business travellers, migrants, students or tourists, the first impression of Scotland is important.”

“We are by nature a hospitable people. Our hospitality should be clearly reflected in our ports, airports, bus and rail stations.”

“We need to raise our game to the very best in the world – let us be proud of our cities and country and get that across immediately people arrive.”

First Minister, Jack McConnell,
The Challenge of Growth, 25 February 2003

First impressions make a lasting impact, and Scottish business, including the management of our airports and ports, support the First Minister’s call for entry points into Scotland to be as welcoming as possible. There could be no clearer symbol that Scotland is open to the world.

While there are some examples of good practice, these are not widespread.

If we are to make a real and lasting change to visitors’ first impressions of Scotland, there will need to be a national effort to achieve this.

We will appoint a senior Scottish figure to lead a task force to examine this issue, and he will report back to the First Minister this year.

During our initial research we identified many areas in which quite simple practical improvements would make a real difference to new arrivals’ first impression of Scotland.

We could provide guidance in foreign languages and improve information about onward journeys and accommodation.

Points of entry are also an excellent location to promote Scotland generally and as a place to work, and this potential will be included in our plans for future promotional campaigns.

But of course, first impressions last beyond airport arrivals or train stations. Working with the relevant agencies, we will consider ways of improving all aspects of a Scottish welcome.

Scotland is also the temporary home of several thousand asylum seekers, and while their claim for asylum is being considered, we should continue to make sure they and their families have access to appropriate services.

And for those granted refugee status, we must help and support them integrate properly into Scottish communities. They are an important source of fresh talent.

To this end we will work with others to implement and maintain the *Scottish Refugee Integration Forum's action plan* which was published in February 2003.

5



MOVING FORWARD

MOVING FORWARD

In the year since the First Minister's speech there has been considerable debate in Scotland, and the rest of the UK, about how developed countries deal with the challenges of declining population and best manage economic migration.

Few have argued that Scotland does not face a significant challenge to reverse its population decline, the figures speak for themselves.

There has been some debate however, about how a modern economy deals with this challenge, with some suggesting that boosting the birth rate is the answer. It is not government policy to exhort women to have more children in the national interest, nevertheless there are future policy implications arising from Scotland's current birth patterns.

We will, therefore, commission research on demographic trends to further inform the national debate.

The agreements we have reached with the Home Office are the first, important steps, to making it easier for Scotland to attract fresh talent, but this is the beginning, not the end of the process.

The UK Government has agreed, in principle, to work over the longer term with the Scottish Executive to find ways of encouraging migrants to the UK to live and work in Scotland – within the UK policy of managed migration.

A working group of Home Office and Scottish Executive officials will be set up to progress this work.

This statement sets out the practical measures Scotland's devolved government will take to progress its policy priority of increasing Scotland's population, but during the development of these proposals we identified several fundamental principles which will underpin all our efforts as we move forward.

Scotland's devolved government will lead an active national partnership which will create the practical framework and promote a set of values which will make Scotland one of the world's most welcoming countries.

We will ensure that public resources are used effectively, by building on the framework of schemes already in place and by encouraging more joint working between organisations. This does not rule out new initiatives where there is an obvious gap.

And we will strive to make Scotland a tolerant, open and diverse country, one where all Scots, regardless of their background or origin, feel at home.

6



SUMMARY

SUMMARY

PROMOTING SCOTLAND AS A PLACE TO LIVE AND WORK

- Later this year the First Minister will announce details of a global campaign to promote Scotland.
- We will introduce a discrete Fresh Talent promotion campaign, which will include printed materials with factual advice and information for potential in-migrants.
- We will develop a Fresh Talent website so that it offers a comprehensive and interactive advice service to those interested in living and working in Scotland.
- We will set up a Relocation Advice Service which will be operational from October 2004.
- Staff from the Home Office and Work Permits UK will be fully involved in setting up of the Relocation Advice Service.
- Friends of Scotland and GlobalScot will be re-organised to create a more focused relationship with the Scottish Diaspora, to encourage some of them to live and work in Scotland.
- We will do further research work on targeting tourists as potential in-migrants.

