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BREXIT UPDATE

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Contents

CONTEXT	3
UK PRIME MINISTER'S FIRST WEEK IN OFFICE	3
Full list of ministers and appointments	3
UK Cabinet committees confirmed	3
Visit to Scotland and announcement on "Growth Deals"	3
Meeting with the First Minister	4
Visit to Wales and announcements on farm support	5
Phone call with the Taoiseach	6
Visit to Northern Ireland	7
UK Treasury funding for a no-deal Brexit	7
NEGOTIATIONS WITH THE EU	9
NO-DEAL PREPARATIONS	10
Institute for Government on preparing for no-deal	10
Scottish Government's no-deal preparations to "intensify"	10
RECENT BREXIT PUBLICATIONS	11
Post-Brexit priorities for low-income voters in deprived areas	11
SPICe	12
House of Commons Library	12
Scottish Affairs Committee	12

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CONTEXT

On 24 July, Boris Johnson MP was appointed Prime Minister.

As reported in [SPICe Brexit Update #89](#), the new Prime Minister has stated that, while his preference is for the UK leave the EU with agreement on the terms of withdrawal, it is UK Government policy to leave on 31 October 2019 whatever the circumstances.

UK PRIME MINISTER'S FIRST WEEK IN OFFICE

Full list of ministers and appointments

A list of cabinet, ministerial and government appointments following Boris Johnson becoming Prime Minister was [published](#) by the UK Government on 30 July.

UK Cabinet committees confirmed

Like the full UK Cabinet, cabinet committees can take collective decisions that are binding across government. However, committees typically involve a smaller group of ministers taking decisions on specific policy areas.

On 29 July, the UK Government published a new list of cabinet committees under the Johnson government. The committees directly relevant to Brexit are:

- **EU Exit Strategy (XS)** – a six-person committee (with other ministers to be invited to attend as the agenda demands) chaired by the Prime Minister. XS's terms of reference are "To consider matters relating to the strategy of EU exit".
- **EU Exit, Economy and Trade (XET)** – a 27-person committee, including the Secretary of State for Scotland, chaired by the Prime Minister. XET's terms of reference are "To consider matters relating to EU exit, the economy and trade".
- **EU Exit Operations (XO)** – a 14-person committee, including the Secretary of State for Scotland, chaired by the Chancellor of the Duchy of Lancaster, Michael Gove MP. XO's terms of reference are "To consider matters relating to the effective delivery of plans for an orderly exit from the EU".

The information published on XO also states that:

- [Other ministers, including those from the Devolved Administrations, will be invited to attend as the agenda demands.](#)

Under the May government, ministers from the Devolved Administrations were periodically invited to attend EU Exit and Trade sub-committee meetings.

Visit to Scotland and announcement on "Growth Deals"

Ahead of a visit by the Prime Minister to the Royal Navy's nuclear submarine base HMNB Clyde (known as Faslane) on 29 July, the UK Government [announced](#):

- ” the expansion of Growth Deals across Scotland, Wales and Northern Ireland, backed by £300 million of new funding.

The announcement referenced an intention to initiate new deals in Falkirk, the Islands and Argyll & Bute and an intention to complete a deal in Moray:

- ” Boris Johnson will also commit to working closely with the Devolved Administrations to roll the Growth Deals out to every region of Scotland, Wales and Northern Ireland.

First launched in Scotland, Wales and Northern Ireland in 2014, the UK Government has already committed £2.78 billion for these deals. Supported by funding from the Devolved Administrations, local authorities and the private sector, the deals provide significant investment for local businesses and projects such as the Northern Innovation Hub in Inverness and the Highlands and the Oil and Gas Technology Centre in Aberdeen.

Through this new funding, we will begin new deals in Falkirk, the Islands, Argyll & Bute, Mid South West Northern Ireland and Causeway Coast and Glens. We will also complete deals already in negotiation in North Wales, Mid Wales, Derry-Londonderry and Moray.

