Scottish Government Overview of ‘No Deal’ Preparations

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SECTION 1: Introduction

1. The referendum on EU exit took place on 23 June 2016. In that referendum 62% of voters in Scotland voted to remain in the European Union. The Scottish Parliament subsequently voted against the triggering of EU exit negotiations and has consistently opposed a 'No Deal' exit from the EU.

2. The Scottish Government has also consistently opposed the UK's proposed departure from the EU, in line with the clear majority of votes in Scotland in the 2016 referendum. At the same time, we have also been willing to seek compromise – for example, by suggesting that, in the event of EU exit, the UK might remain part of the single market and customs union. These efforts at compromise have, however, been rejected out of hand. Therefore, our priority remains to protect Scotland's place in the EU.

3. Meanwhile, in the more than three years since the referendum, the UK Government has failed to secure an agreement with the EU on the terms of the UK's withdrawal and a joint 'political declaration' on the future relationship that is acceptable to a majority of MPs. As a result, the formal process of leaving the EU (the 'Article 50 process') is into its second extension period, which comes to an end on 31 October 2019.

4. The current UK Government has indicated it wishes to renegotiate the agreement reached with the EU for the UK's withdrawal – but that in the event it cannot reach a new agreement it is prepared for the UK to leave the EU on 31 October without a withdrawal agreement, transitional period or path for the future relationship. The Scottish Government vehemently opposes this proposal – because of the impact a 'No Deal' exit would have on the people and the economy of Scotland, and the UK as a whole.

5. We therefore continue to call on the UK Government to rule out the possibility of a 'No Deal' exit – as is entirely within its gift to do. The UK Government should instead act to secure an extension to the Article 50 negotiating period from the EU, to enable a General Election to break the current deadlock in the House of Commons. The Scottish Government would support a future vote on EU membership that includes an option to remain in the EU, now that the implications of EU exit are much better known and understood.

6. **While the risk of a 'No Deal' exit remains, we must take appropriate steps as a responsible Government to mitigate its potential impacts** – as we would with any significant threat to Scotland's wellbeing. In doing so, we are in no way seeking to 'deliver EU exit' or to encourage a 'No Deal' – we are seeking to

protect Scotland from the worst impacts of an utterly wrong-headed approach with which we profoundly disagree.

The Scottish Government's preparations for the possibility of 'No Deal'

7. The Scottish Government has been preparing for the impact of EU exit ever since the 2016 referendum. This has included a significant and growing programme of work addressing the specific possibility of a 'No Deal' exit. In the past year, this scenario has been the main focus of these preparations – since its negative impacts would be greater than those associated with leaving with a 'Deal', and because they would hit us immediately on exit, rather than at the end of a transition period. At the same time, it is also important to note that leaving the EU with a 'Deal' would also involve significant levels of hardship for Scotland.

8. This work has involved a significant input of time from Ministers, officials and partners across Scotland. Preparations for a 'No Deal' exit have been discussed at a number of meetings of the Scottish Cabinet, in meetings of the Scottish Government's ministerial resilience committee and (since the appointment of the new UK Government) through a 'Ministerial Group on EU Exit Readiness'. This last group has met weekly, and is chaired by the First Minister or Deputy First Minister. This work ensures that the actions taken by the Scottish Government are joined-up and coherent, and will have the greatest effect possible in mitigating the risks of a 'No Deal' exit. This group is supported by a 'No Deal Planning Board' comprising of senior officials across Government.

9. The Scottish Government, and our public sector partners, have undertaken a range of work including:

- taking steps to minimise disruption to supplies of food and medicines, should there be problems at key ports and our transport and logistics networks suffer disruption
- providing bespoke online information and support in areas of concern to the public, such as the rights of EU citizens after exit and how businesses can prepare themselves
- establishing a £7 million Rapid Poverty Mitigation Fund, to scale up current poverty mitigation measures including the Scottish Welfare Fund, Discretionary Housing Payments, and responses to food insecurity and fuel poverty
- ensuring that over 150 legislative instruments have been consented to or made so that the statute book is ready if we leave without a deal
- working with Scotland's business organisations to provide appropriate information, advice and support to help them manage the business and economic implications of leaving the EU
- paying farmers and crofters 95% of their Common Agricultural Policy entitlement through a loan scheme at the start of October to support them if EU exit takes place on 31 October

- Police Scotland has established a Force Reserve of 300 officers to deal with any issues arising from EU exit, such as issues related to ports and borders, but also in relation to possible protests and civic unrest**.**

Requirements of the UK Government

10. This work has been, and continues to be, made unnecessarily difficult by the approach taken by the UK Government.

11. It is the case that many of the impacts of 'No Deal' originate in 'reserved' areas like borders and tariffs, but manifest themselves in devolved areas like medicines and transport in Scotland. It is also the case that many of the practical problems of 'No Deal' will arise outside Scotland – for example at the 'short straits' ports in the south-east of England – but would then have significant knock-on effects within Scotland. The Scottish Government is therefore unusually dependent on an open flow of accurate, transparent and timely information from the UK Government – on its modelling of the likely effects, the actions they are proposing to take, and their assessments of the likely outcomes.

12. While there have been some examples of an effective approach to joint-working, in general the approach of the UK Government has been to actively limit the analysis shared with us, to exclude the Scottish Government from decision-making, and to fail to share with us its own plans for actions to mitigate 'No Deal'. The quality of engagement has deteriorated since the appointment of the current government in July. For example, we have not seen a version of the Yellowhammer planning assumptions, which are critical to our planning work, since early August. As a result our planning has had to be conducted on the basis of inadequate information, and with a lack of assurance that the actions ultimately taken by the UK Government will work well in Scotland, or be co-ordinated with the Scottish Government. This has also made it harder to ensure that our own efforts work in a complementary way to the actions of the UK Government.

13. Prior to May, Scottish Government Ministers and officials were routinely invited to relevant meetings of the UK Government's 'European Union Exit Trade (Preparedness)' (EUXTP) Committee. These arrangements were far from perfect but provided some basis for sustained engagement with the work of the UK Government. However, the arrangements established by the new administration are much weaker: Scottish Ministers have been invited to only 8 out of over 50 meetings of the new 'XO' Committee. This is clearly inadequate. This is not just a matter of process: it limits the ability of both the Scottish and UK Governments to plan mitigations that will be as effective as possible in the event of 'No Deal', and to ensure concerns in Scotland are properly understood by UK ministers. It is therefore a matter of the wellbeing of the people and economy of Scotland.

14. We have asked the UK Government to take, as a matter of urgency, a range of actions we consider essential to protecting the wellbeing of the people and

economy of Scotland. These are set out in detail in section 4 of this document, and include the following:

- share up-to-date ‘Yellowhammer’ planning assumptions
- share the information we need on delays and other issues at the border
- confirm whether arrangements will be in place that avoid additional tariff or non-tariff barriers on exports of food and drink produce with priority countries
- share data on the continuity of supply of medical supplies and radioisotopes and make sure that regulatory frameworks are in place for their continued supply
- take action to minimise as far as possible the worst impacts of an economic shock
- support households to manage an increase in the cost of living and prevent more people from falling into poverty, including making changes to Universal Credit, lifting the benefits freeze on working age benefits and uprating benefits in line with inflation
- allow a tailored approach for Scotland within the UK immigration system, engage with EU Member States on the rights of UK citizens living in the EU and guarantee the rights of EU citizens living in Scotland
- take account of our separate criminal justice system when planning for the loss of access to key EU security and law enforcement tools, and share information with the Scottish Government and our operational partners on contingency plans, proposed mitigations and developments
- involve Scotland fully in decision-making and planning for maritime security issues, and confirm their capacity to respond to any serious incident at sea
- meet the costs related to EU exit, provide full financial compensation for the consequences of EU exit, either commit to contributing to the EU budget until the end of 2020 or ensure the guarantees cover all aspects of the 2014-20 programmes, and replace all EU funds in full beyond this – recognising Scotland's right to determine its own priorities.

Legislation

15. A ‘No Deal’ exit would have major implications for the law in devolved areas, since EU law on matters such as agriculture and the environment would no longer apply and devolved legislation that implements or is otherwise linked to EU law may no longer work properly. The Scottish Government has therefore undertaken a large volume of work to identify and find solutions for these issues. That work has identified a need to develop and put in place nearly 50 Scottish Statutory Instruments (SSIs) in time for a ‘No Deal’ exit. Of those, over 40 have already been made or are with the Scottish Parliament for consideration, and the remainder are in hand for 31 October.

16. In addition, around 200 UK instruments that affect devolved matters have been identified as being needed for a 'No Deal' exit. We have been working to ensure that these instruments meet Scottish needs and are scrutinised by the Scottish Parliament. The vast majority of these instruments are now in place. However, there is significant uncertainty around when the remaining instruments will be made and thus whether the Scottish Parliament will have adequate opportunity for scrutiny before they are made. That uncertainty has been increased by the UK Government's failed attempt to prorogue Parliament from 10 September, which disrupted their plans for the making of these instruments.