PROMOTING SCOTLAND AS A DESTINATION FOR PEOPLE APPLYING FOR UK WORK PERMITS

- The UK website on economic/highly skilled migrants' schemes will display the Fresh Talent link.
- Work Permits UK have agreed to work with the Scottish Executive to explain the service to Scottish employers more effectively.
- WPUK have already agreed to promote themselves proactively to Scottish business, through exhibitions and other activities.
- WPUK, in partnership with the Scottish Executive, will provide training seminars for employers.
- The Scottish Executive will prepare an easy-to-use toolkit for small businesses considering employing staff who require a work permit.

ENCOURAGING STUDENTS AT SCOTTISH UNIVERSITIES TO STAY IN SCOTLAND

- We have reached an agreement with the Home Office which will allow overseas graduates from Scottish universities, who express the intention of living and working in Scotland, to stay on for two years beyond the current October deadline, to seek employment.
- They will be allowed to remain in Scotland and seek any type of work during this time. After two years or earlier, graduates can switch into work permit employment or other legal migration routes for which they qualify.
- The scheme will be up and running by summer 2005, and will apply to those graduating that year.
- The government will fund a scholarship scheme for overseas graduates to allow them to combine a year of post-graduate study with a year of work experience. We are particularly keen to encourage scholarships in the area of entrepreneurship.
- From October 2004 we will appoint champions to encourage students to consider staying in Scotland after graduation.
- We will work with employers to encourage the provision of work placements and traineeships to high quality overseas graduates.
- There will be government funding to help universities to co-ordinate the recruitment and support of overseas students.

IMPROVING FIRST IMPRESSIONS

- We will appoint a senior Scottish figure to lead a task force to examine this issue, and that person will report back to the First Minister by the end of the year.
- Points of entry are also an excellent location to promote Scotland generally and as a place to work and this potential will be included in our plans for future promotional campaigns.
- We will work with others to implement and maintain the *Scottish Refugee Integration Forum's action plan* which was published in February 2003.

MOVING FORWARD

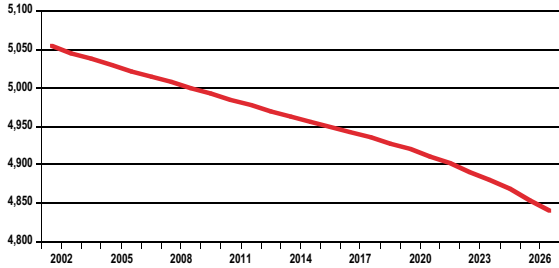
- We will commission research on demographic trends to further inform the national debate.
- The UK Government has agreed, in principle, to work over the longer term with the Scottish Executive to find ways of encouraging migrants to the UK to live and work in Scotland – within the UK policy of managed migration.
- A working group of Home Office and Scottish Executive officials will be set up to progress this work.
- And we will strive to make Scotland a tolerant, open and diverse country, one where all Scots, regardless of their background or origin, feel at home.

ANNEX A

MEMBERSHIP OF STEERING GROUP

Name	Organisation	Position
George Calder (Chair)	Scottish Executive	Head of Brussels Office and temporary External Relations Co-ordinator
Michael Bird	British Council (Scotland)	Director
Sally Daghlian	Scottish Refugees Council	Chief Executive
John Henderson	Scottish Executive	Head, Promotion of Scotland Division
Neil Hood	Scottish Enterprise	Deputy Chair
Lucy Hunter	ETLLD	Head of Lifelong Learning Division
Rachel McEwen	Scottish Executive	Special Adviser
Gordon Smith	CBI	Chairman Elect
Yvonne Strachan	Scottish Executive	Head of Equality Unit
Martin Togneri	Scottish Development International	Senior Director
David Wilson	Scottish Executive	Head of Policy Unit
Charlie Woods	Scottish Enterprise	Director

