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| Agenda Item |  |
| Report No |  |

**THE HIGHLAND COUNCIL**

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| **Committee:** | **Brexit Working Group** |
| **Date:** | **1 April 2021** |
| **Report Title:** | **Brexit and European Update** |
| **Report By:** | **Angus MacLeod, Brexit & European Policy Coordinator** |
| **1.** | **Purpose/Executive Summary** |
| 1.1 | The purpose of this report is to give Members a summary of Brexit and European issues relevant to Highland Council since the last formal update to Council on **7 January 2021**. It also proposes that the Brexit Working Group winds down and that relevant Brexit information is fed into the most appropriate Committees as well as a strategic report to Council. This paper provides the most up to date information, was accurate at the time of writing but may be subject to change. Verbal updates can be given in this regard.  |
|  | **Recommendations** |
| 2.1 | Members are asked to:1. Note the paper
2. Agree the Summary of Ongoing Work highlighted in Section 12
3. Agree to wind up the Brexit Working Group as outlined at Section 13.3
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| **3.** | **Implications** |
| 3.13.23.3 | On **24 December 2020**, the European Union and the United Kingdom reached an agreement in principle on the [EU-UK Trade and Cooperation Agreement](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en) (TCA). This was signed off by the UK Parliament on **30 December 2020.** The EU have given a provisional application to the agreement which will extend until **30 April 2021**, by which time it is expected that the EU and its constituent Parliaments will ratify this. The impacts of this deal continue to be discussed and will impact on us for some time to come. Many of the implications will not be cliff face in nature but will take a period of time to become apparent. It will also be difficult to disentangle from the ongoing Covid-19 impacts.However, in terms of the functions and responsibilities of Highland Council it is reasonable to make a number of assumptions.**Resource**. There is and will be an increased burden placed upon Environmental Health within the Council in relation to import and export regulations. This relates specifically to the increased requirement for Environmental Health Certificates (see 6.6, 7.14 and 7.15). It is also likely that there will be a wider impact on some Third Sector funding as the UK will not participate in EU Programmes 2021 – 2027. Once the detail of the UK Shared Prosperity Fund is known in Spring 2021 then future funding arrangements can begin to be quantified (see section 10).  |
| 3.4 | **Legal**. One area of change already confirmed is Procurement as the use of Open Journal European Union (OJEU) will cease (see 6.5) and whilst data adequacy has yet to be formally ratified, an agreement is expected (see 6.11). There may also be some indirect implications concerning access to law enforcement databases and the availability of information around children missing from education. Work with Police Scotland is ongoing to seek solutions around this. |
| 3.5 | **Community**. (Equality, Poverty, Rural and Island). There could be wider community implications in terms of a potential population decrease brought about by the end of freedom of movement and the introduction of [new immigration rules](https://www.gov.uk/government/news/home-secretary-signals-britain-is-open-for-business). This in turn could have an impact on our workforce and the provision of services. Some work is underway to look at a bespoke immigration policy (see 8.2). There will be increased costs associated with employing EU Citizens after **1 January 2021**. The potential for customs delays and supply chain disruption could lead to a rise in inflation and the subsequent knock on effects in the costs of living and foodstuffs. Key milestones on import checks are highlighted at 6.2  |
| 3.6 | **Climate Change / Carbon Clever**. As set out in the TCA, the EU and UK have reaffirmed their ambitions of achieving economy-wide climate neutrality by 2050. They have also agreed not to weaken or reduce, in a manner affecting trade or investment between the Parties, their environmental levels of protection or their climate level of protection below the levels that are in place at the end of the transition period. Both parties shall continue to strive to increase their respective environmental levels of protection or their respective climate level of protection. Whilst this may appear to be a full commitment to non-regression in all climate and environmental standards it does seem to pivot on trade and investment concerns which could be a loophole if one party wants to reduce targets that do not reflect a trade or investment position. A briefing on the impact of the TCA on Scotland’s environmental standards can be found [here](https://spice-spotlight.scot/2021/02/11/what-does-the-uk-eu-deal-mean-for-environmental-standards-in-scotland/). |
| 3.7 | **Risk**. Each Service within Highland Council has identified specific service risks and mitigations that will inform their business continuity plans. This is an ongoing process and the Brexit Tactical Group last meet on **12 January 2021** to review the implications of the TCA. This resulted in 1:1’s with each Service to identify specific risks and this in turn informs the corporate risk register where Brexit is recorded as [CR4](https://www.highland.gov.uk/info/20009/performance/795/corporate_risk_management).  |
| 3.8 | **Gaelic**. Gaelic teachers and Gaelic medium teachers have been included in the Scotland only Shortage Occupation List of the UK points-based immigration system  |