UK Common Frameworks

17. The UK Government and the devolved governments have agreed to work together to establish common approaches, known as Common Frameworks, in some areas which are currently governed by EU law but that are otherwise within areas of competence of the devolved administrations or legislatures.

18. These frameworks are designed as the long term policy arrangements that would be implemented by the end of the implementation period. In a 'No Deal' scenario an implementation period will not apply, potentially increasing the risk of unintended short to medium term policy divergence emerging before frameworks are agreed. In a number of framework areas interim working level arrangements have therefore been agreed to manage the impact of a 'No Deal' exit.

19. Working Level Arrangements (WLAs) set out the interim administrative arrangements put in place specifically for a 'No Deal' exit from the EU. These arrangements build on existing administrative working practices in place at official level. Their purpose is to ensure that existing shared ways of working are fit for purpose and support the necessary levels of information sharing and cooperation we need if the UK leaves the EU without a deal. They aim to ensure that there is transparency in the policy operating environment post exit and that roles and responsibilities are clear. WLAs should help to reduce the risk of divergence by facilitating regular and effective communications, but this is not their core intention.

20. WLAs have been entered into voluntarily by the 4 UK administrations. All WLAs respect the UK's devolution arrangements and the specific devolution settlements for Scotland, Wales and Northern Ireland, and are without prejudice to future long term Common Frameworks' arrangements.

Communications

21. The Scottish Government recognise that, in the current situation of deep uncertainty, people in Scotland will look to us for accurate and relevant information as regards actions that they may need to take should the UK leave the EU on 31 October 2019 without a deal.

22. To help with this, alongside this overview of the Scottish Government's 'No Deal' preparations, we continue to publish up-to-date guidance on mygov.scot setting out guidance for citizens, businesses and organisations as regards action

they may need to take, including advice from the Scottish Government and links to guidance provided by the UK Government and other organisations where appropriate.

23. In addition, Scottish Government agencies and other public bodies, are engaging directly with stakeholders across different sectors – including business, fisheries, agriculture, health, education – to ensure they have the specific information they require to prepare for a ‘No Deal’ scenario. For example, Scottish Enterprise are providing guidance and advice to Scottish businesses on EU exit through their Prepare for Brexit communications campaign. Student Awards Agency Scotland (SAAS) has information on its website for students and the Scottish Funding Council has information for colleges and universities on its website.

24. The period up to and following the EU exit referendum has been particularly unsettling for EU nationals living in the UK. The Scottish Government believes Scotland is richer for our diversity and EU nationals make a valuable contribution to our society, our population and our economy, which is why the Scottish Government is making every effort to ensure EU citizens feel welcome and valued. We have established Stay in Scotland, our dedicated communications campaign, to encourage EU citizens to take the necessary steps to ensure their settled status in the UK. We also continue to underline Scotland’s commitment to Europe and positive international relations through our Scotland is Open marketing initiative. The Scottish Government is taking a cost-effective, targeted approach and making use of digital media channels or direct communications wherever possible.

25. The UK Government is running its Get Ready for Brexit campaign, at a reported cost of £100m, to encourage UK Citizens and other stakeholders to “get ready to leave the EU on 31 October 2019” – an assertion that the Scottish Government does not support. The Scottish Government was not consulted or involved in the development of this campaign, despite the fact that it is also running in Scotland, and were only informed of its detail after it was launched.

This overview

26. This document provides a snapshot of the Scottish Government’s work as the date of a ‘No Deal’ exit draws nearer. It is important that the Scottish public, and their representatives in the Scottish Parliament, are able to reflect on the situation we find ourselves in, the risks we face, and the Scottish Government’s efforts to mitigate those risks. It is for the UK Government to set out its own position and its own detailed plans, and we call on them to do so.

27. Following this introduction, **Section 2** summarises the potential impacts of ‘No Deal’. It is based on analysis carried out by the Scottish Government and our partners, including for the Chief Economic Adviser, and reflects the Scottish Civil Contingencies Planning Assumptions, also published today.

28. **Section 3** provides detail of the extent of financial decision making that has been, and continues to be required, to adequately prepare and fund 'No Deal' exit preparations.

29. **Section 4** provides an overview of our planned response. It is organised into 6 thematic strands:

- issues most likely to require a Civil Contingencies response on Day 1 or soon after, including Transport and Medicines
- protecting vulnerable communities
- supporting businesses and the Scottish economy
- supporting the Rural Economy, including Fisheries and Agriculture and the Environment
- labour Market Interventions: Employability and Skills Support
- protecting citizens' rights and international connections.

30. For each strand, we set out:

- the specific impacts we face
- the aspects of these impacts for which the UK Government is responsible for any mitigation measures
- the steps we are taking, or planning to take to mitigate impacts for which the Scottish Government and partners have lead responsibility
- the range of outcomes which we may nevertheless face
- the actions we require of the UK Government to further mitigate, as much as will be possible, some of the impacts of the course it alone has set us upon.

31. We are clear that even the fullest and most comprehensive set of mitigating actions cannot remove entirely the negative impacts of 'No Deal'. Depriving citizens and businesses of the benefits of the UK's membership of the EU, in any circumstance, will inevitably have a significant and enduring impact on businesses, the economy and the lives of the people of Scotland on top of the unpredictable effects of a chaotic exit. However 'ready' we are, we will still face those impacts.

SECTION 2: Potential Impacts of 'No Deal'

32. This section summarises the potential impacts of 'No Deal'. It is based on analysis carried out by the Scottish Government and our partners, including for the Chief Economic Adviser, and reflects the Scottish Civil Contingencies Planning Assumptions, also published today.

33. The risks and impacts related to a 'No Deal' exit from the EU are likely to be wide-ranging and significant, cutting across a range of policies and operational matters. There would be the immediate 'life and limb' type impacts and there would be a range of issues that will impact on the economy and on people in a short term and longer term manner. Additionally, there are likely to be a number of issues where the impact may not arise until a later point, or the impact will arise early on but be felt in the longer term. This overview tries to capture the main areas of impact to Scotland in all of these categories:

- **Delays at the Border:** there would be significant disruption to people and goods crossing borders. This will be most keenly felt for exports crossing the channel at the short straits (Dover), with the reasonable worst-case scenario being 40-60% of current flow on day one, rising to 50-70% within 3 months. This will impact on the supply of goods currently being imported and exported through the Dover Straits, including food and medicine, and is likely to result in an increase in demand and therefore costs for all other routes.

- **Regulated, integrated and just-in-time industries**: the business models of these industries would be affected by new customs procedures, compliance requirements and even modest reductions in traffic-flow across the Channel. The EU is the destination for 56% of Scottish industrial good exports, worth £6.6 billion in 2017. This is predicated on time-sensitive freight movements, just-in-time delivery, integrated supply chains and, fundamentally, customers and suppliers operating within the same legal and regulatory frameworks which, combined with open borders, ensure frictionless trade. Significant effects would be likely from the sudden and urgent need to adapt to trading with the EU as a third party, the short term adjustment cost and thereafter ongoing higher administrative cost of doing business for manufacturing, chemicals, pharmaceuticals, and food-and-drink industries. The application of EU tariffs would also add cost and friction, and reduce competitiveness for some sectors. We do not think it is possible to project businesses' ability to adapt accurately, because economy-wide adjustment at this scale is without precedent for modern economies.

- **Ability to Export Food**: our ability to export food would be severely constrained through a combination of prohibitive tariffs, regulatory burdens and logistical barriers. This includes tariffs of up to 40% for lamb exports, of which around 95% of all UK exports go to the EU, the complete closure of markets for our seed potatoes, and significant regulatory costs to provide export health certificates for products of animal origin, estimated at an extra

£14 million per year. Moreover, there is a significant risk to our seafood sector in getting fresh and live product to market in the continent through the likely disruption at the port at Dover where traffic flow is expected to reduce to as little as 40% of normal flow. This could have catastrophic consequences for an industry that is heavily reliant on frictionless trade and efficient supply chains to get its perishable and high value product to market quickly to maximise its value. Food and drink exports are four times more important to the Scottish economy than they are in England to the English economy, and many rural and remote communities in Scotland are reliant on the industry. The industry itself has estimated that the potential disruption of a no-deal could result in the loss of up to £2 billion in sales.

- **Health and Social Care System:** There would be myriad impacts on the NHS and on social care support in Scotland as a result of a 'No Deal' EU exit. A significant proportion of medicines, medical devices and clinical consumables are imported from the EU, meaning that the imposition of customs controls and tariffs if the UK leaves the EU with 'No Deal' has the potential to substantially disrupt supplies of medicines, medical devices and clinical consumables. This is also highlighted in the National Audit Office report of 27 September which describes "a risk of delays to supplies for health and social care if the UK leaves the EU without a deal" in the immediate aftermath of a ''No Deal'' exit. EU withdrawal also poses a significant risk to the recruitment and retention of staff in the health and social care workforce. These sectors employ sizeable numbers of EU citizens, with particular concentrations of EU staff in some regions and specialties. There are also issues relating to the mutual recognition of professional qualifications, reciprocal healthcare, research and clinical trials.

