

**Audit Scotland Paper - Withdrawal from the EU**

<b>Key questions</b>	<b>Council /Other action</b>
<b>PEOPLE</b>	
<b>1) How are we communicating with staff about the potential EU withdrawal and preparing to support any employees who may be affected?</b>	Letters have been issued to known potentially affected employees to offer advice. Some contact has been made with HR as a result. Information on Brexit has been posted on the council intranet (interchange) and in the staff newsletter, Connect. The information made available has included actions that may require to be taken by employees who are non UK EU nationals and who wish to remain in the UK post Brexit.
<b>2) How are we reflecting the implications of EU withdrawal in our long term work- force planning?</b>	Only small numbers of staff (circa 27) are potentially directly affected. Workforce planning meetings take place between HR and services are being held during April and May. Brexit is one of the issues that will be considered at that time where appropriate.
<b>3) What are the workforce planning implications for the third sector and private organisations that provide services in partnership with the council or on its behalf?</b>	There may be limited impacts in the delivery of care services directed by the Moray Integration Joint Board. The Board has recorded this as a risk issue and there is awareness that both cost pressures and recruitment issues could potentially affect the ability of contracted organisations to continue to deliver agreed services.
<b>4) Which parts of the workforce are most at risk from the impact of EU withdrawal?</b>	External to the council, the principal risk in terms of numbers of employees potentially affected is linked to the low skilled, low wage economy prevalent in Moray associated with manufacturing, food and drink, and agriculture. Professional posts may also be affected; e.g. medical practitioners where skill shortages are already evident.
<b>5) How are we reflecting the implications for the local work force in our economic strategies?</b>	A detailed report prepared by the Director of Economic Development Planning and Infrastructure on the impact of Brexit on the local economy was presented to the Community Planning Board at its meeting in September 2018

	Economic issues are also being looked at through the Highlands and Islands European Partnership and the Convention of Highlands and Islands. In addition the implications of Brexit are referenced in the revised Moray Economic Strategy and in the Moray Skills Investment Plan
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<b>FINANCE</b>	
<b>6) What level of funding do we and our partners receive from the EU and through which funding streams</b>	Indications are that across all partners and EU funding streams some £33 million was received during the 2007-13 programme period. This included ERDF and ESF funding, contributions to HIE and payments made including farm subsidies under the Scottish Rural Development Programme. A similar amount is expected to be secured in the current programme that runs to 2020.
<b>7) What financial risks are associated with any changes after the UK has left the EU, during any transition period and beyond</b>	Notwithstanding commitments made by UK government to maintain current levels of funding, the risk is that amounts available for distribution to councils and others diminish over time. The impacts cannot be quantified at this stage. Costs of certain goods and services purchased by the council may also increase. This has been highlighted in the Council's recently updated Reserves Policy as a risk should service budgets prove insufficient as a result of increasing costs.
<b>8) How are we reflecting the implications of EU withdrawal in our long term financial planning?</b>	As per the response to question 2 above this is but one of the issues the council needs to consider as it looks to secure financial sustainability in future years. Emerging issues likely to adversely affect the council's financial position will be taken into account as soon as impacts are known.
<b>9) How can we capitalise on opportunities to access alternative funds or redesign replacement funding streams</b>	The council already looks to obtain additional funds or to support access to such funds as a means of supplementing council monies where funding purposes are commensurate with the council's priorities. For example Historic Environment Scotland funding for town

	<p>centre regeneration schemes. It is expected this practice will continue although, at this stage, beyond indicating the council's commitment to seek such opportunities, it is not clear from where these alternative funds will be available. The government has committed to replace EU structural funds with a Shared Prosperity Fund post Brexit but details on this have still to be published.</p>
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RULES AND REGULATIONS	
<p><b>10) What are the potential implications of changes to trade and customs rules to our supply chains and the cost and availability of products</b></p>	<p>In the short term the UK will be adopting EU regulations around procurement so the extent of any 'rule changes' will depend on the outcomes of negotiations still taking place. Should barriers to trading emerge that impact on the free trade of goods this has the potential to affect supply chains. The impact will depend on the type of commodity and the nature of any disruption or delay. Local sourcing of provisions for use in preparation of school meals has been identified as a positive in terms of securing continuity of service but the risk remains that supply chains could be affected to some extent.</p>
<p><b>11) What EU regulations /legislation are directly relevant to our role? (e.g. monitoring compliance)</b></p>	<p>There are a multitude of EU Regulations relevant to the council's role that will be enshrined in UK legislation and thereafter be subject to negotiation. All have implications for the way services are monitored and controlled. Food is significant with respect to export and import regulatory frameworks but other issues concerning environment and state aid could also generate service pressures.</p>
<p><b>12) What impact would potential changes to regulation /legislation have on how we deliver services and our service users?</b></p>	<p>The impact will be entirely related to the final agreement that is reached and the council, like all other councils in Scotland, can only address this at some point in the future when more certainty emerges. The council is forecasting a continued growth in its population partly due to increased MOD presence, however the local development plan has</p>

	not accounted for Brexit as there is too much uncertainty to predict.
<b>13) How can we capitalise on opportunities to streamline or improve the regulatory environment?</b>	It is expected that either the UK or Scottish Governments will develop their own regulatory framework for distribution of funding of a nature similar to that provided currently by the EU. Should this happen the council may be consulted and have the opportunity to comment at the appropriate time. Some lobbying has already taken place through the Highland and Islands Economic Partnership.
<b>14) How are we planning for the possibility that the UK government and the EU fails to reach an agreement or arrangement for the UK's exit from the EU?</b>	CMT/SMT has established a working group to consider Brexit implications in the context of ensuring, so far as is practicable, that day to day business of the council can continue unaffected by whatever Brexit outcome may emerge. Discussions are also taking place with public sector partners locally and nationally. With the situation changing on a daily basis and considerable uncertainty remaining a proportionate approach has been adopted.