| **4.**4.14.24.3**5**5.15.25.35.4**6**6.16.26.36.46.56.66.76.86.96.106.116.126.136.14**7**7.17.27.37.47.57.67.77.87.97.107.117.127.137.147.15**8**8.18.28.38.48.58.68.7**9**9.19.29.39.49.59.69.79.89.99.109.11**10**10.110.210.310.410.510.610.710.810.910.10**11** | **Background and Context**The EU-UK Trade and Cooperation Agreement (TCA) is very much a [springboard](https://blogs.surrey.ac.uk/politics/2021/01/07/mapping-the-next-period-of-brexit/) for further discussions, and it contains a number of review dates, grace periods and ratification deadlines stretching across a number of years. The TCA allows for rebalancing mechanisms and imposition of tariffs should one side regress, so the signing of the TCA is not the end game and there is always the possibility of dropping into a no deal scenario with the quotas and tariffs that will entail. In total, there are 13 ways to terminate all or parts of the Agreement and this reveals the TCA to be not only dynamic in nature but equally precarious. A reasonable summary of some key issues can be found [here](https://www.epc.eu/en/Publications/The-EUUK-relationship-It-is-what-it-is~3bb140) but trust continues to be problematic and the UK’s move on **3 March 2021** to unilaterally extend grace periods in relation to the Northern Ireland protocol has been [described](https://www.bbc.co.uk/news/world-europe-56278125) as a breach of international law by the EU who, on **15 March 2021**, started [legal action](https://www.bbc.co.uk/news/uk-northern-ireland-56381046). Resilience Partnerships continue to assess ongoing Brexit risks, taking concurrent issues on board and the National Co-ordination Centre (NCC) produces a national daily Horizon Scan.**Devolved Powers and the UK Internal Market Bill**Withdrawal from the EU required that a number of regulatory and oversight powers, currently exercised by the EU, are replicated domestically. Most of these issues will be devolved by default and there will be a range of common frameworks that require UK-wide arrangements. The UK and devolved governments have agreed that a number of common frameworks will be needed to avoid significant policy divergence between the nations of the UK and [work](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919729/Frameworks-Analysis-2020.pdf) on common frameworks continues to move forward. On **8 February 2021** Mike Russell MSP, Cabinet Secretary for the Constitution, Europe and External Affairs [wrote](https://www.parliament.scot/S5_Finance/General%20Documents/2020.02.09_Cabinet_Secretary_for_Constitution_-_Common_Frameworks.pdf) to the Finance and Constitution Committee to provide the latest update on common frameworks.As previously reported, the Scottish & Welsh Governments have withheld their [consent](https://commonslibrary.parliament.uk/internal-market-bill-reactions-from-scottish-and-welsh-governments/) under the Sewel Convention to the [Internal Market Bill](https://www.gov.uk/government/news/uk-internal-market-bill-becomes-law) (IMB) and the Welsh Government, have indicated that they will take [legal action](https://gov.wales/written-statement-possible-legal-challenge-uk-internal-market-bill) against the UK Government as they believe the provisions in the IMB will constrain the Senedd’s legislative areas which are currently devolved. The Scottish Government support this action and on **8 March 2021** they published a report titled [After Brexit: The UK Internal Market Act & Devolution](https://www.gov.scot/news/devolution-being-fundamentally-undermined/)where they highlight areas where they believe the Scottish Parliament’s devolved powers are being eroded by the UK Government following the 2016 Brexit vote. It is also worth a reminder that on **30 December 2020** both the devolved Parliaments of Scotland and Northern Ireland declined to give their legislative consent to the TCA.**General Issues Arising**The substance of the [TCA](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en) took effect on **1 January 2021** as well as the rules governing import, export and immigration. This meant that the UK was now classed as a [third country](https://ec.europa.eu/home-affairs/what-we-do/networks/european_migration_network/glossary_search/third-country_en) as it was now outside the Single Market, the Customs Union and chose not to align to EU standards.Currently there is a light touch on imports. On **11 March 2021** the UK Government announced new [timetables](https://www.gov.uk/government/news/government-focuses-on-recovery-from-covid-with-new-timeline-for-border-control-processes-on-import-of-goods?utm_medium=email&utm_campaign=govuk-notifications&utm_source=48d4c5c6-f69d-43fd-8594-06713204d234&utm_content=daily) for the introduction of import border control processes. On **1 October 2021** Export Health Certificate requirements for Products of Animal Origin as well as pre notification will be required. This change was originally scheduled for **1 April 2021**. With the exception of live animals and low risk plants/plant products, full checks will be implemented on **1 January 2022** at Border Control Posts. This change was originally scheduled for **1 July 2021**. From **March 2022**, checks at Border Control Posts will take place on live animals and low risk plants and plant products. If export hold ups are a marker then we can expect to see delays and chain supply issues.On **12 March 2021** the Office for National Statistics (ONS) published a [report](https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/january2021) on UK Trade covering **January 2021**. Its main conclusions in relation to overall EU trade were a fall in imports of £6.6 billion (28.8%) and a fall in exports of £5.6 billion (40.7%). The ONS report also highlights