

From the Chief Executive Sally Loudon



20 June 2017

Dear Mr Doris,

I am writing in response to your letter dated 25 January 2017 in which you request information about local authority workforce and financial planning within the context of Brexit. This follows Councillor David O'Neil's submission at the Local Government & Communities Committee.

Whilst the message from UK government has been that during Brexit negotiations they want to give certainty whenever they can, at this time uncertainty continues to characterise the situation for councils across Scotland in a range of important areas including workforce and financial planning. The following provides a summary of the concerns local authorities have in these two areas.

Workforce

Generally speaking individual Scottish local authorities each have their own approaches to workforce planning as necessary to meet local priorities and circumstances (recent work done by the Scottish Government Chief Social Work Officer should give more insight to these activities). In terms of the impacts anticipated to result from Brexit information recently gathered by COSLA on this matter presents a mixed picture with some councils suggesting only nominal impacts and others anticipating significant difficulties recruiting across the qualification spectrum for several areas ranging from cleaning, community support, classroom support, social care and teaching. There is also a suggestion that rural and islands councils may have even greater difficulties due to the reduced labour pool and a general decline in population in those areas.

In terms of understanding the proportion of non-UK EU residents comprising current local labour markets, we would like to point out that there are apparent weaknesses in statistical recording which up to now has not generally required information on non-UK nationals. This underlines the need for local multi-agency approaches to securing more detailed information which will be needed to understand, in sufficient detail, the scale of local impacts and assist in workforce plans which mitigate against such impacts.

EU Funding

Information gathered by COSLA suggests that significant EU funding that Scotland receives is delivered to numerous projects in local authority areas as relatively small

to medium amounts in highly targeted but effective ways. There is a sense that securing this support is overly bureaucratic and that Brexit provides an opportunity to develop a more streamlined approach and to review some aspects of the focus of funding. However, the imperative is that similar or increased levels of support must continue because withdrawal of this funding will have real impacts at the local community and individual level. There are genuine fears that the prosperity of local areas might be impacted across the board in terms of economic prosperity, social cohesion and well-being.

As with workforce and employment, uncertainty about future funding streams is causing concern. There seems to be mixed understanding about current assurances from the EU on when current commitments will end with references to 2018, 2019, 2020 and 2022 depending on the EU fund or project in question. If not already communicated clarity on this issue needs to be given for every project. Councils numerously cite an inevitable reduction to support for projects in the following areas as a significant threat to the fabric, prosperity and well-being of their communities.

There is significant work ongoing by councils on both workforce and financial planning but the overarching need is for greater certainty about the specific principles that will at least be pursued as part of the Brexit deal that UK government will work toward and what contingency plans might be adopted. I attach for your information a summary of the current mandates COSLA has in relation to Brexit. The development of these will be informed by information COSLA is gathering from its member councils and partner organisations.

Yours Sincerely,

Sally Loudon
Chief Executive, COSLA

Mandated COSLA positions on BREXIT

FUNDING

A standing four-country governance arrangement with the Local Authority Associations, devolved administrations and the relevant UK departments - building on the current Joint Ministerial Committee approach.

(This should include the continuation of a seven year funding timeframe and responsibility for the management of a sizeable budget baselined on current expenditure; taking us through the final phase of 2013 – 2020, and into 2020 – 2027).

Suggest basing its priorities on the EU's to ensure we don't lag behind.

Continued access to the EIB or establish regional development banks in the UK, replacing JESSICAs.

PROCUREMENT

STATE AID

NEW TRADE AGREEMENTS

An inter/multi governmental framework to develop future trade agreements, and how state aids policy is developed and concerned industries reassured about their long term future.

ADMINISTRATION & POWERS

Work with member authorities to identify the powers that they want devolved locally or where we should be arguing for greater local flexibility sooner.

SHAPING THE DEBATE

In informing any debate from a local perspective we will need to know:

The financial burden on Local Government (in meeting the costs and mitigation) of leaving versus the cost of remaining;

The predicted local economic effects of leaving compared to staying;

If the felt democratic deficit is wide how this will be addressed;

How the loss of essential EU workers will be replaced in the future; and

How voters' opinion develops over Brexit up to the point we are intended to leave.

WORKFORCE & LABOUR SHORTAGES

The Seasonal Agricultural Workers Scheme (SAWS) and other sectoral schemes may need to be re-established covering food processing and the tourism industries in particular (we will need further information from our members on this). We have also had a long held position that the very limited sums of the Agricultural and Fisheries money that go to support skills and training and local economic diversification should be increased and, as this could happen outside the EU, regulations should be something we argue for.

MARKETS & STERLING

Specific examples of how member authorities are affected will be needed.

COMMUNITY COHESION

Address any felt distance between citizens and our democratic institutions. It would be helpful to have members' views on activities or joint work that could be initiated.