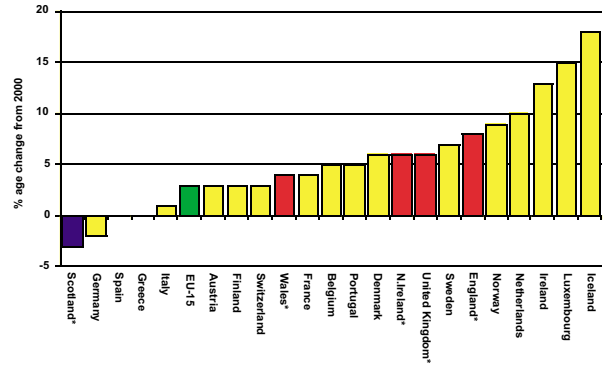
Scotland's projected population up to 2027



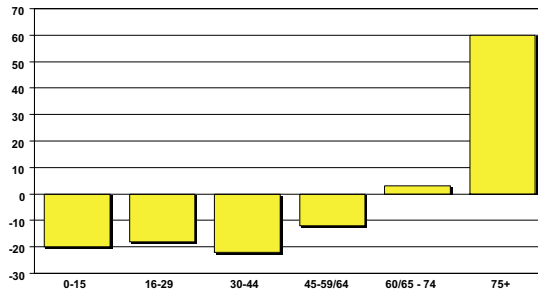
Source: GROS

Scotland projected to see a population decline

PROJECTED POPULATION CHANGE IN EU COUNTRIES 2000-2020

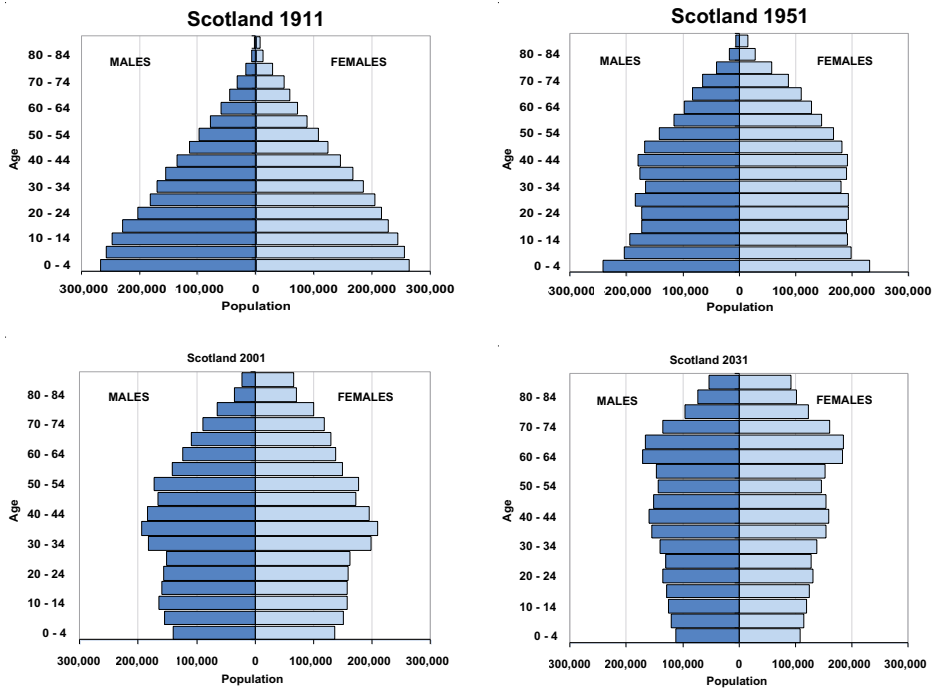


Projected Change in Scotland's Population by Age Group 2001 - 2027



Source: GROS

SCOTLAND: ESTIMATED AND PROJECTED AGE STRUCTURE 1901-2031





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