that exports of food and live animals to the EU, which includes seafood and fish, decreased by £0.7 billion (63.6%) in January 2021 with consignment sign off is reportedly taking six times longer, and previously overnight transit of goods to France is reportedly now taking three days.On **7 January 2021** the UK Government published updated [guidance](https://www.gov.uk/guidance/public-sector-procurement) on public sector procurement and the new find a tender systemThere have been a number of issues reported with border traffic and **on 8 January 2021** Michael Gove MP, the Chancellor of the Duchy of Lancaster [urged](https://www.gov.uk/government/news/traders-must-act-now-with-border-traffic-expected-to-increase-next-week) traders to ensure they are fully ready under new rules. Food Standards Scotland also recognise the significant teething issues and delays which have primarily related to inaccuracies with documentation and labelling of products as well as logistical problems within the hubs. Each error compounds the time taken to complete the EHC. It is anticipated that these issues may result in greater demand for local certification services and COSLA are working with the Scottish Government on this matter. On **8 January 2021** the UK Government provided some [clarity](https://www.gov.uk/guidance/transporting-goods-between-great-britain-and-the-eu-guidance-for-hauliers-and-commercial-drivers?utm_campaign=transition_p4&utm_medium=organic&utm_source=ogd_defra_soc_twtr&utm_content=ukb_bdrs_hauluk__act3#moving-goods-from-gb-to-the-eu) on bringing food and drink into EU countries. In effect this means that you cannot bring products of an animal origin such as those containing meat or dairy (e.g. a ham and cheese sandwich) into the EU. There are exceptions to this rule for certain quantities of powdered infant milk, infant food, special foods, or special processed pet feed. Almost all plants and plant products, including fruits, vegetables, flowers, and seeds, require a phytosanitary certificate to be brought into the EU. The exceptions to this are bananas, coconuts, dates, pineapples, and durians, which can be brought into the EU without a certificate. If you are carrying prohibited items in your luggage, vehicle or person you need to use, consume, or dispose of them at or before the borderOn **11 January 2021** the UK Government introduced a [Global Health Insurance Card](https://www.gov.uk/government/news/uk-launches-global-health-insurance-card?utm_medium=email&utm_campaign=govuk-notifications&utm_source=e28f4786-5ec9-4490-8a65-fcb90558bc0a&utm_content=daily) (GHIC) which will ensure the right of UK residents to access emergency and medically necessary care when travelling in the EU. The GHIC will gradually replace existing European Health Insurance Cards (EHIC) The card is free, and the public only need to apply for their new GHIC when their current EHIC expires.On **31 January 2021** the UK Government [unveiled](https://www.gov.uk/government/news/new-style-driving-licences-and-number-plates-mark-one-year-anniversary-of-brexit-as-eu-flag-is-removed?utm_medium=email&utm_campaign=govuk-notifications&utm_source=26db28a6-30c6-4a80-a33d-311b83ddf1a9&utm_content=daily) new designs for driving licences and number plates without the EU flag and announced new agreements that allow UK drivers who hold photocard licences to drive in any of the 27 EU member states, Iceland, Norway, Switzerland or Liechtenstein. UK drivers will not need an international driving permit and won’t need to display a GB sticker in most EU countries if their number plate has GB or GB with a Union Flag on it. On **11 February 2021** the Chancellor of the Duchy of Lancaster, Michael Gove MP [announced](https://www.gov.uk/government/news/government-announces-20-million-sme-brexit-support-fund?utm_medium=email&utm_campaign=govuk-notifications&utm_source=f0e9b180-e125-40d0-907c-cf4de5c12b16&utm_content=daily) a £20 million SME Brexit Support Fund to support small and medium sized businesses adjust to new customs, rules of origin, and VAT rules when trading with the EU. These grants of up to £2,000 for each trader relates to importing and exporting processes and will pay for practical support including training and professional advice to ensure they can continue trading effectively with the EU.Data adequacy was not included in the TCA but on **19 February 2021** the EU gave a draft data adequacy [decision](https://www.gov.uk/government/news/uk-government-welcomes-the-european-commissions-draft-data-adequacy-decisions?utm_medium=email&utm_campaign=govuk-notifications&utm_source=86a48ad9-bb67-4906-adf5-dcf72509cf52&utm_content=daily) which recognised the UK’s high data protection standards and set out that the UK should be found ‘adequate’. Once formalised in a final data adequacy decision this should pave the way for continued free flow of data between the EU and the UK[Data](https://www.cips.org/who-we-are/news/delays-at-the-ukeu-border-increase-as-new-customs-paperwork-continues-to-cause-problems/) gathered by the Chartered Institute of Procurement and Supply and drawn from a survey of 350 UK supply chain managers about delays at the UK/EU border was published on **24 February 2021**. It showed that 58% of businesses say that delays have become longer since the beginning of January for both imports and exports. This survey data was recorded in advance of the new import certifications which are due to be phased in from October. One issue that has arisen from Brexit relates to buying online, or receiving gifts, from the EU. Buyers now face a more complicated experience post-Brexit with VAT, customs duties and handling fees needing to be paid which is dependent on the type and value of the