- **Service Sectors:** Without agreements on freedom of movement and establishment, Scotland's £117 billion service industry would face significant disruption and barriers to trade. £5 billion of service exports are currently to the EU. For small Scottish service providers, the requirement to set up a presence in other EU countries, where this does not currently exist, may be too costly, and the loss of regulatory alignment or the impact of trade reservations may make it impossible for trade to continue (e.g. some legal services). The EU would treat UK businesses as third-country service providers immediately on exit, meaning, for example, that UK professionals' qualifications would no longer automatically be recognised in Member States. The abrupt loss of regulatory permissions to service cross-border contracts after exit for the financial services sector would also pose a significant risk. For all but three member states, UK, Republic of Ireland and Malta, the majority of services trade is carried out within the single market which means Member States would be likely to look elsewhere in the single market for services.

- **Vulnerable communities:** A key concern is the impact a 'No Deal' exit would have on people. 'No Deal' would impact on everyone, reducing their opportunities in work, travel and study and damaging their financial resilience. It would particularly affect a wide range of vulnerable communities. Increases in prices and reduced availability of some goods are likely to impact low income households who are already struggling. Families with children, disabled people, older people and those with less secure employment status are also likely to find costs of living more challenging. At the same time, the negative economic impacts of ‘No Deal’ are likely to increase the numbers in poverty, and such increases could be considerable: this would then increase demand on essential public services. Those impacts may also be especially felt in particular geographic communities where sectors most affected by ‘No Deal’ are concentrated.

- **EU trade deals with third countries:** the UK has been working to rollover the existing trade deals the EU has with around 40 other countries or trade blocs. Scotland currently benefits from reduced tariffs and friction when trading with these countries. If the UK is unable to agree that these deals should be continued after exit then Scottish exports (including of food) will no longer benefit from the current preferential trading terms. This will inevitably have an impact on export levels. The UK has managed to rollover 15 to date. It should be noted that these do not provide 100% replication of the equivalent EU agreements, and therefore do not provide the same protection for Scottish interests as would be offered by remaining party to those EU agreements. At present, a number of Scotland’s top trading partners are not included in the list of deals which have been carried forward, with Singapore, Canada and Japan being of particular concern although the loss of preferential trading with some smaller markets may have effects on particular products. The UK is continuing efforts to increase the extent of the rollover but Canada and Japan are not expected to agree, either because the UK has already committed to unilaterally reducing its tariffs on imported goods in a no deal scenario or because they are seeking a fresh negotiation respectively.

- **UK nationals resident in or travelling to the EU:** UK nationals living in the EU would be required to satisfy Member States’ immigration rules. It is up to each individual Member State to put in place domestic laws regarding the status of UK nationals post-exit and Member States are at different stages of this process. The requirements to remain would vary between Member States. UK nationals travelling to the EU might face additional procedures, and it is likely that delays would occur for UK nationals at EU ports, airports and juxtaposed controls.

- **Cross-border networks:** While the UK would unilaterally allow UK organisations to continue to transfer personal data to the EU as now, a gap is expected before the EU grants the UK data adequacy. Any regulatory action could cause organisations to be cautious, in a way which disrupts personal data flows. We do not have confidence that businesses, law enforcement agencies, universities, colleges, and public sector organisations would have alternative legal arrangements in place.

- **Justice and security:** The UK would lose access to all EU law enforcement information systems and databases such as the Schengen Information System II (real-time alerts for missing/wanted individuals and objects) and the European Criminal Records Information System. Alternative measures for data sharing will be far slower, more cumbersome and much less effective. The UK would also no longer participate as full members in Europol or Eurojust. The European Investigation Order and European Arrest Warrant would not be available, which would make cross-border criminal investigations and extradition procedures slower, more cumbersome and more resource intensive. While Police Scotland and the Crown Office and Procurator Fiscal Service have worked together to establish operational plans to mitigate the loss of these tools and measures, the impact will be significant.

- **Northern Ireland:** Overall, the cumulative impact in Northern Ireland is expected to be longer and more severe than in Great Britain, not least because of the volume of trade flows between Northern Ireland and the Republic of Ireland. Uncertainty around the treatment of the Irish land border could also have impacts on the Cairnryan Ports. There is also a possible risk of an increase in traffic to and from Northern Ireland to the UK via the Cairnryan ports, if traffic shifts from the Dublin/Holyhead route. If implemented, the impact of UK proposals for customs arrangements in Northern Ireland could make it attractive entry route to smuggling and other serious organised crime.

Economic impacts of 'No Deal'

34. There is a significant and live risk that a 'No Deal' exit would lead to a major dislocation to the Scottish economy through a number of channels: disruptions to logistics, supply, trade, investment, migration, and market confidence. The uncertainty relating to this is already impacting business and consumer confidence in Scotland and has led to increased stockpiling and reduced investment intentions.

35. The Scottish Government report 'No Deal' Brexit: economic implications for Scotland' sets out that a 'No Deal' exit has the potential to generate a significant economic shock which could tip the Scottish economy into recession. Depending on the way in which a 'No Deal' EU exit evolves, there is the potential for the economy to contract by between 2.5%-7% and for the level of unemployment to increase by as much as 100,000.

36. It is the assessment of the Scottish Government's Chief Economic Adviser that a 'No Deal' exit will lead to an immediate economic shock in the final quarter of 2019, causing major disruption to the movement of goods and services, further reductions and delays in investment, creating cash flow problems for businesses, and leading to a further depreciation in the value of Sterling. These impacts could last for a number of months while a form of agreement is reached between the UK Government and the EU which enables constraints to be eased and the economy to then stabilise at a new, lower level of activity.

37. A worst case scenario could see the initial economic shock prolonged, as a result of protracted uncertainty over the future trading relationship between the UK and the EU. Such a scenario would lead to a slump in demand as a result of a sustained deterioration in consumer and business confidence, a squeeze on availability of finance for businesses and increased uncertainty in financial markets. This in turn reduces activity across the broader economy and leads to higher levels of unemployment and inflationary pressures. The longer that the initial shock persists, the greater the risk that it develops into a wider economic slowdown from which it would take longer to recover.

38. In comparison with the original EU exit deadline in March/April, the economic environment has become less favourable. Alongside the impacts of prolonged uncertainty impacting sentiment and business investment, global growth is forecast to slow in 2019. For example, the recent IMF world economic outlook report states that global growth remains subdued and argues that the principal risk factor to the global economy is that adverse developments — including a 'No Deal' exit — sap confidence and weaken investment and slow global growth. In such an environment, the reaction of global financial markets to a 'No Deal' outcome could be more negative than would have been the case in March/April. So far, negative market sentiment has focused mainly on the currency and has led to a depreciation of Sterling. In the event of a 'No Deal', a stronger negative response in UK equity and bond markets would create a negative feedback to the broader economy.

39. Moreover, the response of businesses to an October deadline may differ from March/April. In March/April, many businesses enacted contingencies and moved output around and stockpiled. It is not necessarily the case that the same sectors will respond in the same way as in October and there are seasonal factors, such as preparing for the Christmas trading period, that may also make their responses different.

40. There is broad consensus that a 'No Deal' exit will have a negative impact on the Scottish economy. It will cause major disruption to the movement of goods and services, further reductions and delays in investment, and lead to cash flow problems for businesses. Research and knowledge exchange in universities, colleges and businesses may be impacted if access to European programmes and collaboration is reduced. The speed with which the economy returns to growth would depend on the time taken to mitigate the disruption caused under a 'No Deal' exit. There remains uncertainty about the timing, duration and scale of the economic shock, but the primary responsibility for fiscal and economic stimulus lies with UK Government and we expect them to deliver on it.

Scottish Civil Contingencies Planning Assumptions

41. The Scottish Civil Contingencies Planning Assumptions are also published in full today. They provide a fuller overview of the potential 'reasonable worst case scenario' should the UK leave the EU with 'No Deal' and no alternative arrangements with the European Union in place. These

assumptions are derived from the UK Planning Assumptions that have been shared with us, but have been developed further using input from Scottish Responders and Scottish Agencies to identify the potential Scotland level impacts. The assumptions are intended to inform further thinking by Civil Contingency Category 1 Responders (such as Local Authorities, the NHS, Fire, Police and Ambulance), Government Agencies and national organisations (such as the courts and the prisons) and Scottish Government policy areas on the potential issues that may arise, so that they may be reflected in contingency planning.

42. It is important to recognise that the Scottish assumptions, as with the UK Government Yellowhammer assumptions from which they derive, are **not** a prediction of the precise scenario that we would face in the case of ‘No Deal’, but provide the spectrum of worst-case scenarios that it is reasonable to expect might occur. These assumptions are intended to aid planning for this and other less challenging situations. We recognise that the challenges resulting from a ‘No Deal’ could be experienced locally across the whole of Scotland in varying degrees of intensity. These assumptions will continue to evolve and further versions will be produced should additional information become available.

