A Shetland Economic Perspective

The Shetland economy is, perhaps, unusual in a Scottish let alone a British context by virtue of the islands’ isolation, unique mix of industries, and relatively small population – set 200 miles north of Aberdeen, the islands are home to some 23,167 people\(^1\), with an overall annual value of the local economy of £1,091,421,269, equating to a Gross Regional Domestic Product of £485,000,000.\(^2\)

The high value of our collective economy is indisputable, and the manner in which this economic activity is performed is particularly noteworthy too – 80.7% of the population are in employment (significantly above the Scottish and British national averages of, respectively, 72.6% and 72.4%), and the percentage of the 16-64 year old population claiming Jobseeker’s Allowance is the lowest in the UK at 0.7%, well below the Scottish and British averages of 2.8% and 2.5% respectively.\(^3\)

A crude summary of this situation would be that there are, in some instances, more jobs than there are workers to undertake them. The reality of Shetland life is that some working age people will have more than one job; and that demand outstrips supply in some service industries (i.e. construction and ancillary trades). Attracting skilled and highly qualified workers to fill vacant positions (i.e. in the NHS) remains a perennial challenge; and, with such high levels of general employment, filling sufficient manual, less skilled positions (i.e. in hospitality or fish processing) from the local workforce can also present difficulties.

Returning to the Shetland economy as a whole, fish dominate the picture: for example, in 2010/11 fish catching accounted for a total output of £70.9m, with value added of £30.6m; aquaculture an output of £156.3m, and value added of £49.5m; and fish processing an output of £83.3m and value added of £10.1m.\(^3\)

Fish processing in particular provides a vivid example of the importance EU national workers play in the Shetland economy and, hence, community. Grieg Seafood Shetland is the largest salmon farmer in the islands – of their 167 employees over 20% are EU nationals; over half of the 45 workers in their processing factory are EU nationals, and a number of skilled workers in their organisation are EU nationals also. Their managing director, Grant Cumming, recently spoke to the local media\(^4\) with regard the uncertain post-Brexit future for employment of EU nationals and said,

“It is a concern. We would really struggle without our EU workers. There’s a number of processing jobs held by them, but a number of skilled positions too… there are a lot of EU graduates working for us, our vet is from Poland… [and] a large number of staff at the hatchery, which is obviously highly skilled work, are EU nationals as well.

“On the [salmon] farming side [our workforce] is largely locals, but particularly in the hatchery and factory, it’s very difficult to find local people to take the jobs.”
Historically this scenario has been reflected in the pelagic fish processing sector, dominated by Shetland Catch. In the past their permanent workforce of 55 would, seasonally, approximately double when the factory was in full production. This was summarised by Shetland Catch in 2016 as part of a Shetland Islands Council report on English as a Second Overseas Language (ESOL) provision:

“We do however take on a large number of temporary staff every year, approximately doubling our staff numbers when we are in full production. A high percentage of these staff don’t use English as their first language i.e. they are from EU countries. The nationalities we seem to have most of at the time are Latvian (who mostly speak Russian) and Hungarian with a small amount of Lithuanians and occasionally Polish, Bulgarian or Czech workers.”

It appears, therefore, that here in Shetland the percentage of the fish processing workforce drawn from EU nationals significantly exceeds the 37.6% quoted for the sector recently (2017) by the Office for National Statistics, being closer locally to 50%.

The aforementioned Shetland Islands Council ESOL report (December 2016) is a revealing snapshot of where demand for EU workers exists in the local economy. As detailed in the example above, fish processing (and aquaculture) is a significant employment stream – but so too are trades and hospitality (kitchen porters, hotel housekeepers, waiters). A number of local tradesmen are now of EU national origin, from general housebuilders through to specific trades (painters and decorators, plasterers, electricians, etc) – the positive effect of this on the local community should not be underestimated as, for many years, the demand for tradesman in Shetland has far outstripped supply leading to considerable delays in obtaining their services – this is particularly significant given Shetland’s ongoing housing shortage and trend for new-build houses.