goods. Similarly, the rules for sending items to the EU have changed. An explanatory note can be found [here](https://spice-spotlight.scot/2021/02/15/sending-and-receiving-post-from-the-eu-whats-changed/)A helpline has also been set up to assist businesses in Scotland with the new rules for doing business with the EU from 1 January 2021 – call 0300 303 0660 and further information can be found on the associated [website](https://findbusinesssupport.gov.scot/)**Trading Arrangements – Seafood**It became apparent early on that the seafood industry were experiencing delays due to post-Brexit non-tariff barriers relating to exports. More background information can be found [here](https://spice-spotlight.scot/2021/01/19/seafood-trade-post-brexit-teething-problems-or-the-new-normal/) but some of the new requirements included customs declarations, border inspections, catch certificates export health certificates, negotiating new IT systems, groupage issues and limited time to prepare for new set up.On **19 January 2021** the UK Government announced [funding](https://www.gov.uk/government/news/new-financial-support-for-the-uks-fishing-businesses-that-export-to-the-eu?utm_medium=email&utm_campaign=govuk-notifications&utm_source=287c395d-0313-45fb-8a84-1e89c3872ed1&utm_content=daily) of up to £23 million to seafood exporters across the UK to support businesses which have been most adversely affected by the COVID pandemic and the challenges of adjusting to new requirements for exporting. Further support, including extra physical resources to support certification in Scottish Hubs, was included in the wider package. This proposal for financial support left many Scottish fishing firms frustrated after finding they didn’t qualify for the scheme, a point highlighted by Seafood Scotland Chief Executive Donna Fordyce in a radio [interview](https://planetradio.co.uk/northsound/local/news/there-a-lot-of-companies-that-are-on-the-brink-more-disappointment-for-seafood-firms/) on **10 February 2021**.(See update at 7.12)On **27 January 2021** the Scottish Government [announced](https://www.gov.scot/news/support-for-seafood-exporters/) two new posts to help provide seafood businesses with support on new paperwork and processes following the end of the EU Exit Transition Period. This is intended to help companies better understand the new business practices to export to the EU and Northern Ireland, including the customs and export certification processes.On **2 February 2021** it was [reported](https://www.bbc.co.uk/news/uk-politics-55903599) that the EU would indefinitely ban live mussels, oysters, clams, cockles and scallops unless they have already been treated in purification plants. The restrictions on exports of bivalve molluscs means that it is only pre-purified, ready-to-eat shellfish, accompanied by an export health certificate that will be accepted by the EU’s 27 member states. The reasoning behind this is that the EU will only accept this category of mollusc if they are landed in class A waters (the very cleanest) but most UK waters are not in that category. This should not be an issue for Highland based harvesters as their shipments of class B bivalves into the EU are depurated before export, thereby making them safe to eat. In any case Scotland is [recognised](https://www.gov.uk/government/speeches/uk-shellfish-exports-environment-secretarys-commons-statement-8-february-2020?utm_medium=email&utm_campaign=govuk-notifications&utm_source=548ba8b9-8af2-4279-bc38-5664e5a95e58&utm_content=daily), in many cases, as having class A waters.On **3 February 2021** the Scottish Government [announced](https://www.gov.scot/news/more-funding-for-seafood-sector/) a new £7.75 million funding package which will offer support to fishermen, seafood businesses and ports and harbours threatened by the ongoing effects of coronavirus (COVID-19) and EU Exit. Full details of the Seafood Producers Resilience Fund was made available on the [Marine Scotland section](https://www.gov.scot/marine-and-fisheries/) of the Scottish Government website on **5 February 2021**.On **12 March 2021** an initial tranche of ports and harbours were [announced](https://www.gov.scot/news/extra-support-for-ports-and-harbours/) as having received a share of the fund in order to provide necessary investment for safety improvements and repair works. In Highland the beneficiaries were Cromarty, Ullapool, Scrabster and Mallaig. The funding will provide necessary investment at ports and harbours for safety improvements and repair worksOn **4 February 2021** the Scottish Parliament’s Culture, Tourism, Europe and External Affairs Committee held an [evidence session](https://www.scottishparliament.tv/meeting/culture-tourism-europe-and-external-affairs-committee-february-4-2021) on the EU-UK trade and co-operation agreement with Charlie Adam, Vice President, NFU Scotland and James Withers, Chief Executive, Scotland Food and Drink where the current difficulties around export were highlighted.Later that same day the Scottish Affairs Committee heard [evidence](https://parliamentlive.tv/Event/Index/c01054de-156e-4c47-b7b2-6c8248c3b0da) on the difficulties and issues encountered by the Scottish fishing industry with Jimmy Buchan, Chief Executive, Scottish Seafood Association; Elaine Whyte, Executive Secretary, Clyde Fishermen’s Association and James Withers, Chief Executive, Scotland Food and Drink. All parties looked for a grace period and streamlining of processes.On **8 February 2021** the UK Government [announced](https://www.gov.uk/government/news/scottish-seafood-taskforce-to-drive-progress?utm_medium=email&utm_campaign=govuk-notifications&utm_source=2c1ca10f-7d09-4fed-b2d6-1068e4ad4ab7&utm_content=daily) the setting up of a