



## **The outlook for Scotlands population: Does Scotland need its own immigration policy?**

### **Summary**

1. There has been a marked shift in the patterns of migration to and from Scotland in recent years. Before 2000 there was generally a net movement of people each year from Scotland to the rest of the United Kingdom and until 2003-4 there was also net emigration to international destinations. Coupled with a low birth rate this gave rise to concerns about the decline and ageing of the Scottish population. The Scottish Executive recommended an immigration policy geared specifically to Scotland's needs as a solution to this problem.

2. Since 2001 there has been an increasing net movement of people from the rest of the UK to Scotland, rising to 15,500 in 2003-4. Additionally, Scotland experienced a net gain from international migration of 11,700 in 2003-4 to give a total addition to its population of 27,200 through migration. There has also been a small increase in the birth rate and a slight decline in the death rate during this period. Together these led to an increase in Scotland's population of around 21,000 between 2003 and 2004.

3. The Government Actuary's (GAD) latest population projections for Scotland projected a small fall of 94,000 in Scotland's population to 4.963 million in 2021. But these were based on net immigration of 12,000 in 2003-4 falling in the following two years to net emigration of 2,000 a year thereafter. The very first year of the assumptions therefore underestimated immigration by 15,000.

4. In fact the trend in internal migration, from the rest of the UK to Scotland, now looks settled. This, on its own, looks sufficient to maintain and slowly increase Scotland's population until 2023.

5. So, it seems unlikely that Scotland is facing a declining overall population. The real demographic challenge is population ageing - a problem common to all of the UK, which cannot be addressed effectively by immigration for the simple reason that migrants also age. Increasing and unsustainable levels of migration would be required to maintain the ratio of the population of working age to those of pension age.

6. Just as immigration is no solution to Scotland's demographic issues, neither do the UK's current or planned immigration policies provide any block to Scotland attracting immigrants. The work permit system is entirely employer driven; its only limitations are that a vacancy must exist at

a skill level equivalent to NVQ3 (Scottish 'highers') and that the position cannot be filled by an EU worker (the resident worker test). The expansion of the EU has provided an effectively unlimited supply of people willing to fill positions requiring lower skilled work. Indeed 10,000 workers from Eastern Europe registered in Scotland between May 2004 and March 2005.

7. It is clear that, if Scotland were to have its own immigration policies, for example by having a Scottish list of shortage occupations where the resident worker and skill level tests referred to above did not have to be satisfied, there would be no way to stop these immigrants from moving on from Scotland to England.

8. England already faces severe challenges arising from its high population density which is six times that of Scotland. It also faces a rapid increase in its population of about six million in the next three decades, caused mainly by high levels of immigration. A slackening of immigration requirements for Scottish employers would open a 'backdoor' to England, exacerbating this problem further.

9. We conclude therefore that:

- a) Scotland is unlikely to have a declining population
- b) Higher levels of immigration will not address the demographic problems faced by Scotland and the rest of the UK.
- c) It should be possible for Scotland to attract all the immigrants it needs under existing UK wide policies.
- d) Immigration policies geared specifically to Scotland would open up another route for immigration to England.

Immigration policies need therefore to be directed at the requirements of the UK as a whole. Scotland should not have its own work permit regime, unless within the context of an overall limit to the levels of immigration allowed into the UK.

## **Detail**

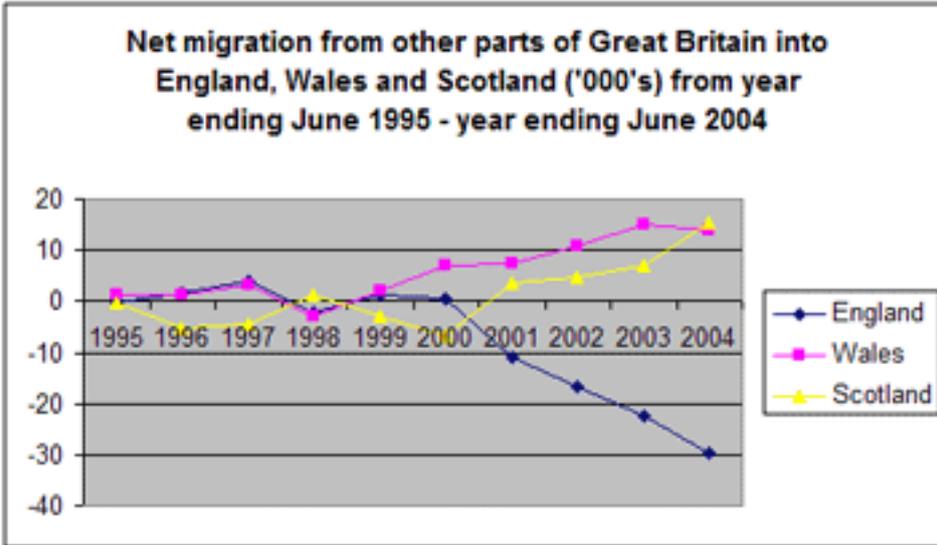
10. The population of Scotland has been around 5 million for about the last 50 years. Until recently, an excess of births over deaths was roughly balanced by out migration. Since 1997, however, deaths have exceeded births (Scotland currently has a total fertility rate of 1.58, compared to a rate of 1.74 for the UK as a whole).