Source: ESOL and Adult Learning in Shetland, Shetland Islands Council, December 2016
This ESOL report is, of course, an imprecise means of gauging the local presence of EU nationals in the workplace, as it is predicated on a need to learn English and we might perhaps expect more skilled workers (i.e. in the NHS) to already have better English language skills – certainly, the local impression is that the local NHS and care service include in their workforce a number of EU nationals – a demand that can, according to Audit Scotland’s recent (2017) report *NHS Workforce Planning: The clinical workforce in secondary care*, be expected to rise due to Shetland’s ageing population and historic problems recruiting staff – described nationally as “urgent workforce challenges”.

Summarising precisely how many EU nationals are either resident or transitory workers in Shetland is an equally imprecise science. We know from the 2011 census that 2.3% of Shetland residents (512 people) were born in other EU countries, representing an increase from 0.8% of Shetland residents in the 2001 census – but this does not, of course, reflect those workers who may come here seasonally for the peaks in demand in the fish processing or hospitality sectors, for example. As the above examples demonstrate, however, our instinct must surely be that EU nationals represent an important and enabling part of the Shetland workforce, not least in the economically significant fish sector.

Our small island population means that we have limited resilience and great sensitivity to a loss of workers in an individual business, let alone an entire sector of the local economy – losing workers, or the ability to attract workers, from outside of Shetland and, indeed, the UK, would have a negative economic impact disproportionate to the number of workers in question.

We can summarise, therefore, that there are two broad outcomes that are desirable from a Shetland economic context where EU national workers are concerned:

- That those already resident and employed in Shetland (and, hence, their families who may be living here with them) be granted indefinite leave to stay in the UK with rights equal to those born in the UK;
- And that Shetland be able to readily attract EU national workers from the EU to fill seasonal or permanent skilled and unskilled positions.

**Options for Differentiating the UK’s Immigration System**

Dr Eve Hepburn’s 2017 report *Options for Differentiating the UK’s Immigration System* provides a panoply of proposals, and thought-provoking case studies. (The parallels with Shetland, and the approach taken by the Åland Islands of Finland (population 29,214), being particularly resonant). Bearing in mind that we seek stability for our existing, resident EU national workforce and fluidity of movement for our seasonal EU national workforce, a number of these proposals appear relevant to Shetland’s needs (and others somewhat less so), specifically:

1. **Developing Scottish Migrant Integration & Reception policies**

   - Codifying the services and rights of migrants to Scotland
   - One Scotland, Many Cultures campaign

We would consider it a positive step for Scotland to develop a robust framework for migrant reception and integration, as this would enhance our ability to attract and retain newcomers to Shetland to fill key roles. The proposed Scottish Migrant
Integration Forum, with COSLA and local government representation, would give each Scottish county a voice and ability to scrutinise policies, make recommendations and feed into Scottish Government policy-making – a welcome means of developing this over-arching framework.

2. International Outreach Activities in Immigration

- Creation of multi-media resources to advertise Scotland abroad
- Adding an advisory immigration remit to current Scottish offices abroad
- Expanding the number of Scottish offices abroad
- Promote immigration to Scotland during trade talks

It is hard to refute the logic of Scotland, as a whole, marketing itself overseas as a place to live, work and do business with; and, indeed, Shetland could to an extent be as much an economic beneficiary of this as any other region (said with the caveat that Shetland’s identity is, in many regards, quite distinct from that typically portrayed by some national agencies (i.e. Visit Scotland) as characteristically Scottish). Whether the proposed expansion of marketing effort (both digital, human resource and in terms of actual new overseas offices) represents value for public money would need to be a case well-made in advance of actual expenditure.