Scottish Seafood Exports Task Force which draws together the UK Government and a wide range of key industry representatives from the catching, processing and aquaculture sectors. The Scottish Government was also invited to take part and the aim is to help secure a prosperous long-term future for the Scottish seafood industry, taking advantage of new opportunities as well as addressing current challenges. Fisheries Secretary Fergus Ewing [sees](https://www.gov.scot/news/priorities-for-seafood-taskforce/) that streamlining export processes, fixing IT systems and resolving trade issues with the EU as the urgent priorities It plans to meet on a fortnightly basis. On **12 February 2021** the new seafood taskforce, chaired by UK Government Minister for Scotland David Duguid, [met](https://www.gov.uk/government/news/scottish-seafood-taskforce-meets-to-drive-progress?utm_medium=email&utm_campaign=govuk-notifications&utm_source=a844ea42-759a-4283-b12a-8e8f2f962ee0&utm_content=daily) for the first time. During the meeting the movement of mixed loads of small consignments, known as groupage, was discussed and the variation in time taken for loads to be cleared, with constructive discussions on how practical solutions could be arrived at to ease the flow of goods.On **25 February 2021** David Duguid MP, UK Government Minister for Scotland and Chairs of the Scottish Seafood Exports Taskforce [announced](https://www.gov.uk/government/news/additional-support-for-uk-fish-and-shellfish-exporters-to-the-eu?utm_medium=email&utm_campaign=govuk-notifications&utm_source=75de708d-7f23-4974-8fd7-39350a3d136f&utm_content=daily) that the UK Government’s £23m Seafood Disruption Support Scheme will now also be open to the catching and aquaculture sectors.On **26 February 2021** the Scottish Seafood Exports Taskforce met for the second time and were told that streamlining of paperwork required for EU export had taken place as a result of industry feedback.A [report](https://www.highland.gov.uk/meetings/meeting/4392/communities_and_place_committee) titled “Update on the support for businesses exporting to, and importing from, the European Union (EU)” was presented to the Communities and Place Committee on **24 February 2021**. This gave Members an update on the work being carried out by Environmental Health Officers.It is still worth highlighting that all this work is being carried out within existing Highland Council resources and there is a long-standing request sitting with both the UK and Scottish Governments to adequately resource this increase in workload and infrastructure requirements as they relate directly to Environmental Health. (see 3.3 and 6.6)**Immigration and the EU Settlement Scheme**As has been previously reported the UK’s future [immigration system](https://www.gov.uk/government/news/home-secretary-signals-britain-is-open-for-business) received Royal Assent and was signed into law on **11 November 2020** meaning an end to free movement on **31 December 2020**. It was not viewed as being particularly positive for the Highland area.On **17 February 2021** the Migration and Population Expert Advisory Group to the Scottish Government produced a [report](https://www.gov.scot/publications/designing-pilot-remote-rural-migration-scheme-scotland-analysis-policy-options/) on options for designing a pilot migration scheme tailored to the distinct needs of Scotland’s rural and remote communities. The Scottish Government recognises the current approach to migration, which is reserved, does not meet Scotland’s needs and is supportive of a tailored migration policy. One area under consideration is a bespoke ‘Scottish Visa’ for designated areas and the development of a rural and remote local partnership scheme between government, local authorities, and employers. It is expected that this will be done in collaboration with COSLA and individual Scottish councils so that a practical rural migration pilot proposal can be developed.Highland Council continue to be to be pro-active in communicating the EUSS process across the region and the detail around this has been highlighted in previous reports as has the support provided by the Citizens Advice Bureau.On **25 February 2021** the Home Office released their most up to date [figures](https://www.gov.uk/government/statistics/eu-settlement-scheme-quarterly-statistics-december-2020) that showed 10,140 EU Citizens in Highland have applied for EU settled status up until the end of **December 2020**. This is a rise of 1,530 since the last quarterly figure of 8,610 which related to the end of **September 2020**. This consists of 1,390 under 18’s, 8,450 in the 18 to 65 age group and 290 over 65.By far and away the largest grouping has been from Poland with 4,510 applications, followed by Latvia with 900 and Romania with 640. Applications from Poles and Romanians are consistently shown in the top five nationalities across all areas of the UK however, applications from Latvians are not replicated elsewhere and do not even show in the top ten across the UK. Highland ranks 6 out of 32 in terms of number of applications to the EU Settlement Scheme per Local Authority and comes behind Edinburgh (58,930), Glasgow (41,330), Aberdeen (24,160), Fife (13,670) and Aberdeenshire (10,360). On **5 March 2021** the Home Office [accepted](https://www.gov.uk/government/news/new-immigration-rules-provide-boost-for-scottish-fishing-industry?utm_medium=email&utm_campaign=govuk-notifications&utm_source=a678c393-8b45-4219-adcf-63a5e3615b39&utm_content=daily) the Migration Advisory Committee recommendation that deckhands on large fishing vessels, with three or more years of experience using their skills, should be included in the list of occupations eligible for Skilled Worker visas. To qualify, their sponsoring employer must be offering a salary of at least £25,600, in line with other non-shortage occupations. If the deckhand is a ‘new entrant’ (mainly those under the age of 26), a lower salary threshold of £20,480 will apply. In all cases, their pay must also be at least £10.10 per hour. The changes take effect from **6 April 2021**.