The announcement also indicated a commitment to discussion on the role of Devolved Administrations in the UK Government's Towns Fund:

- ” The Growth Deals pledge follows the Prime Minister's announcement over the weekend for a £3.6 billion Towns Fund supporting an initial 100 towns in England. Today, the Prime Minister also reaffirmed his commitment to begin discussions with the Devolved Administrations around how we can better support towns in Scotland, Wales and Northern Ireland and make sure areas throughout the United Kingdom can thrive and enjoy a prosperous future outside of the EU.

Writing for UK in a Changing Europe, Professor Michael Keating discusses this announcement in his blogpost: [Should the devolved governments fear Westminster politicians bearing gifts?](#)

Meeting with the First Minister

On 29 July, the Prime Minister and First Minister, Nicola Sturgeon met in Bute House.

Following that meeting, the UK Government issued a press release [stating](#):

- ” On Brexit, the Prime Minister said that while the government's preference is to negotiate a new deal which abolishes the anti-democratic backstop, the UK will be leaving the EU on October 31st come what may. The PM set out the scale of work underway to prepare for our departure and also offered to hold a JMC(P) soon so that he can work with the Devolved Administrations to make sure all corners of the UK are ready to enjoy a bright future outside of the EU.

In an interview after the meeting, the First Minister [said](#):

“ It became clear to me that, this government, the new Prime Minister has set the UK on an almost inevitable path to a no-deal Brexit. The position that it has taken makes it very difficult to see how any deal can be struck with the EU. And I think that would be catastrophic for Scotland and indeed the whole of the UK.

...he says he wants to get a deal but what is not clear to me, and I asked him this directly, is how he intends to get from the very hardline, fixed position he's taken, to a position where a deal is possible, if the EU also sticks to the very consistent position it has taken about the Withdrawal Agreement and the backstop not being open for negotiation. And that is where there is no clarity at all.

And that makes me think that whatever Boris Johnson might be saying publicly about his preference being to strike a deal, in reality he is really pursuing a no-deal Brexit, because that is the logic of the hardline position that he has taken.

Visit to Wales and announcements on farm support

Following his visit to Scotland, the Prime Minister visited Wales on 30 July.

In Wales, the Prime Minister visited a farm and the UK Government quoted the Prime Minister [saying](#):

“ I will always back Britain's great farmers and as we leave the EU we need to make sure that Brexit works for them.

That means scrapping the Common Agricultural Policy and signing new trade deals – our amazing food and farming sector will be ready and waiting to continue selling ever more not just here but around the world.

Once we leave the EU on 31st October, we will have a historic opportunity to introduce new schemes to support farming – and we will make sure that farmers gets a better deal.

No detail on “new schemes to support farming” was announced by the Prime Minister. However, on 1 August the Secretary of State for Environment, Food and Rural Affairs, Theresa Villiers MP appeared to indicate a continuation of previous Defra policy on replacing the Common Agricultural Policy. In a [speech to the Countryfile Live event](#) the Secretary of State said:

“ Undoubtedly there are some risks ahead but I want to highlight that these sectors, along with our fishing communities, will also have many opportunities open up to them as we regain the freedom to make our own laws as we push forward with an independent trade policy and as we create new world-leading systems to replace the CAP and CFP.

I want to see our farmers released from the appalling complexity, rigidity and bureaucracy of the Common Agricultural Policy.

So we will press ahead with a new system of support which rewards farmers for environmental stewardship and improving the health and welfare of animals and

which helps them become more productive, more competitive and more successful.

That new approach based on the principle of public money for public goods will be designed for our domestic needs and underpinned by a reformed and proportionate approach to regulation and enforcement.

As well as securing vital goals in terms of our environment and animal welfare a core aim is to provide a stable platform for our producers to thrive and to seize the opportunities provided by Brexit to sell our fantastic food into new markets all around the world.

The Prime Minister and the First Minister of Wales also participated in a phone call. The “readout” from this call issued by the UK Government [stated](#):

- ” The Prime Minister met the First Minister for Wales Mark Drakeford in Cardiff today. They spoke about the importance of the Union of the four nations of the UK and support for farmers in Wales.

