Scotland’s economy and culture has evolved within Europe since 1973. During this time, economic, social and cultural ties (to name a few) have strengthened and benefited from the relationship Scotland has enjoyed with the EU. Investments, significantly influenced by European funding programmes, have opened up areas of Scotland to wider economic opportunities. This includes opportunities in a variety of economic sectors including tourism and food and drink which in turn are highly dependent on a European workforce with the flexibility to travel and work throughout Europe. Scotland’s population is currently growing, but in some areas such as Argyll and Bute, the picture is less positive and halting our declining population is currently a strategic priority, along with growing our economy.

Whilst much uncertainty remains about Scotland’s relationship with the EU, Argyll and Bute Council would like to see a future relationship which enables and encourages free movement of people. This has been a key component enabling economic growth and its loss will harm future growth and prosperity. We also want to be able to confidently send out a strong message to those European nationals who have chosen to live and work in Argyll and Bute that they will continue to be welcome.

Argyll and Bute also has strong export industries, for example within our food and drink industry. The export of our highly sought after fisheries and aquaculture produce, not to mention whisky, to lucrative European markets and beyond should continue without interruption regardless of what future relationship models are developed.

Alternatives to EU Membership

Views sought on:

The alternatives to EU membership and the implications of these alternatives for Scotland:

Scotland has enjoyed a positive and flourishing relationship with the EU since the UK decision to join in 1973. Scotland’s regions, both its regional authorities since 1975 and unitary authorities since 1996, have had positive engagement with Europe. Whatever alternative to EU membership emerges, it should seek to retain a regional policy approach to economic development, and explore ways which will enable Scotland’s regions to maximise their strengths and prevent peripheral regional decline (population and economy). Years of European funding have resulted in well organised and informed regional structures, such as the Highlands and Islands European Partnership (HIEP) and the West of Scotland European Forum (WOSEF). These organisations and their members play a strong role in policy development and programme delivery.

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1 Outlined in this paper is the detailed response from Argyll and Bute Council to the relevant issues outlined in the Call for Evidence; submitted by the deadline of 5th September 2016. Please note, the response may be amended and resubmitted if required following the Argyll and Bute Council meeting on 29th September 2016.
The withdrawal process

Views sought on:

How the withdrawal process might be managed at the EU and UK level:

The withdrawal process will be multi-layered and different processes will likely be required for different policy areas such as regional development policy, rural development policy, fisheries and competition policy (state aid). The same issues will also need to be considered in terms of EU funding, such as the EU structural funds. Whatever withdrawal process is established must involve those levels of governance currently involved in delivery of EU funding and where the impact of policy and funding changes will be felt most.

Local government has a strong tradition of engaging with Europe, notably in the formulation and delivery of domestic European funding programmes (ERDF, ESF, LEADER and more recently the Community strand of the EMFF), as well as participation in numerous Interregional Territorial Co-operation Projects. This close relationship with policy development and delivery should remain. Using existing national and regional networks such as COSLA, HIEP, WOSEF, ESEP and SLAED, a group representing regional interests could be established to work alongside the Scottish Government to work on repatriation of EU monies to Scotland, adhering to the principles of regional economic development which Europe has pioneered.

What steps would be involved in this process and how individual policy fields might be dealt with:

Within Scotland, a steering group or Joint Programme Monitoring Committee type model (JPMC) or equivalent, could be established specifically to deal with those policies where funding was previously provided by Europe. The first stage is to identify the policies in the domestic context (in future, this should be easier to do domestically than for Europe as a whole). In terms of policy development and funding, those currently involved in development and delivery of these policies and funding streams at all levels of governance should be involved (as per response to previous bullet point).

Europe's regional policy approach has greatly benefited Scotland's regions. Article 174 of the Lisbon Treaty aims to “promote […] overall harmonious development” through economic, social and territorial cohesion. Further, Article 174 goes on to specify that “the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.” We would like to see a post EU UK embrace these European principles of regional development.

The amount of time that might be required to deal with the negotiations:

The negotiations should be done as quickly as possible. However, if negotiations are required to take longer to get the best results, this is acceptable. But from a funding perspective, reassurances should be put in place so as not to lose momentum from existing plans, developments and projects. For example, the uncertainly about how the current 2014-2020 LEADER programme will run is affecting the number and nature of
enquiries amongst projects, but also angst for staff directly employed until 2020 to run the programme. Active participation in this process by existing umbrella bodies and regional networks such as COSLA, HIEP, WOSEF etc. as previously mentioned, should be part of this process.