**EU Funding Programmes** On **5 January 2021** the UK Government launched the [Turing Scheme](https://www.gov.uk/government/news/new-turing-scheme-to-support-thousands-of-students-to-study-and-work-abroad) which is a replacement for Erasmus+ and is styled as the UK’s global programme to study and work abroadThe Scottish and Welsh Governments looked to [explore](https://www.gov.scot/news/erasmus-exchange-programme/) how both countries could continue to enjoy the benefits offered by Erasmus+. However, an attempt by 145 MEP’s to include both Scotland and Wales in future Erasmus+ programmes was [rejected](https://www.politico.eu/article/ursula-von-der-leyen-rejects-calls-to-readmit-scotland-in-erasmus-scheme/) on **16 February 2021** on the basis that, is not possible for a constituent nation of the UK, to join separately and the only possibility for the UK is to associate as a whole, or not at all. Efforts continue to try and find a way. The Highlands & Islands Territorial Committee (HITC) met on **5 March 2021** to discuss delivery of the current European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes. Both programmes have continued to be delivered against the respective Operational Programmes. Levels of commitment in each programme is high although the spend claim is low as per the following tables. There are a number of factors for this but there is a significant number of claims pending.

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| **Programme value (€) ERDF** | **Committed (€)** | **% of Programme Committed** | **Paid Claims (€)** | **% of Programme Claimed** |
| **105,380,764.00** | **89,302,005.05** | **85%** | **15,889,806.95** | **15%** |

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| **Programme value (€) ESF** | **Committed (€)** | **% of Programme Committed** | **Paid Claims (€)** | **% of Programme Claimed** |
| **64,749,601.00** | **61,626,640.88** | **95%** | **7,074,548.66** | **11%** |

A paper was presented at the HITC advising members that the Managing Authority (Scottish Government) had put forward a case of Force Majeure under [Article 87](https://www.legislation.gov.uk/eur/2013/1303/part/TWO/title/IX/chapter/IV/adopted/data.xht?view=snippet&wrap=true) of the Common Provisions applicable to the European Structural Investments Funds to prevent de-commitment of funds for 2020In terms of fishing the UK Autumn Spending Review pledged £14 million to support fisheries in Scotland for **2021 – 2022**. The current European Maritime Fisheries Fund (EMFF) seven-year programme gives Scotland £95 million. The Autumn Spending Review also covered agriculture with a pledge of £570 million to support Scottish farmers and land managers for **2021 – 2022**. In addition, the UK Government has committed to maintain the funding available to farmers and land managers in every year of this Parliament, supplementing the remaining EU funding that farmers and land managers across the UK will receive for Agri-environment and rural development projects. There is no mention of LEADER funding and it is not possible to obtain current Common Agricultural Programme (CAP) funding although Mr Sunak advises that the Department for Environment and Rural Affairs settlement includes CAP and Fisheries EU replacement funding, with **2020-21** adjusted to make it comparableThe Highlands & Islands Transition area are still awaiting official confirmation from the Managing Authority of the amount contained within the allocation of Performance Reserve money from the ERDF programme which is in the region of €3.7 million - €4.2 million.There is no clarity on how and if European Territorial Cooperation (ETC) will be replaced. It may be subsumed by the UKSPF, but it is not known how this will work in practice and if there will be scope for international collaboration. [Section 50(1)](https://www.legislation.gov.uk/en/ukpga/2020/27/section/50/enacted) of the Internal Market Act includes the provision to give funding for “international educational and training activities and exchanges”. This could potentially allow for the UK to provide funding to partners to participate on a project by project basis in ETC. As it stands the only 2021-2027 ETC programme that the UK Government has committed to taking part in is PEACE Plus (which covers Ireland & Northern Ireland).**Levelling Up Fund & UK Shared Prosperity Fund (UKSPF)**On **24 February 2021** the UK Gov announcement a new UK Levelling Up Fund of £4.8 billion available UK-wide. This is part of a package that includes City and Region Growth Deals, Freeports, the Union Connectivity Review and the UK Shared Prosperity Fund. The UK Government will use the financial assistance power in the [UK Internal Market Act](https://www.legislation.gov.uk/ukpga/2020/27/contents/enacted) (section 50) to invest in local infrastructure and will run from 2021/22 to 2024/25. Further details on the Levelling Up [Fund](https://www.gov.uk/government/publications/levelling-up-fund-prospectus) was announced in the Chancellor’s budget on **3 March 2021**.This is a competitive fund which targets places across the UK with the most significant need but Highland has been assessed by the UK Government’s assessment metrics as a category 3 area which is viewed as the lowest level of identified need.On **11 March 2021** the [methodology](https://www.gov.uk/government/publications/levelling-up-fund-additional-documents/levelling-up-fund-prioritisation-of-places-methodology-note) supporting the Levelling Up Fund’s prioritisation was published. All places in Scotland are eligible for capacity funding, independent of their place in the index which means Highland is eligible for support to prepare for high-quality bids. The indicators are different between England and Scotland and where there is any commonality, the weighting is different. Across Britain there are three common indicators namely Productivity, Unemployment and Skills. In England this is given a weighting of 50 % by Scotland’s weighting is 88.9%. The only other common rating is a Dwellings vacancy rate which is weighted at 6.25% in England 11.1% in Scotland.A key area of difference between England and Scotland is the category around the need for improved transport connectivity. England has a 25% weighting towards its overall rate, but this category does not appear in Scotland’s indicators which is probably the area where we could have gained most.Detail on what is known about the UKSPF has been shared in a number of briefings as well as two recent Brexit seminars, one of which was dedicated solely to the subject. We will need to wait until the next Spring Spending Review (date to be confirmed) to get more detail but we know from the Chancellor’s budget on **3 March 21** that UK Government will publish further details on the UKSPF in a UK-wide Investment Framework later this year with the profile being confirmed at the next Spending ReviewIt is expected that the UKSPF would be a five-year programme worth up to £1.5 billion per annum across the UK with a plan in place late **2021** and launching **April 2022**. The UKSPF would split into two funds: Places and People with the Department for Work and Pensions delivering the People strand (ESF) and Regional Economic Partnerships delivering the Place strand (ERDF). This is a clear signal that the UKSPF will not provide a like for like funding mechanism which allow for a compare and contrast exercise.The Budget also provided [detail](https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus) on the UK Community Renewal Fund a.k.a. the interim UK Shared Prosperity Fund to cover the period 2021/22. 100 local authorities have been identified by the UK Government as priority places based on an index of economic resilience. Although Highland does not fall into this category it does not prevent an application to the Fund. However, the lead authority of each of the 100 priority places will be given assistance and capacity funding to help them invite bids locally and appraise these bids.On **11 March 2021** the [methodology](https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prioritisation-of-places-methodology-note) notes for the UK Community Fund was published. This Fund will help inform the design of the UK Shared Prosperity Fund which in turn will replace EU funding. The fact that we are a Transition Region does not appear to have come into the equation. There are five indicators used and weighted as follows;Productivity 30%, Household Income 10%; Skills 20%; Unemployment rate 20% and Population density 20%Previous reports have highlighted the extensive public consultation into the design and focus of the replacement funding undertaken by the Scottish Government resulting in a [Position Paper](https://www.gov.scot/publications/scottish-replacement-eu-structural-funds/) setting out our plans for Scotland’s Shared Prosperity Fund which was published on **19 November 2020**. This was a focus of both Brexit Seminars when Rob Clarke, HIE who is a member of the Steering Group and Professor John Bachtler, University of Strathclyde who is co-chair of the Steering Group discussed the proposals.The substance of the Scottish Government Steering Group position paper outlines how the fund will address and reduce economic and social disparity within and between places and people in Scotland through a partnership approach focusing on four key themes: improving and empowering places, reducing poverty, increasing skills and growing business and jobs. There are also two horizontal themes – wellbeing and climate change – which will be integrated in all activity thus ensuring this funding works to help achieve inclusive growth and meet our net zero commitment. Decentralisation of funding is at the core of this approach, and there is a desire that decisions are made as closely as possible to the people, businesses and communities who will be impacted. **Arctic** |
| 11.111.2 | The Scottish Government’s Arctic Connections webinar series is published on [www.gov.scot/arctic](http://www.gov.scot/arctic) and is available on a YouTube playlist after the live event at <https://www.youtube.com/playlist?list=PLRW_0wGVvopWBHjM7-Eptzwz96V7Q-vd->Kateryna McKinnon, HIE continues to work with the Scottish Government’s Arctic Unit and there have been ongoing conversations with [Nordic Atlantic Cooperation](https://nora.fo/what-is-nora?_l=en) (NORA) looking at collaboration projects and options around Scottish Government funding. NORA have also had a committee meeting that looked at funding for 10 projects next year, with the potential for Scottish partners  |