The PM set out how the UK will be leaving the EU on October 31st, come what may, and said he would seek to work with the Welsh Government and other Devolved Administrations, to make sure communities across the UK are ready to maximise on the opportunities that Brexit will bring.

Phone call with the Taoiseach

On 30 July, the Prime Minister and the Irish Taoiseach, Leo Varadkar participated in a phone call.

The “readout” from this call issued by the UK Government [stated](#):

- ” On Brexit, the Prime Minister made clear that the UK will be leaving the EU on October 31, no matter what.

He said that in all scenarios, the Government will be steadfast in its commitment to the Belfast Agreement and will never put physical checks or physical infrastructure on the border.

The Prime Minister made clear that the government will approach any negotiations which take place with determination and energy and in a spirit of friendship, and that his clear preference is to leave the EU with a deal, but it must be one that abolishes the backstop.

The two leaders agreed to stay in contact.

The “readout” from this call issued by the Irish Government [stated](#):

- ” On Brexit, the Taoiseach emphasised to the Prime Minister that the backstop was necessary as a consequence of decisions taken in the UK and by the UK Government. Noting that the Brexit negotiations take place between the UK and the EU, the Taoiseach explained that the EU was united in its view that the Withdrawal Agreement could not be reopened. Alternative arrangements could

replace the backstop in the future, as envisaged in the Withdrawal Agreement and the Political Declaration on the future relationship, but thus far satisfactory options have yet to be identified and demonstrated.

The Taoiseach restated the need for both Governments to be fully committed to the Good Friday Agreement, the protection of the Peace Process and the restoration of the Northern Ireland institutions. He recalled that the Agreement requires the sovereign government to exercise power with rigorous impartiality on behalf of all the people in full respect for their rights, equality, parity of esteem and just and equal treatment for the identity, ethos and aspirations of both communities.

The Taoiseach invited the Prime Minister to Dublin to share further their respective analyses on Brexit and to continue discussion of bilateral matters including Northern Ireland, the Good Friday Agreement and the Common Travel Area.

Visit to Northern Ireland

In Northern Ireland, the Prime Minister met with political parties on 31 July. Following these meetings the UK Government issued a [statement](#):

🗣️ The Prime Minister met five of Northern Ireland's main political parties today in Belfast. The overarching purpose of these meetings was to discuss moving forward in the ongoing power sharing talks and getting the Northern Irish democratic institutions back up and running as soon as possible.

...The discussions also included Brexit, where the Prime Minister made clear that the UK would be leaving the EU on October 31st come what may, and restated his intention to do so with a deal. He said that in all scenarios, the Government is steadfast in its commitment to the Belfast-Good Friday Agreement and that in no circumstances would there be physical checks or infrastructure on the border.

He also made clear his belief and commitment in the rigorous impartiality set out in the Belfast-Good Friday Agreement, while at the same time reaffirming his determination to strengthen the Union and Northern Ireland's place within it.

UK Treasury funding for a no-deal Brexit

On 31 July, the UK Government [announced](#) a:

🗣️ New immediate cash boost of £1.1 billion to prepare critical areas for EU exit on 31 October.

And:

🗣️ A further £1 billion available to enhance operational preparedness this year if needed.

On what this means for funding for Devolved Administrations, the announcement stated:

” Barnett will apply in the usual way to all new funding given to UK government departments in devolved areas. In addition, the devolved administrations can bid for access to the £1 billion unallocated pot where they face disproportionate pressures compared to England, as they can with the existing reserve.

The Scottish Government have confirmed to SPICe that the 31 July announcement will result in an additional allocation of £39.7million for the Scottish Budget.

Doubt was expressed by some commentators over the impact of this Treasury announcement and the achievability of spending significantly more money across the UK in the weeks before 31 October.

In a Institute for Government blogpost titled [Extra no-deal Brexit money sends a signal – but not much more](#) Joe Owen wrote:

” Most of the extra cash is a gesture rather than a serious plan to improve Brexit readiness for October

Just under half of the extra money is sitting in an unallocated pot. To access the cash, Whitehall departments will need to come up with spending plans and pass through the spending controls process. Even after the spending controls process was streamlined for Brexit, it was still taking weeks. Odds are that little of this money will be spent by the end of October.