3. Increasing Scottish influence in UK decision-making

- Scottish representation on the Migrant Advisory Committee
- Revising and expanding the Scottish Short Occupation List
- Creation of JMC sub-committee on Immigration
- Dissemination of Population Strategy for Scotland

Increasing Scottish influence in UK decision-making appears a positive suggestion and one that would complement, in particular, Proposal 1(a&b). There often appears to be a perception, both at a Scottish national and local governmental level, that Scotland’s voice is not heard and/or taken fully into account at Westminster. Developing more integrated channels of communication that facilitate presenting Scotland’s evolving case clearly can only be a positive development, particularly if the communication in question reaches back to a local government level in order that local issues can be given the weight they deserve.

4. Scottish Sectoral Agreements

- Creating a new postgraduate work visa for Scotland
- Temporary work permits for seasonal migrants in Scotland
- Creating ‘European Talent: Working in Scotland’ schemes

The creation of sectoral agreements might, in the absence of the freedom of labour we currently enjoy, help to address the seasonal spikes in demand that some sectors in Shetland (i.e. fish processing and hospitality) experience. Experience of government-administered schemes teaches us that they are, typically, complicated and mired with ‘red tape’ – so, beyond the obvious necessity of such schemes being ready to implement well in advance of the moment of Brexit itself in order not to experience a choke point for any affected industries, the application process for the individual workers would need to not be dauntingly complex, and adequate
administrative resource should be put in place to process applications in a timely manner.

5. Devolving administrative aspects of immigration

- Creation of a Scottish Work Permit processing office(s)

See response to 4 (above).

6. Scottish Visa Sponsorship Schemes

- Create a statewide visa framework that all regions are eligible for
- Create a single regional visa framework for Scotland only
- Create multiple bilateral programmes for each region
- d. Create a single bilateral programme for Scotland only

The principle of visas, particularly of the specific streamed regional nature proposed in 297 (“Business/Investor; Skilled Worker; Low-skilled Worker; Student; Seasonal worker”) has a certain logic in the absence of the current freedom of movement EU (including British) nationals enjoy between member states. That a dedicated Immigration Directorate be created to manage this follows, but we would have concerns that the positive aspects of migrant integration and reception, and outreach and dialogue with local government, detailed in previous proposals would, in practice, play second fiddle to the overwhelming work involved in processing visa applications; and that Scotland’s needs may be subsumed by broader UK immigration policies. It may be that this proposal could, in time, be phased in once the inevitable turmoil of leaving the EU has passed if it was felt that the other, less radical, approaches were no longer meeting our collective requirements.

7. Devolving Control over Selection to Scotland

- Creating a Scottish PBS alongside the UK PBS
- Enabling Scotland to create a new immigration system

This proposal appears less attractive than 6 (above) as, not only does it have the inherent risks detailed above, it also seems to incur an additional risk that Scotland may not be allocated sufficient migrant worker allowance in a given year to meet its needs – and from a Shetland perspective, we would be concerned at any constraint on numbers that might, ultimately, leave our seasonal workforce short-handed with subsequent negative effects on the ability of local SMEs to go about their business.

Concluding remarks

It is heartening to read in Dr Hepburn’s report that “multi-level states have usually pursued a combination of the policy options… to best cater to the needs of their substate territories”. This is an approach that we would welcome specifically in the case of Scotland as there will, undoubtedly, be other areas of Scotland with needs very different to those that are Shetland-specific. A generic, lowest-common-denominator approach is unlikely to particularly please anyone. A considered, differentiated immigration policy offers the best hope of addressing the situation we find ourselves in, and we would hope that the following statement by Dr Hepburn is particularly heeded:
“There are some policy options that have been common to all of the cases analysed: the development of substate migrant integration and reception policies, which are key to the long-term retention of migrants; and the creation of formal and informal intergovernmental structures by which substate territories can provide input into national policy-making.”

1 - http://www.scotlandscensus.gov.uk/ods-web/area.html
3 - Shetland in Statistics 2014 (original source: Office for National Statistics)
6 – ESOL and Adult Learning in Shetland, Shetland Islands Council (December 2016)