

## **Engagement event, Dundee, 28 August 2024**

The Scottish Parliament's Finance and Public Administration Committee held an engagement event in Dundee on 28 August 2024 to discuss young people's priorities for the budget 2025-26, particularly the incentives that have the most significant impact on their decision to live and work in Scotland.

Participants were young people aged 16-24, living or studying in Dundee and surrounding rural areas, Members of the Scottish Youth Parliament and representatives from Dundee University Students' Association, Young Enterprise Scotland and Hot Chocolate Trust. Alongside young people, the Committee also heard from employers on their experience of attracting young people into their workforce. These included representatives from Dundee and Angus Chamber of Commerce, Dundee and Angus College, Developing the Young Workforce Dundee and Social Security Scotland. The Committee thanks all those who gave up their time to attend and contribute their views.

The workshop included opening speeches from—

- Tom Schmoll MSYP, Deputy Convener of the Scottish Youth Parliament's Jobs, Economy and Fair Work Committee, on that Committee's findings in relation to young people's priorities, and
- Professor Mairi Spowage, the Committee's budget adviser, on the taxation and spending levers available to the Scottish Government and their potential impact on migration.

Members of the Committee led discussions in five separate groups, exploring **“what devolved taxation and spending policies would best ensure Scotland retains more of its younger working age population”**.

Following discussion, groups were asked to agree their top 3 incentives that would have the highest impact on Scotland retaining more of its young population. Participants were then asked to vote, via an online interactive platform, for one priority out of all the answers provided. According to the final vote, the top priorities identified were:

- 1. Employment opportunities**
- 2. Access to education**
- 3. Affordable housing**

A list of the priorities chosen by all groups and the result of the final vote are included at the end of this note.

The following summary notes represent an overview of each of the discussions that took place in the five groups. The format of each summary note reflects the structure of those particular discussions.

## **Group 1: Facilitated by Michael Marra MSP**

### **Key moments of choice**

It was noted that there are several key moments in a young person's life which determine whether they are likely to remain in Scotland or move elsewhere. These include decisions they take as they leave school and also at the conclusion of their further education.

Some felt that, if they stayed in Scotland after school, they would be more likely to remain there longer-term as they would have established deep roots and relationships. Others said they expected they would have to leave Scotland after university for better paid job opportunities and thought they would be unlikely to return.

### **Accessible transport**

The group discussed the benefits of free bus travel for young people, in enabling them to access further education and job opportunities in Scotland. Some young people from rural areas said that free bus travel was essential in allowing them to stay at home, rather than having to pay for expensive accommodation nearer the university. Others said that improved transport provision, in particular more regular bus services, was more important in the Highlands, in enabling travel to employment and education opportunities. It was further noted that mature students, without access to free bus travel, are disadvantaged.

### **Free tuition fees**

The policy of free tuition fees was seen as essential in providing some young people with opportunities to access university education that they would not otherwise have been able to afford. It therefore plays a key role in keeping potential university students in Scotland. Some students said that they were concerned about the level of debt they would have accumulated if they had studied in England in relation to tuition fees and student loans.

### **Job opportunities**

Highly paid job opportunities were seen as vital in retaining young people in Scotland, in particular for those leaving university. Some young people suggested that there are limited well-paid graduate jobs in certain sectors in Dundee, such as IT, finance, and urban planning. While some participants highlighted, they could move to other cities in Scotland to access these opportunities, others said they felt that there are more career prospects for them in England.

Some young people suggested that there are insufficient job opportunities or career paths in rural areas to lead them to stay in those areas of Scotland. There was also a feeling that young people needed to be “where the buzz is” rather than reside in more remote areas of Scotland. However, one young person highlighted that they had researched future career opportunities arising from a Freeport being developed in her local area and had therefore opted for a graduate apprenticeship pathway rather than leaving and going to university.

The potential higher cost of living in England were not seen as a particular issue of concern by participants as they felt that higher wages, they would receive would help them to cover these costs. Equally, the level of taxation that they would pay in Scotland or England was not an issue that participants factored into their decisions on where to live and work, at this point in their lives.

It was noted that many international students are keen to stay in Dundee/Scotland due to the culture and friendliness, however, they face challenges in doing so, including visa requirements, and lack of scholarships and sponsored jobs. One said that they would have saved money if they had studied in US due to greater availability of scholarships and sponsorships.

Some young people discussed having jobs while at university that could sustain their living costs, although they argued that the minimum wage should not be lower for young people doing the same work as those on the full minimum wage.