| 11.311.411.5**12**12.112.212.312.412.512.612.712.812.912.10**13**13.113.213.3 | The NORA organised [Hackathon](https://nora.fo/think-rural-think-digital-think-ahead-2021?_l=no) ‘Think Rural, Think Digital, Think Ahead!’ took place over **19-21 March 2021**. It was open to young people from across Scotland, Coastal Norway, Iceland, Greenland, Faroe Islands, Maine and Ontario to develop joint solutions to shared challenges. Young people aged 18-35 in Scotland were invited to take part in a free 48 hour virtual ‘hackathon’, alongside peers from other parts of the North Atlantic region.The Scottish Government is partnering with the Nordic Council of Ministers and the State of Maine to support Highlands and Island Enterprise (HIE) and the Nordic Atlantic Cooperation (NORA) to deliver the international competition on rural sustainability. Cash prizes and business development opportunities will be awarded to successful teams.The aim is to come up with ideas and solutions that address the most pressing challenges the region is experiencing. It will identify digital solutions that ease the provision of essential healthcare services and promote a sustainable recovery for the tourism industry. It will also support the young participants with a roadmap to entrepreneurship. Representatives from Highland did particularly well in a number of categories in the last Hackathon which was part funded by HIEP in May 2020. **Summary of Ongoing Work**Businesses continue to be updated and assisted by Business Gateway, HIE, Chambers of Commerce and Federation of Small Businesses. Highland Council regularly update their [website](https://www.highland.gov.uk/info/20012/staff_information/815/brexit) that signposts to relevant and up to date informationHighland Council continues to lobby for additional funding for Environmental Health Officers to help deal with the increased workload and infrastructure requirements around Brexit related checks. Highland Council as part of wider resilience partnerships continue to assess ongoing Brexit risks, taking concurrent issues on board and the National Co-ordination Centre (NCC) produces a national daily Horizon Scan. Highland Council Brexit Tactical Group met on **12 January 2021** to discuss the latest developments with the TCA and its impacts on the respective Service areas of responsibility. 1:1’s then followed on form this where refined Service risks were recorded and presented to Stephen Carr Corporate Performance Manager on **10 February 2021** for inclusion in Corporate Risk Register. It is worth noting that Highland Council were preparing for a no deal situation based on a UK Government Reasonable Worst-Case Scenario document. These revised Service risks will feed into their Business Continuity Plans and inform the Corporate Risk Register. EU Exit information continues to be communicated to the Brexit Working Group, the Leaders Group, the WSM, the ELT, Heads of Service, the Recovery Board, the Leader (COSLA briefings), regular Members’ briefings, specific Member cohorts as well as numerous press releases, Facebook entries and tweets. There is ongoing fortnightly participation in COSLA’s Brexit risks calls and weekly information sharing meeting between Environmental Health and the Brexit Coordinator.Presentations on Brexit have continued with the Inverness, Nairn, Badenoch & Strathspey Business Liaison Meeting, the Cairngorm Economic Steering Group, Local Authority Resilience Groups (Scotland wide), specific Councillor cohorts and Member briefings.On **14 January 2021** the Brexit Working Group met to discuss options around a seminar on Brexit as highlighted in a motion to Council on **7 January 2021**. The resultant discussions led to two seminars highlighted at 12.9 and 12.10On **1February 2021** all Members were invited to a Brexit Seminar on the UK Shared Prosperity Fund with Rob Clarke, Head of Policy at Highlands & Islands Enterprise and member of the Scottish Government Steering Group on Future Funds. A copy of his presentation and a link to the recording of the event was sent out to all invitees.A second Brexit Seminar on the risks and opportunities was held on **19 February 2021**.The speakers on this occasion were Lorna Gregson MacLeod. Head of Planning & Partnerships, Highlands and Islands Enterprise, John Bachtler, Professor of European Policy Studies at Strathclyde & Delft Universities, Director of the European Policies Research Centre and the co-chair of the Scottish Government Steering Group on Post-Brexit Replacement for European Structural Funds and Philip Rycroft formerly Permanent Secretary at the Department for Exiting the European Union. A copy of his presentation and a link to the recording of the event was sent out to all invitees.**Future of EU Exit Reporting**Brexit, as an event. happened on **1 January 2021** and a significant amount of awareness raising and planning was put in place around this. The Brexit Working Group provided oversight and input throughout the process and to all intents and purposes the remit of the Group has now been fulfilled. We are just over three months beyond our exit from the EU, and it is now beginning to embed into our business as usual. Work is still required on a number of developing key themes that include environmental health and future funding, and these issues would still be required to report on. However, these issues can probably be best addressed if they are disaggregated and reported to the most appropriate Committee. For example, Environmental Health already report to Communities and Place Committee (see 7.14). The most recent report contained a significant input from the Brexit Coordinator. This would formalise the process that already occurs.Therefore, the **recommendation** is that the Brexit Working Group formally ceases, and future EU Exit matters be reported as a normal course of business to the appropriate Committees and any oversight on these matters be absorbed as such. |
|  | Designation: Brexit and European Policy CoordinatorDate: 23.03.20Author: Angus MacLeodBackground Papers: There are no background papers but there are a number of embedded links which Members may wish to explore for additional information. |
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