It is not clear how much the £1.1 billion already allocated will help by 31 October either. Around a third is going on the border and customs. But the UK cannot recruit, train and deploy 500 new border force officers in 90 days, so either this work was already underway and it's a non-announcement or the plan is to try and inject extra resource in the months after no deal.

It is the same story when it comes to the extra money for infrastructure at the border. Procurement alone will push most timelines beyond October.

Doubling support available to customs agents (the people who help business comply with customs procedures) is a positive step. But the chances of these – often small – businesses implementing new IT systems or hiring new staff before October looks remote. Our research into customs showed some of these businesses did not want to scale up.

The UK passport office must be relieved it has been given a boost after their website crashed in the run up to March when panicked Brits tried to renew their passports to have the necessary six-months validity for EU travel after Brexit.

NEGOTIATIONS WITH THE EU

No formal negotiations between the UK and the EU are currently in progress.

The UK Government's newly appointed EU envoy and senior negotiator, David Frost, has held meetings with EU officials, reportedly on 31 July and 1 August. Following these meetings in Brussels, the Financial Times [reported](#):

“The EU has held firm on the contents of the withdrawal agreement, negotiated by Mr Johnson's predecessor Theresa May, insisting it will not reopen the terms of the so-called “backstop” which seeks to avoid a hard border on the island of Ireland. Mr Johnson has described it as “anti-democratic” and has said he wants it “abolished”.

“Both sides reiterated their positions,” said a spokeswoman for the commission. Mr Johnson and Jean-Claude Juncker, the outgoing president of the European Commission, are expected to have their first meeting on the sidelines of a G7 summit in Biarritz this month. Germany's Angela Merkel and France's Emmanuel Macron will also be in attendance at the G7.

EU officials do not expect Mr Johnson to arrive in Brussels before the Conservatives' party conference in the autumn, setting up a showdown with EU leaders at a summit in mid-October, just weeks ahead of the planned exit date.

Further media reports on 6 August report on a recent EU negotiators and European diplomats “debrief”. The BBC [reported](#):

“EU negotiators told European diplomats there was currently no basis for “meaningful discussions” and talks were back where they were three years ago.

However in the same article, the BBC reports:

“A No 10 spokesperson said: “The prime minister wants to meet EU leaders and negotiate a new deal - one that abolishes the anti-democratic backstop.

If the negotiating positions taken by the UK and the EU do not change then:

- agreement on the terms of the UK's withdrawal from the EU would not be possible
- the UK would not request an extension to the article 50 deadline.

As a result the UK would leave the EU with no deal facilitating an orderly withdrawal or defining the future relationship – i.e. a no-deal Brexit.

ITV's political editor, Robert Peston [commented](#):

“So here is the question that will determine the fate of this nation: which of the EU on the one hand and Johnson on the other has the greater reputation for conducting reverse ferrets? And if you think neither will show flexibility, you should be bracing for the pound to fall to parity with the euro very soon, and to

properly assess how a no deal Brexit will affect you, and what you can do to soften the impact.

NO-DEAL PREPARATIONS

Institute for Government on preparing for no-deal

The thinktank, Institute for Government (IfG), published a briefing on 29 July outlining, in their view, what preparations are needed for a no-deal scenario and what will have to be done after 31 October if the UK has left the EU without a deal.

The IfG have summarised their findings as:

To be ready for no-deal, PM Boris Johnson:

- Must kick-start the Government’s no deal preparations immediately – moving thousands of civil servants into operational centres and starting extensive communications to business. Ministers, new in post, should not rip up existing no deal plans and policies.
- Cannot assume the UK – particularly businesses – are ready for no deal (indeed, they may be less ready for no deal in October than in March).
- Must bring in legislation to introduce direct rule in Northern Ireland with immediate effect from 31 October if the Executive has not been restored. Other Brexit bills stuck in Parliament are not strictly required until after no deal.
- Accept there is no such thing as a ‘managed no deal’ and rely instead on EU unilateral measures.