11. Recently released figures from the General Register Office for Scotland (GRO), however, show that, from 2003-04, there was a 3.4 per cent rise in the birth rate and a 1.3 per cent fall in the death rate, as well as a net increase of 27,200 people from internal and international migration in the 12 months to June 2004.

12. The rise in the birth rate and fall in the death rate are likely to reflect variations around a long term trend. In the case of migration, however, the figures for 2003-04 may not be a statistical "blip", but part of a new pattern that has been emerging in recent years.

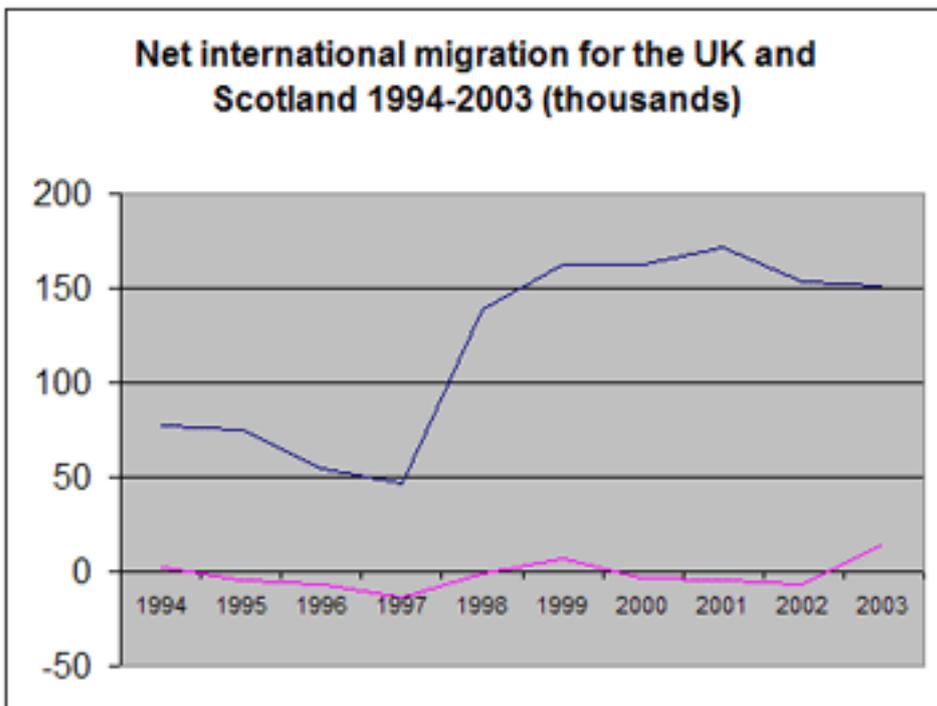
13. Since 2000, there has been a change in patterns of migration between the constituent countries of the UK. The previous pattern, of a fluctuating balance between the three countries, has given way to an accelerating trend of net out migration from England to Wales and Scotland,

as the graph below shows:



14. Possible factors in this new trend in internal migration include the large rise in house prices combined with overcrowding in England, which has six times the population density of Scotland, and the growing practice of working from home. Whatever the factors may be, the trend of moving to Wales and Scotland from England is established and accelerating.