SECTION 3: Financial Decisions

43. In the face of a decade of UK Government austerity and real terms decreases in our budgets, resourcing any form of EU exit will pose a significant challenge for the Scottish public finances. As leaving the EU was not Scotland's choice, these costs must be met in full by the UK Government; we should not have to cut public services in order to fund EU exit. It remains our view that no devolved government could fully mitigate all of the impacts of EU exit. Despite repeated calls to the UK Government we have no assurances that further funding will be provided.

44. The money we have received so far is in no way sufficient to meet the costs of a No Deal scenario. Before the outcome of EU exit has been determined, we have already had to spend or commit £98.25 million of the £98.7 million EU exit consequentials received between 2017-18 and 2019-20. Ministers have had to make difficult choices in prioritising this funding, balancing the need for staffing operational activity including negotiations and legislative preparations with supporting stakeholders including businesses, cultural bodies, universities and colleges, local governments and the third sector. Furthermore, we have funded the Prepare for Brexit campaign and provided an additional £1.5m in funding to Fareshare to deal with food insecurity as a direct result of EU exit.

45. The Scottish Government is working with COSLA to ensure that Local Authorities are as prepared as possible. To date, all £1.6 million of funding initially asked for by COSLA, £50,000 per Local Authority, has been agreed.

46. The below table shows spend that the Scottish Government has approved between April 2017 and September 2019, including £98.25 million in resource and capital spend and £350 million in loans to farmers.

Activity	**Approved spend April 2017 – September 2019***	**Description**
Loans to farmers	£350.0m	The National Basic Payment Scheme are Financial Transactions (loans) to farmers to help manage EU exit uncertainty. These will be fully offset by receipt of external grant via the EU or the UK Government.
EU Exit related operational and readiness costs	£70.9m	Scottish Government and public body costs on legislation, policy and organisational readiness activity.
Police numbers	£17.0m	The Chief Constable is maintaining circa 400 officers in 2019-20 so that the service has capacity to respond to EU exit-related issues such as protests and civil unrest, should this be required.
Prepare for Brexit campaign	£2.2m	Scottish Enterprise led campaign to help Scottish businesses prepare for EU exit.

Local Authority Co-ordination funding	£1.6m	£50k per local authority for on-going local co-ordination work on EU exit preparedness arrangements.
Brexit Support Grant for SME	£1.5m	£2000 to £4000 grant to help small to medium-sized enterprises in Scotland manage a wide range of EU exit impacts.
Supporting community food initiatives	£1.5m	Providing funds to the charity FareShare to increase the help that they give organisations that are responding to food insecurity.
Promoting Scotland internationally	£1.4m	Scotland is Now global marketing campaign (£1m), combined with a range of other activity, to promote Scotland as a place to visit, study, work and invest.
Health and Social Care	£1.1m	International recruitment Unit (£0.64m), contribution to UK Government response arrangements for medical devices and clinical consumables, wider recruitment efforts, and support to the social care sector.
Advice Service and community based support for EU citizens	£0.75m	Establish an advice service (£0.5m) and a 'Stay in Scotland' campaign, both aimed at EU citizens currently living in Scotland (£0.25m).
Rural industry and marine readiness	£0.3m	Scotland's Rural College policy development and stakeholder analysis to boost rural industry readiness.

* actual spend on EU exit preparations in financial years 2017-18 and 2018-19, plus spend approved by Ministers at end September 2019 for the whole of financial year 2019-20.

47. On 1 August the UK Government announced further funding of £2.1 billion for 'No Deal' exit preparations for 2019-20. The Scottish Government will receive £40.7 million in consequentials from the circa £900 million already allocated to individual UK departments. These additional consequentials will partly fund preparation activity set out in this plan, however they will fall a long way short of the total cost.

48. £7 million of this £40.7 million has already been approved to enable local authorities to respond to anticipated increased demand for poverty mitigation measures in the event of a No Deal EU exit on 31 October. This will help address increased pressure on household income and expenditure as the six month period from 31 October will see a rise in household heating costs and covers the Christmas period, when demand for additional support is traditionally high.

49. We have bid for a further £52 million from the UK Government which is the minimum required for preparation activity before 31 October. This request includes funding to support:

- the disproportionate effect of ‘no deal’ on rural communities including ensuring medical support reaches these areas
- increased demand on Marine Scotland compliance activities around Scotland’s coastline
- additional communications to EU citizens living in Scotland
- increased demands on Police Scotland.

50. Without further funding, we will be faced with difficult decisions on the allocation of the limited resources we do have at our disposal. As a responsible government we will direct funding to the priorities most in need. However, to undertake the full range of actions set out in this plan would require significant savings and reprioritisation in 2019-20 and beyond. The 2019-20 budget was prepared on the assumption of the UK leaving the EU with a deal, while the Government does not propose to rebase budget allocations at this stage in the financial year, some reprioritisation within existing resources will be necessary as and when decisions are necessary to activate individual elements of this plan

51. The simplest way to avoid these difficult choices would be for the UK Government to take No Deal off the table immediately/remain within the EU.

SECTION 4: Planned and Potential Actions

1: Issues most likely to require a Civil Contingencies response on Day 1	
Issue	• Likelihood of significant disruption to people and goods crossing borders. This would be most keenly felt for goods crossing the channel at the 'short straits' (Dover and Eurotunnel crossings primarily), with the reasonable worst-case scenario being a reduction to 40-60% of current flow on day one. • There is likely to be disruption to the supply of imported food, medicines, radiopharmaceuticals, blood products, medical devices and clinical consumables. • Disruption would affect exports of time-sensitive produce (e.g. seafood), meaning shorter shelf life and reduced freshness and quality. The knock-on effects to the industry would include lower prices, loss of sales and additional costs, with repeated delays resulting in damaged reputation and loss of customers and markets over time. • New UK arrangements will be required for the licensing of new medicines previously undertaken by the European Medicines Agency (EMA). A new regulatory framework for the manufacture and distribution of medicines will be required. • In the unlikely event that the EU does not recognise the UK as a 3rd country for exports of products of animal origin, nothing can be exported to the EU and trade in these products would stop overnight. This could result in domestic oversupply and spoilage and significant financial loss to business. • There is the potential for increased incidents of public disorder, with possible escalations of lawful demonstrations from Day 1 of Exit and the potential for further public disorder if impacts such as commodities shortages or major congestion at borders increase tensions. • Potential disruption to chemical supplies required by the water industry to treat water to ensure that is safe to drink. • Though the information and intelligence is developing, there is the potential for breakdown of law and order at sea and in port, and consequent risk to life and limb, and of illegal, unregulated or unreported fishing due to third party activity • The UK would lose access to all EU law enforcement information systems and databases such as the Schengen Information System II, which provides real time alerts for missing/wanted individuals and objects, and the European Criminal Records Information System. Alternative measures for data sharing will be far slower, more cumbersome and much less effective. Disruption of flow of personal data will impact on data relating to law enforcement and sharing systems. While Police Scotland and the Crown Office and Procurator Fiscal Service have worked together to establish operational plans to mitigate the loss of these tools and measures, the impact will be significant.
UKG Responsibilities	• The UKG has primary responsibility for putting in place appropriate mitigations aimed at reducing impacts on transport links and maximising the flow of goods and products (food, medicines etc.) into and out of the UK. The National Audit Office noted in its report of 27 September that procurement of freight capacity is underway but the time available to put capacity in place for 31 October is extremely limited and it might not now be possible to have all the freight capacity available on that date. • UKG also needs to ensure that the regulatory and licensing arrangements are in place to ensure continued access to medicines, medical supplies and medical radioisotopes. • Responsibility for law and order at sea and in port is a matter for both reserved and devolved agencies. Marine Scotland Compliance is responsible for enforcement of marine and fisheries legislation but the UKG has responsibility for safety at sea and enforcement of the UKs borders, and defence against any hostile and/or illegal activity at sea. Marine Scotland Compliance will where possible report and collect evidence of any suspected offences or any emerging or ongoing situations which have an implication for safety at sea, including any hostile activity by or between fisheries vessels, as appropriate. Marine Scotland Compliance will work closely with Police Scotland and/or the UKG and its agencies to provide monitoring and support as appropriate. Enforcement of marine and fisheries legislation is devolved, but it is vital that there is close working between the UK Fisheries administrations to ensure a consistent approach, given the mobility of fishing vessels and the shared nature of fish stocks. • UKG has responsibility for putting in place appropriate mitigations for the loss of EU law enforcement tools and needs to ensure it takes account of the differences in the separate criminal justice system in Scotland and the operational interests of the Lord Advocate. Where there are no or limited contingency plans for the loss of access to EU law enforcement tools we would expect the UKG to seek a solution with the Commission and EU member states as a matter of urgency. • Data Protection is reserved - we expect UKG to seek an Adequacy Decision (AD) from the Commission as a matter of urgency. UKG is responsible for engaging with EU Member States to press that the UK has adequate safeguards in place to permit the continued sharing of law enforcement (LE) data under the LE Directive in the absence of an AD.