But the paper argues that a no deal Brexit would not be a clean break but would dominate government for years to come:

- The Union will come under unprecedented pressure – with Northern Ireland most acutely affected by the economic impact and facing major constitutional effects.
- Major showdowns in Parliament would continue, on the Budget or Queen’s Speech – both due shortly after 31 October.
- It will drain Whitehall’s capacity – at least 16,000 officials will be working on Brexit by the Autumn and numbers are likely to rise after no deal.
- The UK would still need a deal with the EU on future trade, but that would be more complex and harder to agree.
- Struggling or failing businesses will look to the Government for support.

Scottish Government’s no-deal preparations to “intensify”

On 2 August the Scottish Government issued a press release stating that its [preparations for a no deal Brexit will be “stepped up”](#). The press release quoted the First Minister:

” In its first week the UK Government has shown it is willing to risk a ‘no deal’ Brexit. Taking Scotland out of the EU in any way is deeply undemocratic but the Prime Minister’s refusal to engage with the EU has dramatically increased the prospect that we will face a deeply damaging ‘no deal’ Brexit.

If the Prime Minister continues with this approach Scottish jobs will be lost and our economy seriously damaged and it will be entirely the UK Government’s responsibility.

Having assessed the actions of the new UK Government our work to prepare for ‘no deal’ will intensify in the coming weeks and months. But even with the best possible preparations, leaving the EU without a deal will hurt Scotland’s businesses, disrupt trade and impact on all aspects of society. There is simply no way to mitigate every impact that ‘no deal’ will have, no matter how hard we try.

The willingness of the UK Government to pursue this approach, against all the evidence, shows why we must continue to make preparations for a referendum that will give people the right to decide Scotland’s future, instead of being dragged out of the EU against their will.

The press release also confirmed that the First Minister will chair a meeting of the Ministerial Group on EU Exit Readiness this week.

RECENT BREXIT PUBLICATIONS

Post-Brexit priorities for low-income voters in deprived areas

In April and May 2019, eighteen workshops were carried out by ComRes to understand the post-Brexit priorities of low-income voters. UK in a Changing Europe and the Joseph Rowntree Foundation (JRF) published their findings based on these workshops in [Post-Brexit priorities for low-income voters in deprived areas](#) (31 July 2019).

The executive summary reads:

” The people we spoke to feel disillusioned and distrust politicians. Three years after the Brexit vote, they are frustrated at the lack of progress on the domestic issues that matter to them.

People on low incomes are demanding change from political leaders after Brexit, regardless of their political preferences. They expect more spending on domestic priorities, want to see their areas receive their ‘fair share’ of investment from government and business, so they have the opportunity to thrive.

An ambitious policy offer could deliver electoral dividends. People’s economic priorities were for more vibrant local economies and high streets; better paid and more secure work that boosts their living standards; and opportunities to improve their skills and find good apprenticeships.

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- Briefing: [Anatomy of modern Free Trade Agreements](#) (26 July 2019)

House of Commons Library

- Briefing: [The status of "retained EU Law"](#) (30 July 2019)
- Briefing: [EU preparations for a no-deal Brexit](#) (updated 30 July 2019)
- Insight blog: [PM says UK will not nominate an EU Commissioner – how might the EU respond?](#) (26 July 2019)
- Insight blog: [The progress of the EU Settlement Scheme so far](#) (24 July 2019)

Scottish Affairs Committee

- Committee report: [The future of Scottish agriculture post-Brexit](#) (31 July 2019)

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About this publication

This regular paper produced by SPICe sets out developments in the UK's negotiations to leave the European Union, the process for which formally begun following the Prime Minister's triggering of Article 50 on 29 March 2017.

The updates provide information on the UK Government's approach to leaving the EU including the domestic legislation necessary to ensure a smooth transition in terms of the UK statute book, along with details of the positions of the Scottish Government and the other Devolved Administrations. The updates also provide information on developments within the EU with regard to the UK's departure. Finally, the updates will provide information on the key issues likely to be at play during the negotiations and in developing the UK's future relationship with the European Union.

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