Comhairle nan Eilean Siar welcomes the opportunity to respond to the call for evidence in relation to the Article 50 withdrawal negotiations and their implications for Scotland. The Comhairle, along with partners in the Highlands & Islands European Partnership has previously submitted evidence to both the Culture, Tourism, Europe and External Relations Committee (September 2016) and the Economy, Jobs & Fair Work Committee (November 2016) as well as contributions to CoSLA’s Brexit survey exercise in May /June 2017.

These responses emphasised, among other matters, the specific socio-economic and demographical challenges faced in the Highlands and Islands, the specific difficulties of geographic and permanent handicap, peripherality, insularity faced on islands, as well as the significant benefit to the islands of being part of the UK as a Member State of the EU. The EU has made a huge difference to local communities, businesses, research and development, rural development, economic development and poverty and social inclusion.

The Comhairle does not wish to make any specific points in regard to the minutiae of the working papers (a) Essential Principles on Financial Settlement; and, (b) Essential Principles on Citizens’ Rights, which are complex and dependent and inter-dependent on numerous external variables. Both, ultimately and primarily, will be subject to the outcome of negotiations between UK Government and EU Member States, although the Comhairle would hope that Scottish Government and Scottish local government would have an influencing role in that process in terms of ensuring, post-Brexit and going forward, a commitment to a fully funded Scottish regional policy and an immigration policy which is sympathetic and effectively addresses the diverse needs of the Scottish and regional economies.

As we know, the Prime Minister’s letter to Donald Tusk triggering Article 50 (29 March 2017), stated:

“When it comes to the return of powers back to the United Kingdom, we will consult fully on which powers should reside in Westminster and which should be devolved to Scotland, Wales and Northern Ireland. But it is the expectation of the Government that the outcome of this process will be a significant increase in the decision-making power of each devolved administration.”

In that respect, Scottish Government’s ‘Scotland’s Place in Europe’ put forward some excellent proposals for safeguarding Scotland’s place in Europe within the UK, although the anticipated ‘partnership of equals’ between national government, devolved administrations and local government is, at best, still evolving. The Comhairle would hope that local government proposals might be at the heart of Scottish Government representations with UK Government in any ongoing negotiations.
Historically, islands have had a better deal from Brussels than Westminster and the Comhairle’s major concern is the security of future regional funding post-Brexit at levels comparable to or higher than the EU Structural and Rural Development funds programmes. The focus of the Comhairle and its Highlands and Islands partners has moved to the scope of repatriated powers, policies and funding. While the Comhairle welcomes the UK Treasury’s commitment to existing EU funding programmes, up to March 2019, with possible spend up to 2023, there have been no explicit commitments to replacing the European Structural and Investment Funds post-2020, although it is to be “carefully considered” alongside the wider future funding environment, following the UK’s exit from the European Union. Chancellor Hammond’s statement of 12 July 2016 on repatriation stated that “Britain is a significant net contributor to the EU, but that contribution includes a significant number of flows to particular regions, areas, projects and bodies within the United Kingdom. We will have to address how the recipients of those flows of funds from Brussels are to be protected in the future and that will be an important part of the negotiations.” It is important that this commitment is realised.

The Comhairle and regional partners, through the Convention of the Highlands and Islands, are currently working collectively towards a regional policy which addresses the priorities and challenges of the region, targets areas, geographically or sectorally, where there is evidence of need (and also opportunities) and which aims to reduce regional economic disparities and promote regional competitiveness. Unfettered by the European Commission or EU rules as these have applied to Structural Funds Programmes, there may now be greater autonomy and scope for the region to address regional priorities, with resources of course, and pursue necessary improvements in infrastructural and digital connectivity, transport, development of existing industries and investment in growth sectors, and expansion of training and employment opportunities all of which help to retain an economically active working population. Clarity on the status of EU nationals going forward would also be welcomed in the interests of the latter.

The Comhairle would wish to make reference to the impact of a restriction of free movement of EU nationals on some of the Western Isles’ local sectors, with a view to further future representations at the various multi-governance levels:

**Tourism and Culture**

If there is curb on migration or tighter controls on the movement of people then it is bound to impact adversely on regional and local economies, the tourism sector being the most obvious in terms of a drop in the number of visitors which would result in loss of income for hotels, guest houses, B&Bs, retail outlets and visitor attractions, to name but a few. In a survey undertaken by the Comhairle in conjunction with Orkney, Shetland, Visit Scotland and HIE in 2012/13, the tourism sector in the Western Isles was estimated to be worth £53 million, supporting 1000 FTEs, with 218,000 visitors of whom 8% were from the EU.