Scottish Government mitigating actions	• Plans are being drawn up to use the old port in Stranraer to hold up to 300 HGVs if traffic flows between Northern Ireland and Scotland increase to a level that requires additional stacking capacity around the port. Transport Scotland is also working with the logistics industry to explore promotion around the ability for some goods to be moved by container through existing services from Grangemouth and Greenock Ocean Terminal – as an alternative to the short straits crossings. • SG and its agencies, along with the other Devolved Administrations, are named as a contracting authority on the freight capacity framework that DfT is procuring. This will allow Scottish Ministers to use the framework to secure additional freight Category 1 imports, if the UK provisions are not sufficient for Scotland's needs. As a last resort for importing critical supplies in the event UK measures fail, Transport Scotland has developed plans for the emergency diversion of a Northern Isles freight vessel on a limited basis, whilst minimising any disruption to routes and communities impacted. • There is existing air freight capacity available through the market. We will continue to engage with Airports to review use of this capacity and encourage importers and exporters to consider utilising this where it would be useful to do so. However, the costs of air freight will remain prohibitively high and there are limits on which points of entry can be used for particular products. • SG has established a Scottish Medicines Shortage Response Group which will review evidence and intelligence, recommend action, and instigate escalation to the UK Medicines Shortage Response Group, of which SG is a member. • Pharmaceutical companies have been asked to stockpile an additional 6 week supply of medicines with a supply touchpoint in the EU and re-route supply routes away from the short straits ensuring continuity of medical supplies to NHS and social care providers. • NHS National Services Scotland (NSS) National Procurement are maintaining a larger stockholding of medical devices and clinical consumables and are part of the UK National Supply and Disruption Response Centre. • SG is working closely with COSLA and social care providers to help with their contingency planning. • The SG will continue to engage with and support public sector procurement managers/food suppliers with their contingency planning and we are working constructively with UKG counterparts. • SG is supporting SME food businesses with preparations for EU exit (see https://www.prepareforbrexit.scot/) and has plans in place to enable suppliers/public sector caterers to operate more flexibly. • SG is working with the UKG to minimise the disruptive impact of the requirement for export health certificates (EHCs). SG has led development of a risk-based approach to certification, is supporting plans to create 'certification hubs' and is working with local authorities to simplify charging for EHCs, but extra work is inevitable and costs will still be incurred by businesses and public authorities which we are seeking commitment from the UKG to reimburse. • Consideration is being given on how to best manage and prevent illegal, unregulated or unreported fishing (and the corresponding risk of clashes at sea between UK and non-UK vessels in the Scottish zone) through increasing Marine Scotland Compliance surveillance and monitoring capabilities. Marine Scotland will ensure a robust response to any illegal fishing activity by any vessel from any fleet, including taking prosecuting action against offending vessels and escalating as appropriate to the flag state of any vessel fishing illegally. • The SG and our operational partners, Police Scotland and the Crown Office and Procurator Fiscal Service attend the Home Office chaired Contingency Planning Steering Meetings to monitor progress and receive information on the key risks and proposed mitigating actions, so far as these are possible. Working together, Police Scotland and the Crown Office have established operational plans to mitigate the loss of EU law enforcement tools and measures. • Police Scotland's Force Reserve of 300 officers has been available from 5 August to deal with any issues arising from EU exit, including in respect of ports and borders, but also in relation to possible protests and civic unrest. • SG is working with resilience partners to help them identify and mitigate potential civil contingencies impacts. • SG is working with Justice partners through the Justice Board EU sub-group to help identify and mitigate 'No Deal' risks across the Scottish justice system, complementing the work that is taking place on the operational response. • A police led multi-agency control centre will be activated at Bilston Glen to coordinate the response to any civil contingencies issues arising from EU exit. The SG Resilience Room (SGORR) will be activated to co-ordinate SG response to any civil contingencies impacts. • The Scottish Fire and Rescue Service has detailed and well-rehearsed command protocols and event plans in place for dealing with the EU exit period. SFRS are supporting a multi-agency response to EU exit and will at all times stand ready to react to any changing circumstances or issues presented. • Regulators Scottish Water and Water UK are working closely with Defra and the Devolved Administrations to ensure that contingency plans are in place. These arrangements include the provision of regular monitoring reports showing the chemical supplies across the UK and mutual aid arrangements between companies. • SG officials are working closely with Defra and its agency, the Veterinary Medicines Directorate (VMD), to ensure that there are sufficient supplies of vet medicines available. Vet medicines are a category 1 product and will therefore benefit from UKG additional freight capacity. We have also liaised with manufacturer and distributors and are reasonably content that there are sufficient stocks to avoid animal welfare problems immediate post EU exit.

Range of possible outcomes	• Even if the UKG undertakes all planned mitigations in terms of border issues, on the basis of current planning assumptions there will still be a significant reduction in goods and products (both imports and exports). Inevitably there will be major consequences for Scotland – potentially disproportionate to other parts of the UK for reasons of geography. • Changes to the licensing processes for medicines in UK may result in slower access to new medicines and medicine shortages. It is likely that the cost of new medicines in the UK will increase. • Subject to intended procurement of the additional marine monitoring and surveillance capabilities, Marine Scotland Compliance resources and assets are assessed as being sufficient to deliver Marine Scotland's statutory responsibilities in a 'No Deal' scenario. Delivery of these responsibilities may, however, come under increasing pressure (e.g. depending on the scale of illegal activity, and whether it is geographically concentrated or widespread). • There may be reduced availability and choice of certain food products, including some of the fresh produce we import from the EU. Food price increases are also expected. Increases in consumer prices could pull more people into household food insecurity and increase the demand on public sector food. • We anticipate that rural consumers may feel price impacts more keenly as they face lower than average wages and the cost of living in rural areas is up to 35% higher than in urban areas. Added to this, many rural businesses and coastal communities in Scotland are reliant on food and drink exports. • Possible displacement of traffic to/from the island of Ireland may affect Scottish ports and may be difficult to predict with any degree of certainty until Day 1 or thereafter.
Requirements of the UKG	• UKG must share real-time data and analysis on flows and potential delays at all borders so that SG can analyse the impact on Scotland and feed into resilience planning e.g. in respect of category 1 freight capacity (*borders reserved but information would benefit Scotland*). • UKG prioritises, at Dover and elsewhere, vulnerable sectors of the economy, such as live exports and fresh seafood. UKG have said that, according to policy advice, this is not practically feasible. • UKG to provide clarity on all aspects of how the Irish land border will operate, including customs arrangements and immigration policy and delivery strategy. • UKG to share data relating to the continuity of supply of medical supplies, clinical consumables, radioisotopes, and blood products, as well as ensuring regulatory frameworks are in place for the continued supply of medicines and medical radioisotopes. • SG would expect UKG need to meet the additional costs related to the policing of EU exit in full, recognising the unique circumstances in Scotland. • SG would expect UKG to meet all costs, staffing, etc. related to any increased customs capacity needs. • In relation to fisheries negotiations, whilst Marine Scotland is a core part of the UK delegation, there may be pressure on Defra as UKG lead on the fisheries delegation to prioritise English issues. Furthermore there is a risk that wider negotiations with the European Union will lead UKG to reach an unsatisfactory deal on fisheries or to concessions regarding such matters being made out with the usual fisheries negotiations. We will, however, continue to seek to ensure SG is appropriately represented in the UK delegation at the point we become a separate coastal state. e.g. through Interim Working Arrangement or Memorandum of Understanding. Our preferred outcome to reasonably protect Scottish interests in a sector where Scotland has the predominant interest within the UK, would be agreement from UKG to Scotland having a joint head of delegation role in Coastal States negotiations where Scottish interests are dominant. • UKG to take account of the differences in the separate criminal justice system in any 'No Deal' planning for the loss of access to key EU security and law enforcement tools and measures; share information with SG and operational partners on contingency plans, developments and proposed mitigations. • SG would expect UKG to review the import tariff schedule as this relates to the agriculture sectors. SG Ministers are continuing to press UKG.