How the interests of Scotland and the other constituent parts of the United Kingdom can be represented in those negotiations and what role the Scottish Government should have in those negotiations:

As answered above the Scottish Government should ensure that the interests of Scotland are best represented in the negotiations with input from existing national and regional networks such as COSLA, HIEP, WOSEF, ESEP and SLAED, where a group representing regional interests could be established to work alongside the Scottish Government to work on repatriation of EU monies to Scotland. Such as group could be established using the Joint Programme Monitoring Committee type model (JPMC) or equivalent, specifically to deal with those policies where funding was previously provided by Europe.

The positions likely to be taken by other Member States in the negotiations:

Unable to respond at this time.

The domestic process for dealing with a withdrawal from the EU

Views sought on:

The implications for the devolution settlement of withdrawal from the EU:

Argyll and Bute Council has grave concerns about regional and rural funding opportunities following withdrawal from the EU. We would like to see funding levels maintained with assurances that mechanisms will be put in place to ensure that economic development funding reaches our remote and peripheral communities, including our islands as well as addressing areas of both need and opportunity to foster economic growth. As a member of the CPMR (Conference of Peripheral and Maritime Regions), an organisation which actively promotes a strong EU regional policy targeting EU regions, Argyll and Bute Council recognises the importance of remote and peripheral communities to a thriving national economy, and the contribution they make to a balanced and fair society.

The implications for UK and Scots law of a withdrawal from the EU, particularly the need to repeal legislation and prepare new legislation to fill the gaps left by EU legislation:

Whilst the answer to this question is currently unanswerable at any level, we recognise the future legal difficulties ahead. As a local authority, many of our day-to-day transactions and operations take place within a legal environment directly influenced by Europe. For example procurement legislation, state aid, food law, etc. We need to be able to deliver services compliantly and without interruption during any transition phase.

The scale of the task the implications for the Scottish Government and Scottish Parliament:

Given the scale of the task it would seem appropriate for the Scottish Government and Scottish Parliament to work closely with other devolved parliaments and organisations across the UK from the outset to assist in timely negotiations and to provide ongoing support to one another through the EU Exit process.
The impact on Scotland’s economy of termination of ESIF support and access to the Horizon 2020 programme:

Argyll and Bute Council has accessed European Structural Funds for a number of years and has benefited from significant infrastructure investments, from the creation of a fully integrated intermodal transport hub at Port Askaig on the Island of Islay to the development of new dedicated cycle paths improving access in Helensburgh and Lomond. Support for improving employability skills for those furthest removed from the labour market was also improved and expanded through the availability of European Social Funds. Whilst delivery of the funds within the current funding period is at an early stage, commitments and anticipated commitments of European funding to projects/programmes to be delivered by Council will be in the region of £5.5 million. With match funding, this investment will be significantly more. Across other organisations operating within the local authority area such as the Highlands and Islands Enterprise, and the Scottish Association of Marine Science, this figure will rise substantially. These investments play a key role in improving our economy, and developing our key sectors.

Furthermore, the plans for the UK to exit the EU may have a profound impact on many areas of the Argyll and Bute economy and policy areas, some of which are listed below:

- Economic development – inward investment and exports;
- EU nationals living and working in Argyll and Bute;
- Tourism;
- Food and drink;
- Agricultural sector;
- Fisheries;
- Aquaculture; and
- Research and innovation.

It is likely that a wider perspective as well as more detailed information on the impact of the EU referendum decision on these and other areas of interest will be developed by appropriate agencies in due course.

The implications for Scotland’s funding settlement of withdrawal from the EU:

See previous responses.

The position of EU citizens in Scotland

Views sought on:

The position of EU citizens in Scotland in the event of withdrawal from the EU:

Argyll and Bute Council, like many Scottish local authorities, has a culturally diverse population which is in part due to the ability of individuals to work and move freely throughout Europe. This is not only desirable, but essential for many of economic sectors and for our economic growth aspirations. EU citizens in Scotland should retain their right to live and work in Scotland following the UK’s exit from the EU and this is a message we would like to strongly reinforce.
The extent to which EU citizens in Scotland have acquired rights:

EU citizens in Scotland should retain acquired rights.

The contribution that EU citizens make to Scotland’s economy and society:

Not only does Argyll and Bute Council employ EU citizens to deliver services on a daily basis to many individuals and communities across the region’s dispersed geography, but as mentioned previously, has a strong reliance on EU citizens who work in many of our key sectors, such as such as tourism, food and drink, NHS and care. Argyll and Bute is one of the few Scottish local authority areas that has witnessed a decline in its population and the free movement of EU citizens to live and work here will be essential to halting and reversing this trend. Furthermore, the skills and knowledge provided currently by our EU citizens may be difficult to replace and could impact on the economic growth of the Argyll and Bute area.