## Career pathways

A discussion took place on the level of career support that young people receive. For most, it had been assumed that they would go to university. Other options, such as modern (MAs) and graduate apprenticeships (GAs), were not explained to them in any detail. In one case, a student had been steered towards science qualifications rather than in humanities, where her interests lie. Schools in some areas had suggested that vocational qualifications were largely only available in science, and in others in business and administration.

The group concluded that work-based qualifications need to be valued more at school.

## Housing

Housing supply for students has declined in recent years. Rental fraud is also an issue of concern.

Some young people felt that affordability of housing and ‘getting on the housing ladder’ was not, at this stage, an issue that affects their decisions on whether to remain in Scotland or not. These decisions were “a few steps down the line”.

The participants in the group agreed on their three priorities on **what devolved taxation and spending policies would best ensure Scotland retains more of its younger working age population**, as follows—

- Employment opportunities that pay well and have provide good conditions.
- Affordable housing, although there were mixed views on whether this was an immediate priority or one for later down the line.
- Access to education, including free tuition fees.

## **Group 2: Facilitated by Kenneth Gibson MSP**

### Tuition fees

One of the key mechanisms that was identified as attracting students to move to (in some cases) or stay in Scotland was the lack of tuition fees for further education ('free tuition') albeit some questioned whether it is 'free' given the costs of housing. In cities, such as Edinburgh, some suggested free tuition was the biggest driver of keeping young students and for some it was the biggest reason why they chose a Scottish University.

It was recognised that free tuition comes at a cost to the Scottish Government but it was suggested that, to offset this cost, consideration could be given to seeking financial support from those large corporations in Scotland that seek to benefit from the employment of young people (who have benefitted from free tuition). Corporation Tax is reserved, so it would have to be 'voluntary' or implemented by the UK Government. As a result of free tuition it was suggested that Scotland also benefits as those young people are more likely to stay in Scotland following further education.

### Housing

The challenge of securing affordable housing across Scotland was a key concern of those in the group– not only the limited availability of student accommodation at some Universities but also the affordability of housing for young people. The use of rent caps as well as greater protection for young people in relation to the quality and security of tenure was highlighted as ensuring that young people have greater certainty (and quality of life). It was stressed that these are important considerations in attracting international students but also for those starting work (especially given job opportunities can be part time or minimum wage). Poor quality and expensive accommodation may deter young people from moving to Scotland or may encourage them to seek employment or education opportunities where these issues are less prevalent. However, it was noted that rent caps could deter investment in affordable rented housing.

### Pathways from School and support into work

Many in the group considered that there needed to be equal support for the different avenues for young people to get into work or educational opportunities. It was felt that seeking a University education was promoted to young people in school over other avenues such as graduate or trade apprenticeships. Government priorities supporting young people (and earlier in school) to move into the areas where they have an interest was considered to be an effective way of retaining young people in Scotland and some successful schemes were highlighted. Without this approach

some young people can become disillusioned after choosing a path based on what others value. Such support should also include provision to help disabled young people to move into work or further education and tackling workplace abuse of those less represented in apprenticeships.

## Financial Support and Knowledge

Another theme that arose was the limited amount of knowledge provided to young people leaving school about financial management, understanding how income tax works and budgeting. The hardships of trying to live on Student award funding were raised as well as for those just out from school trying to manage budgets on the minimum wage. It was highlighted that if there are more students and young people in the job market they can then give more back in taxes. Given these hardships, schemes like the young persons individual savings account were highlighted as helping young people get started in education or work but only if they understand how to manage those savings. Giving young people this knowledge and the chance to build savings growing up would provide greater stability and certainty to choose to go into work or further education in Scotland.

## Transport

Whilst there is free travel on buses for students (which was welcomed as making staying in Scotland attractive), it was queried why this didn't extend to trains and ferries so as to benefit all young people (such as those living in remote and rural areas). This would enable all young people to more fairly access educational and work opportunities from their local areas rather than considering moving elsewhere.

## Other factors that influence moving to or staying in Scotland

For international students who can choose where they want to go, the reputation and facilities of the educational institution are important – such as the University of Dundee's world leading reputation in Life Sciences and Law. This could be better promoted.

Another factor in deciding where to stay can be where friends and family live (or where they recommend as good places to stay).

Finally it was highlighted that additional resources to provide some of the support identified above could be identified through more effective delivery of public services.

The following were identified priorities:

- Free tuition
- Better financial support and knowledge growing up
- Reputation of Scottish further education for quality of learning

## **Group 3: Facilitated by John Mason MSP**

### **Public services and taxation**

Participants discussed young people's contribution to the economy, particularly in relation to the tax intake. It was noted that young people's contribution comes in a variety of ways, for example, through part-time work or by providing services that are not traditionally well remunerated, but that are nevertheless valuable (e.g., mental health services).