2: Protecting vulnerable communities	
Issue	• UKG's austerity and welfare reforms over the last 10 years have had a devastating impact on households in Scotland. Over 1 million people today are in relative poverty. 25% of adults with the lowest income have worried about being able to afford to eat. Almost 4 in 10 of households in the most deprived areas of Scotland already say they are not managing well. • Households already struggling financially will find life even harder with a 'No Deal' exit, but it is likely there will be new groups brought into poverty through unemployment, under employment and business loss. Initial work suggests that these latter factors could hit hardest in rural and remote rural areas. • The impact on financially vulnerable communities of an autumn 'No Deal' is greater than in the spring, as costs of living are generally higher in November-January than in April-June, with heating costs and the cost of Christmas being an added pressure for many households. • For example, if all other factors remain constant an increase of 5% in prices could push an additional 130,000 people into poverty in a 'No Deal' EU exit. This will add pressure on poverty mitigation measures already under considerable strain as a result of UKG welfare reforms and the continuing roll out of Universal Credit. • In rural communities where there is a heavy reliance on EU support and access to markets compounded by social isolation there is a real risk to the mental health of citizens due to the additional stress and pressure on employment and income they may experience. • The strain on vulnerable communities is likely to exacerbate the already stressful experiences of socially disadvantaged people. This could in turn place pressure on the services that support them including NHS and the range of services provided by local authorities, including social care and housing.
UKG Responsibilities	• The majority of income replacement benefits, i.e. Universal Credit, Job Seeker's Allowance, and Employment Support Allowance, are reserved to the UKG. • The UKG is responsible for dealing with applications for welfare support, benefit take up and ensuring people get what they are entitled to. • It would be reasonable to expect the UKG to review the adequacy of entitlements against an increasing cost of living, and to expedite the process for accessing entitlements – for example a reduction in the 5 week wait for Universal Credit. • Consumer protection and regulation of gas and electricity prices is reserved to the UK Government. The current prices for gas and electricity are protected through price caps. The current cap level is set until April 2020 and will be reviewed (based on 6 month price average) in February for the subsequent 6 months. There is no price protections for consumers of unregulated products such as heating oil. These consumers are more concentrated in the rural areas of Scotland and are already more exposed to a 'No Deal' exit. • Current UKG policy is unilaterally to continue to apply the existing EU social security coordination rules until the end of 2020, ensuring that UK benefit payments currently made to UK nationals living in other EEA member states are protected and that EEA member state nationals living in the UK retain existing entitlements to UK benefits.
Scottish Government mitigating actions	• The SG is taking a range of mitigating actions to help maximise incomes and support for the most vulnerable communities. • **Community food initiatives** – on 25 September, we announced an additional £1 million investment in the charity FareShare to increase the help that they provide to organisations that are responding to food insecurity. This will include the purchase of additional food to supplement the availability of surplus food and donations. Organisations like community cafes, food parcel providers, and holiday clubs provide essential support for people struggling to afford healthy meals. A 'No Deal' exit is likely to push up the cost of living and could mean that more people are in poverty and seeking support from these organisations at a community level. This investment builds on work undertaken in the spring, and is in addition to the direct grant funding we provide community food initiatives with through the Fair Food Fund. • **Poverty Mitigation –** We are determined to do what we can to ensure individuals and families get the direct support they need, although the uncertainties of a No Deal EU exit make this challenging. In the event of a 'No Deal', we will establish a £7 million Rapid Poverty Mitigation Fund. This will provide local authorities with some additional flexibility to adapt to the differing demands of a 'No Deal'. Such a fund will proportionally scale up current poverty mitigation measures including the Scottish Welfare Fund, Discretionary Housing Payments, and responses to food insecurity and fuel poverty. • **Local Government preparedness** - Work continues with COSLA to ensure local government preparedness for a 'No Deal' exit, ensuring that we are well sighted on Scottish Resilience Partnership plans for 31 October and that any longer term service impacts are identified. We have allocated additional funding to support Local Authority EU exit planning and co-ordination. The ability of councils to respond flexibly to unpredictable need is likely to require reprioritisation of existing resources. • **Energy supply and prices** - The Scottish Government will monitor closely the situation around energy supply and any impacts on energy prices, liaising with Ofgem and the UKG – to press for them to take action to regulate where necessary to protect consumers from any significant price increases. • **Fuel poverty schemes** - We are entering the winter period, which could compound the challenges posed by EU exit, so we will continue to deliver our fuel poverty schemes and have already put measures in place to monitor changes in demand and respond effectively. We are ensuring that we have the materials required to keep delivering energy efficiency and heating measures in the event of issues with imports and will provide all households with advice and support and fuel poor households with emergency heating if required. • **Advice services** - We will continue to engage with organisations who deliver advice services to vulnerable communities to ensure that they have considered the implications of a 'No Deal' EU exit and consider how Scottish Government might support them in the event that they may be required to meet additional demand for advice, including local government and the range of advice services they provide to local communities. • SG are working with the Rural Mental Health Forum and its members to ensure that support is available.

Range of possible outcomes	• If the UKG makes the changes to Universal Credit that we are seeking, this should help increase benefit take up and ensure people get what they are entitled to, relieving the pressure – particularly on low income households, who will be hardest hit. However, if the UKG fails to promote uptake of benefits, there is a risk that more people will face financial hardship, resulting in greater reliance on SG, local authority and third sector resources. • If the UKG fails to introduce flexibilities within Universal Credit, the current 5-6 week wait for Universal Credit payments can put people into debt at the start of their claim. The UKG's solution to this wait is to offer an advance of benefit that has to be repaid over a short period. • If the UK fails to recognise that 'No Deal' will lead to an increase in poverty and unemployment then they may also fail to plan for the increased staff and resource needed to respond to increases leaving communities with a lack of advice as well as queues and delays in access to the social security that people are entitled to. • If the UKG fails to reach agreement with the EU as a bloc or bilaterally with other EEA member states with regards to social security co-ordination, EEA nationals living in the UK could lose entitlement to benefits being paid to them in the UK from another Member State, and UK nationals living in another EEA Member State may lose entitlement to benefits paid by their state of residence.
Requirements of the UKG	• The UKG should implement a range of temporary changes to Universal Credit to safeguard incomes. Provision of advances should be made as full as possible, and the UKG should convert the advance to a grant. It should temporarily suspend some third party deductions present within Universal Credit, or consider lowering the overall rate of deductions allowed, to increase income among vulnerable households. • The UKG should lift the benefits freeze on working age benefits that has been in place since April 2016 and uprate benefits in line with inflation. Given the potential volatility of the economy, the frequency of uprating should be quarterly rather than annually. • UKG should prepare to cope with rapid increases in people looking for Universal Credit and other benefits and advice, potentially from parts of the country that would not traditionally have high levels of uptake e.g. more rural and remote areas. • For the longer term, the UKG should reverse the two child limit for Universal Credit and Child Tax Credits, including the 'rape clause' exemption, which limits payment to two children. The UKG should remove the Benefit Cap which limits the total amount of benefits and tax credits payable to a working-age household. • Speed up payment and remove unnecessary barriers. The UKG should remove the conditionality requirements in respect of work preparation and search for those in receipt of Universal Credit to account for potential labour market changes which may lead to reduced jobs, hours and wages. • The UKG should reduce the minimum five week wait for the first payment of Universal Credit, especially when there is no guarantee of the correct payment at the end. It should also reinstate the work allowances (which is the amount of money a person can keep before their earnings affect their award). • The UKG should fully resource and launch a general benefit awareness campaign, including pension credit, Universal Credit and all other reserved benefits to maximise take-up of what people are entitled to and remove barriers to application. The UKG should review the current digital by default approach of Universal Credit and highlight the availability of Universal Credit to those who might be eligible, through outreach work and more mobile work coaches. • We also urge the UKG to reverse the change to benefits for mixed age couples so that eligibility for Pension Credit is determined by the oldest person in a couple. This change will see some couples in Scotland more than £7,000 a year worse off, before the effects of any 'No Deal' EU exit. • The UKG should meet the costs related to EU exit, provide full financial compensation for the consequences of EU exit, either commit to contributing to the EU budget until the end of 2020 or ensure the guarantees cover all aspects of the 2014-20 programmes, and replace all EU funds in full beyond this – recognising Scotland's right to determine its own priorities. • UKG should commit to fully replace all EU funding which has been promised to support communities, including under the Asylum, Migration and Integration Fund (AMIF) for refugee integration work.