15. Scotland also experienced a net gain from international migration in 2003-04, of 11,700. This contrasts with Scotland's recent record in attracting international migrants, by comparison with the UK as a whole. Over the 10-year period 1994-2003, there was net international migration into Scotland of 16,000, compared with a figure of 1,194,000 for the UK as a whole. The following graph shows the consistency of the pattern of relatively low net international migration to Scotland:



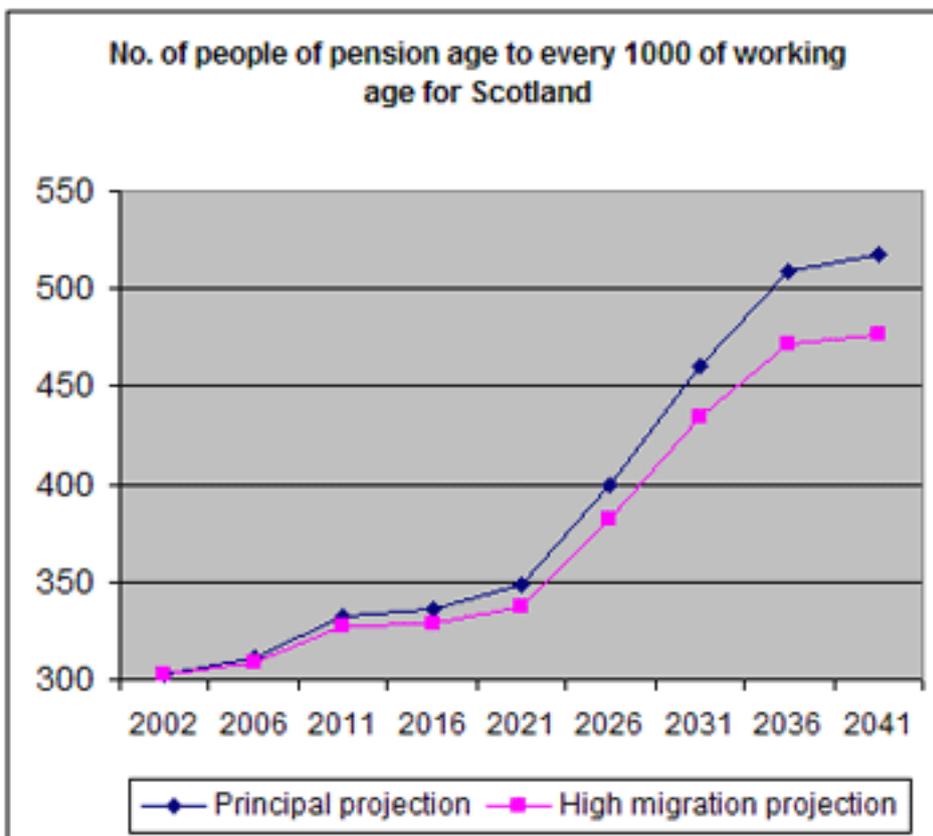
Source: Time series MN30 - Office for National Statistics

16. The Government Actuary's (GAD) latest principal population projections for Scotland [1] project a fall in population from 5.057 million in 2003 to 4.963 million in 2021 - a fall of 94,000 or just under 2%. However, this is based on a migration assumption of 12,000 inflow in 2003-4, reducing to inflows of 8,000 and 3,000 in 2004-5 and 2005-6 and a net outflow of 2,000 a year after that.

17. In fact as discussed above there was a net inflow of over 27,000 people in the 12 months to June 2004, 15,000 more than the GAD assumption. The trend in internal migration from the rest of the UK has been sustained and has risen consistently from 2000. It is too early to say whether international migration is likely to provide a continuing positive inflow but the flow of workers from the Eastern European countries which joined the EU in May 2004 is likely to contribute significantly to this outcome - at least in the next few years. Indeed, 10,000 workers from Eastern Europe registered as working in Scotland between May 2004 and March 2005.

18. Our conclusion from this is that the GAD's assumptions are likely to prove cautious. A more reasonable scenario might be the GAD high migration variant projection [2]. This assumes a long-term annual net migration inflow of 7,000 per annum. Under this scenario the population of Scotland will rise slowly from its current levels to peak at 5.098 million in 2023.

19. Even if this scenario does turn out to be correct it will do little to solve Scotland's (and the UK's) main demographic problem. This is the increase in the support ratio (that is the ratio of the pension age to working age population). The following graph compares the change in this ratio under the GAD's principal population projection (outflow of 2,000 migrants a year) and its high migration population projection (inflow of 7,000 migrants a year) [3].