Some young people felt that, rather than attracting young people, Scotland should focus on making sure we have the facilities and services to accommodate those young people already here without adding further pressure on health, housing or transportation.

One participant suggested specific incentives that could encourage young people to stay in Scotland, such as reducing the tax burden for the first 5 years of employment or limiting increases in interest rates for student loans. Most participants agreed that higher paid workers should contribute more through taxation and some participants suggested the addition of another tax rate for those earning over £1 million, as well as the taxation of capital gains at similar levels to income tax (though it was agreed such a measure would be difficult to implement). All participants agreed there is an urgent need to reform council tax, which, in its current form, can be prohibitive for young people, with Glasgow cited as an example.

### **Employment opportunities**

Most young people agreed that suitable employment opportunities have a higher impact than tax, or even salary, on their decision whether to stay in Scotland. It was noted that, while the cost of living is generally lower in Scotland compared to England, there is a scarcity of graduate jobs here, with one participant querying whether Scotland is using its full potential in terms of creating employment opportunities. It was suggested that investment should be directed to areas other than the main cities, with the creation of jobs in rural areas, for example, in wildlife and conservation.

### **Transport**

Location was seen as less relevant if transportation is accessible and reliable. Young people called for more investment into public transport, with an emphasis on making it better and faster. It was noted that while some rural areas may have available housing, they do not provide the services and jobs young people seek. There are currently limited transport options for those living in rural areas, with long waits between buses, particularly in the evening and at weekends, which create a barrier to young people accessing cities either for work or leisure. The lack of evening/night bus services mean young people have to stop working early to get the last bus home. Similarly, young people do not feel the current public transport provision encourages them to go into town and spend money in, for example, hospitality.

It was generally agreed that more services are needed to link young people in rural areas to towns and cities and that consistent, reliable services are more valuable to young people than concessionary travel. It was noted that investment in rural roads would improve accessibility and one participant suggested that, alongside more frequent services, higher speed limits could be applied to public transport vehicles to improve reliability. Cycling was also discussed as an inclusive means of transport, although participants noted that investment in cycling lanes is not sufficient to encourage active travel and needs to be accompanied by the provision of showers and changing facilities in the workplace. It was generally agreed that investment in buses is more relevant to those living in rural areas.

The availability of business infrastructure (i.e. broadband) was also mentioned as a current barrier young people face in rural areas. One participant suggested that young people could be incentivised to move to a particular area via grant schemes encouraging them to set up businesses and create jobs.

## Education

The group discussed the different educational paths available, and it was noted that different paths and subjects are valued in different areas of Scotland. For example, the North-East provides attractive, well-paid entry level jobs in the oil and gas industry, while participants felt that humanities tend to be most valued in cities like Edinburgh and Glasgow. It was felt support can be quite narrowly targeted at the preferred paths/subjects in a particular area (technical skills/oil and gas in the North East, university/humanities in Edinburgh/Glasgow) with not much support for alternative paths. Participants also suggested there is a community element to career development in rural areas, seen as “a way of giving back”, i.e. many young people will work in fishing or oil and gas following in the footsteps of other family members.

The incentives available for technical qualifications were also discussed, and some young people felt that they are not always made aware of all the opportunities available to them, particularly in relation to technical education. It was generally felt that more investment is needed in technical and technological education, alongside better education at school level in the practical ways young people contribute to the economy (i.e., by paying taxes).

Participants generally agreed with the principle of increased taxes, provided there is visible improvement in public services.

The participants in the group agreed on their three priorities on **what devolved taxation and spending policies would best ensure Scotland retains more of its younger working age population**, as follows—

- Affordable housing
- Better & faster public transport
- Job creation

## **Group 4: Facilitated by Ross Greer MSP**

Participants welcomed free bus travel for under-22s, noting that it enables young people living outside of city centres to travel to university or work. It was suggested that expanding the provision of free bus travel beyond the age of 22 could make Scotland a more attractive place to live for a greater number of young people. Participants noted that community groups and charities provide valuable support for young people. As such, they suggested that third sector investment should increase to support these organisations.

The cost of living crisis was highlighted as a significant issue for young people. Participants explained that many young people cannot find affordable housing, noting that rent prices seem especially high for students and that measures such as the emergency rent freeze were not applied to student accommodation. Participants explained that the cost of living makes it difficult for young people to build and envision a future in Scotland. It was noted that, for international students, limits on the number of hours they can work a week can make living in Scotland even less affordable.