3: Supporting businesses and the Scottish economy	
Issue	• 'No Deal' has the potential to generate a significant economic shock which could tip the Scottish economy into recession. As well as major disruption to the movement of goods and services, it will cause further reductions and delays in investment, creating cash flow problems for businesses. These impacts are assumed to last for a number of months while a form of agreement is reached between the UKG and the EU. • A smaller economy will lead to a deterioration in the public finances. • Businesses will need to plan for and adapt to all the changes, such as customs procedures, tariffs, import and export patterns, processes and prices, skills and labour, additional administration etc., that 'No Deal' and any future trading relationship will bring and associated rising costs and reduced competitiveness. These changes plus possible prolonged recession are likely to result in significant numbers of business closures, especially in vulnerable sectors. • Market disruption may result in shortages of key products, i.e. chemicals, as well as changes in industry practices, due to fear of shortages, including inappropriate stockpiling. It will also disrupt businesses operating in integrated and just-in-time supply chains, particularly in manufacturing. • Non-tariff barriers, e.g. regulation and rules of origin, may prevent frictionless trade flows or stop certain Scottish exports altogether as to sell certain services, e.g. legal services, in the EU, you need to have an establishment in the EU. • On-going market disruption may reduce access to usual waste treatment and disposal facilities outside Scotland, which may lead to additional demands for waste services in Scotland. • Compliance with environmental law, including relevant industry regulations, will no longer be overseen by the European institutions. • Businesses will need to put safeguards in place to mitigate disruption to personal data flows, as failure to do so would mean they are not legally complaint. • Downturn in business will likely lead to unemployment, underemployment, stress and financial hardship. • Concentrated downturn in business in specific sectors or communities could compound impacts further.
UKG Responsibilities	• Provision of regular and up to date information on UK wide business readiness support. • Engagement in and early information on procedures, processes, regulatory changes, tariffs etc. for businesses. • Announcements on day 1 tariffs, customs procedures and extent of regulatory cooperation. Day 1 tariffs, and tariff rate quotas, proposed in March need to be reviewed to take account of stakeholder views on likely catastrophic impact on particular sectors. • Provide clarity on the UKG's approach to financial support, role of British Business Bank, sector compensation packages etc. • Action by HMT and BEIS to boost business and consumer confidence and financial liquidity, including macroeconomic stimulus, financial and/or loan support to businesses plus additional funding for the SG to meet specific Scottish needs. • Early and regular engagement and consultation with SG on any 'No Deal' business campaign and specific marketing and communications aimed at businesses. • Provision of robust replacement regulatory arrangements for all products and services, especially EU REACH regime for chemicals. • Clarity for industry on permitting process and arrangements for trans-frontier shipment of waste.
Scottish Government mitigating actions	• Any UK fiscal expansion will have an effect on the Scottish budget through Barnett consequentials or the Block Grant Adjustments. Any additional consequentials would need to be targeted at further mitigation measures including the demand led pressures on Scotland's devolved benefits arising from higher unemployment from 'No Deal'. • **Business preparedness and support –** SG has worked with Scottish Enterprise to reinforce the Scotland wide Prepare for Brexit (PfB) programme targeting business which includes: an information campaign, guidance website and support call centre, PfB roadshows and PfB grants. • Local Government is working closely with local businesses encouraging them to prepare for Brexit and offering support where appropriate. Business Gateway and Scottish Enterprise are amongst the organisations providing local support. COSLA is working with a number of enterprise agencies in conjunction with SG on how to support businesses as they prepare. • **Access to finance** - The High Street banks have indicated they will support business; in the event that some businesses would not receive support from banks, then the UKG have provided guarantees under the Enterprise Finance Guarantee (EFG) Scheme. SG and its enterprise agencies will consider support in the event that some viable businesses do not receive support from the banks or EFG. • We will monitor the performance of banks using newly established survey data. • SG will liaise with the relevant parties (the FiSAB Banking and Economy Forum plus UKG and the British Business Bank) to support a realistic and long term appetite for lending amongst banks • **Environment -** SG has undertaken a significant package of work to ensure that environmental law continues to operate in the event of a 'No Deal' exit. This work will ensure that regulatory regimes will continue to operate and environmental standards will continue to be met. SG has agreed to participate in new UK-wide chemicals regulatory arrangements to replace the existing EU REACH regime. SG has undertaken work to analyse landfill capacity in Scotland, to ensure sufficient capacity exists if some waste export routes are no longer available. SG is in regular contact with the local authority waste managers' network. This has helped us understand potential impacts of EU exit on local authority waste service obligations, including the possibility of additional costs arising from market disruptions. SG is developing an approach to environmental governance ready for a potential 'No Deal' exit. Work will continue on the development of a longer term system.

	• **Personal Data Flows** – While data protection is reserved, the SG is proactively engaging with the UKG, to effectively manage this issue. SG plan to raise awareness of UKG and ICO guidance for escalating personal data flow issues to businesses, to ensure better preparedness. SG will maintain engagement with Scottish public bodies, to raise awareness of guidance and processes for escalating data flow issues, post-EU exit.
Range of possible outcomes	• SG interventions will not be able to fully mitigate the scale of economic and business impacts that are anticipated, especially if there is a prolonged recession with long term cash-flow impacts on businesses. • The OBR fiscal risks report shows that a 'No Deal' exit could increase UK public borrowing by £30 billion per annum from 2020-21 compared to an orderly exit. SG analysis suggests that this could reduce revenues in Scotland by £2.5 billion a year. • 'No Deal' exit has the potential to generate a significant economic shock which could tip the Scottish economy into recession. Depending on the way in which a 'No Deal' EU exit evolves, there is the potential for the economy to contract by between 2.5%-7% and for the level of unemployment to increase by as much as 100,000. • Without agreements on freedom of movement and establishment, Scotland's £117bn service industry would face significant disruption and barriers to trade. £5bn of service exports are currently to the EU. • For small Scottish service providers who export, the requirement to set up a presence in other EU countries where this does not currently exist may be too costly, and the loss of regulatory alignment or the impact of trade reservations may make it impossible for trade to continue, e.g. some legal services. • Scotland currently benefits from reduced tariffs and friction when trading the countries covered by the EU's trade deals. If the UK is unable to secure agreement with third countries that these deals should be continued after exit then Scottish exports (including of food) will no longer benefit from the current preferential trading terms. • While the UK will allow organisations to continue to transfer personal data to the EU as now, a gap is expected before the EU grants the UK data adequacy. Any regulatory action could cause organisations to be cautious, in a way which disrupts personal data flows. • Proposed communications and industry engagement will support industry best practice and awareness of regulatory implications in the event of disruption to the chemicals and waste markets but will not be able to completely mitigate the impact of wider trade disruption. • Interim environmental governance arrangements would create a mechanism to monitor environmental standards but cannot fully replace the oversight provided by the European institutions.
Requirements of the UKG	• Taxes: A temporary VAT reduction to address the loss of consumer and business confidence. A temporary cut should help to bring forward consumption, as it did following the global financial crisis. With greater freedom to set VAT policy, having left the EU, temporary reductions in rates/coverage could also be used to address particular social or sectoral needs. • Spending: A significant increase in the UK budget so that the public investment backlog caused by a decade of austerity can be addressed. Capital spending would not only provide a stimulus but could also be targeted at climate change policies, helping to deliver long-term outcomes. • Funding: Assurance that extra costs from Brexit are covered, such as the immediate detriment relating to EU funding, and an assurance that additional costs on our demand-led services, such as Social Security, resulting from EU exit, are addressed. • A supportive macroeconomic framework – incorporating base rates, exchange rates, quantitative easing and terms of trade. • Full financial compensation for economic loss / costs of mitigation activity. • Action to maintain the lending appetite of banks on terms that businesses can afford and that takes account of the structure and needs of small firms prevalent in the Scottish economy. • Clear and early commitment that British Business Bank will increase levels of supports and lending guarantees to retail banks. • Guarantee of financial support to local economies and communities through European Structural Funds which correctly provide £780m over the period 2014-20 and successor Shared Prosperity Fund. • Ensure UK REACH is robust and will be fully operational on exit, with appropriate contingency plans in place. • High-quality information sharing on contingency response arrangements and industry communications (particularly on waste and chemicals).

4: Supporting the Rural Economy, including Fisheries and Agriculture, and the Environment	
Issue	• At a national level, rural areas are more at risk from EU exit impacts, with remote areas being particularly vulnerable, especially where a high proportion of residents work in EU exit-sensitive industries and where the loss of EU investment such as the Common Agricultural Policy will be most impactful. • The short term threat is cash flow for agricultural and agri-food businesses, with specific threats to those in export markets – notably sheep and beef in relation to the risk of 40% tariffs and businesses exporting perishable products and those requiring Export Health Certificates (EHCs). • EHCs are required in relation to the export of products of animal origin to the EU. There are associated costs - one of several potential causes of disruption and cost that could have a severe cumulative impact on affected businesses and their supply chains. • Marine Scotland analysis indicates that micro-businesses on the west coast of Scotland exporting shellfish are most vulnerable to an economic shock associated with a 'No Deal' exit, principally as they focus on the export of fresh or live produce, are therefore acutely vulnerable to delays, and are largely unable to land elsewhere or redirect exports to other markets. • There will be a need for additional certification of plant for planting and plant products exports to the EU, in the form of phytosanitary certificates. • Scotland is responsible for around 80% of seed potato exports, with 15% of the Scottish crop exported to the EU. The ability of the seed industry to mitigate or find alternative markets is limited as crops are currently being harvested with a view to continued access to European and third country markets as the export season starts in mid-October. The EU imposes strict import conditions on seed potatoes from third countries, which the UK would be. The EU has refused UKG's application for an equivalence agreement until the withdrawal agreement negotiations have concluded. Without access to the European market there will be a significant impact on seed potato producers. • On-going lack of long term certainty about future funding following the current EU budget round will impact on the resilience of land managers and on long term planning and investment in environmental outcomes – this could significantly impact our response to the global climate emergency. EU funding, totalling £535 million, provides vital support for the delivery of environmental and climate change outcomes. • Delays at the border may lead to restrictions in the availability of veterinary medicines.
UKG Responsibilities	• Tariffs and Borders are reserved. UKG set out in March its proposed Day 1 'No Deal' tariffs, but has not legislated for them. There is significant concern from stakeholders, particularly where tariffs have been lowered. SG Ministers are continuing to press for these to be reviewed. • We continue to lobby UKG to prioritise/fast-track perishable products (most especially fresh or live seafood produce) at Dover and other relevant seaports/airports, although little progress has been made in securing such a guarantee. • In the event of a 'No Deal' EU exit the UKG needs to seek equivalence agreements in other areas, such as organics, as soon as possible – without this, exports are still possible but lose the benefits of organic certification. • Longer term, it would be expected that UKG would introduce mitigations across the rural economy and agri-business sector to minimise the shocks of 'No Deal' exit and to mitigate the loss of EU investment via the Common Agricultural Policy. • On the seed potato issue, in the absence of an equivalence agreement with the EU, we would expect the UKG to engage Member States directly to work out bilateral arrangements, involving SG officials. Bilateral negotiations have not yet started. • SG also working with UKG and other DAs on sheep compensation scheme, which will be operated by SG but with expectation that funding is from HMT – see below. • For fisheries, we expect a UK-wide IT system for the management and processing of catch certificates post-EU exit. • Policy on veterinary medicines is reserved, and the UKG leads on ensuring the availability of supply.
Scottish Government mitigating actions	• A Basic Payment Scheme (BPS) 2019 loan scheme has been established. This provides earlier cash flow and certainty of payment date in October rather than in the Common Agricultural Policy: Dec – Jun. It applies to c.18,000 businesses that are eligible for BPS. We have already made payments totalling over £327 million to 13,400 farmers and crofters so far. A 2019 National Less Favoured Area Support Scheme loan scheme offering farmers and crofters access to up to 95% of their CAP Less Favoured Area Support Scheme (LFASS) 2019 payment in January has already been agreed. The SG has experience of organising and implementing support schemes in response to extraordinary circumstances. The cost associated with any such scheme would depend on the scale and impact of the event and overall market conditions at the time. • Plant health is devolved and therefore the responsibility for additional work issuing phytosanitary certificates will fall to the Horticulture and Marketing Inspectorate at Science and Advice Scottish Agriculture (SASA) in relation to seed potatoes given the EU has refused an equivalence agreement with UKG the SG will continue to work with UKG to negotiate/establish with the EU to minimise impact in the event of a 'No Deal'. • Development is being taken forward for an alternative longer term support mechanism for rural micro enterprises (2024 onwards) where needed. • Extensive stakeholder engagement to raise awareness of the actions that businesses need to take to continue to trade with, or land fish into, the EU in a 'No Deal' scenario is ongoing. Guidance for Marine Scotland Coastal Offices to help them address front-line customer queries relating to EU exit and sign-post to suitable sources of information where appropriate is also being provided. • Further possible interventions to support the resilience or indeed recovery of the seafood sector. • The SG is working closely with Defra on the steps being taken to maintain adequate supplies of veterinary medicines.