20. As can be seen, even under the high migration scenario, the number of people of pension age will rise from its current level of 302 for every thousand people of working age to 477 in 2041. Migration helps the problem of an ageing population but not greatly. As Hamish McRae wrote in the Independent on Sunday (referring to Europe's demographic problems generally) "that [immigration] does not help as much as one might expect, partly because of skills gaps and partly because the scale of immigration needed would create social problems" [4]. The House of Lords Economic Committee found in November 2003 that "We cannot hope to counter the trend towards an ageing population through immigration. Net immigration into Britain would need to be 500,000 a year from 2010 to stabilise the average age of the population". They concluded that "...it is neither appropriate nor feasible to attempt to counter the trend towards a more aged society in the UK through a manipulation of immigration policy.

21. The UK's current immigration policies in fact impose no limits or undue restrictions on migration to Scotland. Work permit migration is employer driven and the only restrictions are that a vacancy must exist at a skill level equivalent to NVQ3 (Scottish 'highers') and that the position cannot be filled by an EU worker (the resident worker test). The expansion of the EU has provided an effectively unlimited supply of people willing to fill positions requiring lower skilled work.

22. Can there be any possible justification for allowing lower skilled workers into Scotland from outside the expanded EU? We believe not. Scotland continues to have a higher rate of unemployment than the UK as a whole (5.6 per cent compared to 4.8 per cent, on the latest available figures [5]) and 35 per cent of the economically inactive in Scotland, that is, 236,000 people, say they want a job [6]. Adding the registered unemployed to this figure gives a total of 371,000 persons of working age (or 11.7 per cent of such persons) in Scotland who want work but do not have it. Scotland therefore already has a considerable resident pool of potential labour that it should be the aim of policy to bring into employment. It would seem inappropriate to import other workers who may also find difficulty finding and maintaining employment.

23. Ultimately it is a vibrant economy which attracts migrants rather than the other way round (with the exception of a few very highly skilled migrants for which there is intense competition throughout much of the developed world). The Home Secretary, Charles Clarke, recently made clear that he will not impose any conditions on people once they arrive that would compel them to stay in Scotland [7]. It is highly likely that migrants recruited specifically for Scotland would, in fact, not stay there but move to England. After the Netherlands, England is already the second most densely populated country in Europe. Its population is projected to rise from 49.856 million in 2003 to 55.881 million in 2031 [8]. Much of this increase is due to the effects of immigration [9]. This has huge repercussions for infrastructure - particularly in London and the South-East where most immigrants settle. Immigration policies for Scotland should not be considered in isolation. Migration to Scotland may well become a back door route to England.

24. It would however be possible to give special consideration to Scotland's particular labour market needs if there was an overall limit on immigration to the UK which gave preference to those planning to work in Scotland (or Wales and the English regions).

## Conclusions

25. We conclude that:

- a) Scotland is unlikely to have a declining population and the notion that it has a population crisis is very greatly exaggerated.
- b) Higher levels of immigration will not address the demographic problems faced by Scotland and the rest of the UK.
- c) It should be possible for Scotland to attract all the immigrants it needs under existing UK policies.
- d) Having immigration policies geared specifically to Scotland would open up another route to migration to England which, with its very high population density and high rates of net immigration, it can ill-afford.

Immigration policies need therefore to be directed at the requirements of the UK as a whole. Scotland should not have its own work permit regime, unless within the context of an overall limit to the levels of immigration allowed into the UK.

21 June, 2005

## NOTES

- [1] 2003-based population projections which are available from the GAD website at <http://www.gad.gov.uk/Population/2003/scotland/wsko03cc.xls>
- [2] There is no 2003-based high migration population projections available for Scotland. We have used the 2002-based high migration variant which is available at the GAD website at <http://www.gad.gov.uk/Population/2002/scotland/whmisco02cc.xls>
- [3] Source GAD 2002 based principal and high migration variant population projections - 2002 based.
- [4] Economic View - Independent on Sunday, 30 November 2003.
- [5] Labour Force Survey, December 2004-February 2005
- [6] Estimates by Professor James Duguid, on the basis of Regional Trends 38, Spring 2003 - Office for National Statistics
- [7] Clarke slams McConnell drive for new talent, The Scotsman, 3 May 2005
- [8] GAD principal population projection.
- [9] 84% of the UK's population increase results from immigration. (Comparison of GAD principal and natural change variant population projections. Corresponding figures for England alone are not available)