One participant noted that, as they could potentially pay less income tax in England, this may factor into their decisions about where to live and work in the future. However, differing income tax rates was not a factor in the decision making of other participants, who considered the opportunities and public services Scotland has to offer to be more important.

Participants noted that, as non-Scottish students do not benefit from free tuition, other factors contributed to their decision to study in Scotland, such as student council tax exemption and provision of services such as free period products. Participants noted that support for policies such as these is likely to factor into their decision to stay in Scotland after university.

Participants noted that many young people don't want or aren't yet considering having children, and that many cannot afford to start a family at present. As such, participants felt that Scottish Government childcare provisions are not benefitting young people and do not factor into their decision to leave or stay in Scotland. It was noted that the availability of universal services makes Scotland an attractive place to live for young people. However, participants were concerned that services need to be easier to access, especially for those coming from outside of Scotland to study. For example, participants explained that many NHS dentists are not accepting students as patients, meaning that young people struggle to access dental care while at university.

Participants suggested that young people choose not to stay in Scotland as they felt that other places (especially the southeast of England) offered greater job and lifestyle opportunities and that more should be done to offer young people (especially those in education) creative opportunities. They stated that the number of industries operating in England indicates there may be greater employment opportunities for young people south of the border.

Participants emphasised that more support for young people, especially those with learning disabilities and additional support needs, is needed in schools and



universities. They explained that young people often cannot access support until they are in desperate need, and that universities do not have adequate numbers of councillors to provide support. Problems surrounding student support were thought to be compounded by uncertainty around future funding levels and removal of funding for projects supporting vulnerable young people. Participants stated that spend should be re-prioritised to better provide support for young people in education, and that any increase in taxation should be focussed on high earners and big businesses. They explained that better student support would encourage young people to study in Scotland and would make Scotland a more attractive place for young people planning to start a family.

## **Group 5: Facilitated by Michelle Thomson MSP**

(Business and public sector representatives)

Following on from the talk from Tom Scholl and Mairi Spowage, the group agreed that a key priority was the creation of a competitive tax and salary regime (the point had been made point that jobs in other jurisdictions can pay more and tax less, so there is risk of losing people). Therefore, the group agreed Scotland needs to ensure attractive and competitive opportunities remain for young people.

The group felt that there needs to be clear policy steers coming from the Scottish Government. One successful case study has been the priority the Scottish Government has given to affordable/free childcare. This has had positive knock-on impacts. Young people have seen that this is a sector the government is prioritising, so there is going to be demand for child caring skills in the economy. Colleges and people have therefore taken steps to provide and develop the skills required for jobs in the childcare sector.

In short, there has been a supply side response to the demand for more carers in our economy.

It was discussed that similar responses could arise from other directional steers being provided by the Scottish Government.

For example, if the Scottish Government make clear that it is going to invest in the green economy, then there will be a supply-side response by colleges and universities to deliver the skills required for that sector.

If clear policy objectives, investment and direction comes from Government (eg on childcare, green jobs, building more houses) then the skills and jobs will come.

Another key focus of discussion was the need to improve alternative avenues into the labour market – it isn't all about Universities. Apprenticeships and other flexible pathways into work need to be promoted by schools and employers.

The discussion then turned to policies which ATTRACT and KEEP youngsters in Scotland. Scotland has a lot of attractive universities, is relatively affordable to live in (eg house prices lower than, say, London and south east) and can offer good quality standard of living.

The challenge is giving graduates the opportunities after graduation – so need to bring industry in, and incentivise industry to provide work opportunities.

Key to this is employers and them communicating the skills they need to young people in schools and in further and higher education.

But it was also felt that in a competitive labour market, with experienced staff, you need to provide incentives to employers to give young people their first chance/labour market experience – through subsidised salaries, and perhaps tax incentives.

Ideas and examples of things that work:

- Tie people to an employer – eg employer gets a subsidy to employ a young person for, say, two years if they, in turn, agree to upskill them.
- Connect colleges and universities to employers so that the two are matched and understand demand for certain skills. Colleges need to emphasise to young people the skills they need for careers rather than just specific courses.
- Employers going into schools to explain the world of work and the types of skills people need to work.

Blockages from the immigration policy of the UK were discussed – eg people not getting visas for family members, etc. There is a need for employers and universities to recruit from overseas. Bring back something like the graduate endowment programme to make this easier (similar message to what was heard at the university of Dundee the next day).

The culture of entrepreneurship (or lack thereof) in Scotland was discussed. We don't talk with children about setting up businesses, or teaching kids about finance basics, like pay, pension, tax, savings, etc. Teach children finance and economic life skills – this begins in school.

# What devolved taxation and spending policies would best ensure Scotland retains more of its younger working age population?