Many businesses in this sector depend on EU27 nationals and any restriction on EU Nationals working in the UK could have a considerable negative impact and could limit the islands’ capacity to deal with a welcome increase in visitor numbers. Historically, EU funding has helped this sector grow and develop and continued access to similar levels of development funding, post withdrawal, will be vital.
Agriculture

Although there are challenges with the EU’s Common Agricultural Policy (CAP) programme in respect of its suitability or appropriateness for crofting, significant support has been provided to island agriculture over the years. Any replacement ‘British Agricultural Policy’ would have to be tailored to the needs of small scale agricultural producers and crofters and should ensure continued, unfettered access to EU markets, where applicable. While less of an impact on islands, free movement of labour between the EU and UK would support the agricultural sector nationally while regionally an effective subsidy regime must be maintained to support the sector, particularly in peripheral and fragile areas where the sector does so much to retain population. This should be tied into incentivising rural resettlement programmes, including affordable housing.

Energy and Climate

The UK Government, post Brexit, should maintain Climate Policy as a key priority. Any diminution in the UK’s commitment to fighting Climate Change will discourage potential investors from investing in the Renewable Energy sector, nationally and regionally. An investment in the islands Renewables Energy sector, including the radial inter-connector, would represent the single most transformational economic development gain seen in these islands for some decades.

Fisheries

The island Fish Processing sector is heavily dependent on labour from EU27 and any restriction on the free movement of labour could impact seriously on this important economic sector. In terms of fishing activity, UK vessels should have a better and fairer share of resources in the UK’s waters and continued access to European markets for the fisheries product. Any trade deal between the UK and EU27 must not put the Scottish fishing industry at a disadvantage compared to EU competitors. The opportunity should be taken, through Brexit, to increase the presence of the local fishery product in domestic UK markets.

Education and Research

The Comhairle is particularly concerned at the potential impact of withdrawal on education and research. Recognised professional qualifications obtained in any EU Member State prior to withdrawal should be recognised and protected. Also, recognised professional qualifications obtained in a third country but recognised in EU28 should continue to be recognised by the UK and EU27 after withdrawal. The research sector in the UK is heavily populated with EU27 nationals and their right to stay and work in the UK, post withdrawal, should be recognised and safeguarded.

This is a particular issue for the Scottish Islands where EU27 nationals contribute significantly to the work of research institutions and a level of dependency on these individuals has developed. Also, barrier free access to EU27 workplaces should be available to UK students moving into work and programmes like ERASMUS+ should continue to be available to UK educational institutions. Restrictions on EU nationals working and studying in the UK would have a considerable negative impact on the
ability of FE and HE institutions to attract students and high quality teaching or research staff.

Lews Castle College/UHI, for example, attracts a strong foreign cohort of students and some of its leading research work is led by EU27 nationals. Quality of teaching and research and collaboration with other world leading researchers will suffer if free movement of education workers and students is restricted. Continued access to EU education and research programmes such as ERASMUS+ and HORIZON will be vital for the continuing success of UK/Scottish FE and HE institutions. It is acknowledged that this could still be possible depending on future arrangements with the EU.

**Business**

The lack of certainty over the post-Brexit landscape is discouraging new investment in UK business. Brexit related uncertainties are also delaying key UK Government decisions leading to considerable negative effects in the UK regions. Potential limits on EU nationals working in the UK will affect adversely business across all sectors and the difficulties this would pose for the Western Isles’ tourism, accommodation and food sectors would be significant. Much of the economic potential of these islands lies in a significant increase in tourism, but without the labour to service this growing sector, it is difficult to imagine a prosperous future.

**Public Services**

The Western Isles’ public sector on which the local economy is heavily dependent benefits greatly from the employment of skilled EU27 nationals. One example would be in the area of clinical healthcare. Thanks to the presence of these skilled professionals, the Western Isles’ Health Service is the envy of many other areas. Any limit on the free movement of labour between EU27 and the UK after Brexit will seriously undermine the Western Isles’ health service. Primary Care services will struggle to cope with the demands of caring for an ageing population if stricter immigration controls make it more difficult to retain existing staff and attract new staff, particularly highly skilled staff such as Consultants.