Range of Possible Outcomes	• We expect to be granted 3rd country status, a decision is likely around 11 October, and animal product exports to continue with some disruption. Some diversion to non-EU markets may be possible e.g. for salmon exports. • Trade disruption is likely due to the EU's refusal to consider UKG's application for equivalence in trade in seed and plant propagating materials. Third country applications for equivalence agreements can take up to 2 years. As an ex-Member State the EU may approve the UK application more quickly, but it is likely that most types of seed and propagating material will no longer be exported to EU countries for an extended period. • Some cost/ disruption mitigation may be possible where businesses' resources include cash flow and trained staff with capability and capacity to act – e.g. to look for alternatives to existing imports. • On the issue of EHCs, there is likely to be workable system in place to deliver additional certificates but unlikely to be able to avoid the need for EHCs altogether, despite calls on UKG to pursue dynamic alignment with EU and a derogation from EHC requirements. • Recovery and resilience may change business behaviour and/or have market distorting effects.
Requirements of the UKG	• Fair funding settlement post-EU exit, the rapid resolution of the convergence issue and for assurance around sheep compensation and potentially other compensation measures in future. • Action on EHCs and related issues, including dynamic alignment with the EU on standards and pursuit of a derogation. We are also seeking to ensure that costs of any impacts of EHCs are met by UKG, rather than SG, Scottish local authorities or businesses. • Action on seed potatoes and ensure priority is given by the UK Department for International Trade (DIT) and Defra trade teams to urgently negotiate access to European markets to ensure the continuing operability of the industry. • UKG need to recognise the specific vulnerability of the Scottish seafood sector and factor this into their planning around trade and transportation therefore must prioritise/fast-track perishable products (most especially fresh or live seafood produce) at Dover and other relevant seaports/airports. • UKG honours the HMT funding Guarantees and ensures that these do not result in any gaps of funding in relation to what would have been expected from the EU in the 2014-20 budget round. • Provide assurances that all lost EU funding will be replaced in full, in the short, medium and long term, including Scotland's fair share of the overall CAP budget inclusive of the Bew recommendations, until 2022 and that ongoing access is secured to EU programmes where this is possible.

5: Labour Market Interventions: Employability and Skills Support	
Issue	• The impacts of ‘No Deal’ may include rising unemployment and increasing precariousness of work and labour shortages. The demand for labour may drop leading to reduced economic activity, hours and income, plus increases in underemployment and precarious employment. It is expected there will be variable impact depending on geographic area and sector. • The economy may contract by up to 7% in a year and the level of unemployment increase by as much as 100,000. • Some effects may be felt immediately in sectors that are closely associated with EU trade, such as agriculture and fishing. Effects are likely to grow and spread more widely across the economy throughout 2020. • There may also be labour shortages and skills gaps as a result of reduced inwards migration (either due to restrictions of free movement or to the UK being perceived as a less attractive location to work) across a range of sectors and regions. • Demand for certain types of education and training will change to reflect changes in the economy and available labour force.
UKG Responsibilities	• UKG (DWP) has responsibility for initially supporting those who may be made unemployed. Their priority is likely to be processing new claimants to ensure they receive Universal Credit entitlements. • The UKG are responsible for the guarantees on European Structural Funding (ESF) - between 2015 – 18, 11,000 college students have been funded through ESF funds). • Immigration is reserved – so it is understood that the UKG is responsible for the UK framework, which will drive impacts in this area.
Scottish Government mitigating actions	• The majority of SG measures to support the labour market are already being delivered. Measures include: o Partnership Actions for Continuing Employment (PACE); o Employability support, including partnership with Local Government; o Fair Start Scotland, focused on those most disadvantaged in the labour market; o Skills for Growth; o Apprenticeships; o Individual Training Accounts, and Flexible Workforce Development Fund. • In addition we are developing Talent Attraction Scotland to support individuals and families to relocate Scotland from UK. • We are also exploring opportunities to help those at risk of losing their jobs in sectors most at risk of decline under ‘No Deal’ and transition those individuals into areas of continued economic growth in Scotland. • The SG, through the Scottish Funding Council (SFC), will work with the college and university sectors to ensure they are able to respond quickly and flexibly in providing upskilling to meet the requirements of a changing, post EU exit labour market.
Range of possible outcomes	• While the interventions outlined could be introduced to help individuals who may lose their jobs find alternative employment, success will be dependent upon the creation of new employment opportunities and/or the training being provided matching areas with existing employment opportunities/skills gaps. • The extent of mitigation will depend on the ability to match skills needs to existing skilled workers/retraining success. • If significant numbers of people are made unemployed, this is likely to increase pressure on Jobcentre Plus staff and could reduce their ability to deliver other functions. • Success will also depend on the capacity of colleges and universities to adapt their course provision quickly in response to emerging labour market demands.
Requirements of the UKG	• The UKG should remove the conditionality requirements in respect of work preparation and search for those in receipt of Universal Credit, to account for potential labour market changes which may lead to reduced jobs, hours and wages. Speed up payment of benefits. • UKG need to continue/confirm their guarantee on funding European Structural Funding (ESF) to the college sector until the closure of the existing programmes.

6: Protecting citizens' rights and international connections	
Issue	• Any form of EU exit that sees an end to Freedom of Movement risks serious negative impacts on inward migration to Scotland – and thus on Scotland's workforce, and the long-term prospects for Scotland's population. The specific impacts are wholly dependent on the UKG's future immigration policy in the event of EU exit. • EU citizens may not wish to stay or may be discouraged from coming to Scotland to work or study by the political climate in the UK and/or immigration policies. • 'No Deal' exit will have a serious negative impact on EU citizens' rights. For example, if the UKG does not reach agreement on reciprocal health arrangements, UK citizens would immediately lose the right to these arrangements when abroad. • The UKG has been attempting to negotiate bilateral reciprocal healthcare arrangements, under existing terms, on a UK wide basis in the event of a 'No Deal', with EEA countries and Switzerland. Nearly all member states have now passed legislation to protect UK nationals' rights in 'No Deal' (the two member states yet to pass legislation, Romania and Croatia, have indicated that they will do so ahead of Exit Day). However, the extent to which measures reciprocate the UK offer varies significantly. • Failure of EEA member states, except Switzerland, to reciprocate 'No Deal' arrangements for recognition of professional qualifications could restrict the ability of regulated professionals to work outside the UK. With the exception of Spain, it is unlikely that many formal bilateral agreements will be in place on exit day if the UK leaves the EU without a ratified deal. The EU Commission's view is that Member States should refrain from bilateral discussions and agreements with the United Kingdom, which would undermine EU unity. • Clinical trials could be delayed or halted due to a reduction in the supply of investigational medicinal products (IMPs) from the EU. This may have potential impacts on patient care for those participating in clinical trials involving IMPs. • EU withdrawal poses a risk to the recruitment and retention of staff in the health and social care workforce. These sectors employ significant numbers of EU citizens, with particular concentrations of EU staff in some regions and specialities. • Although free movement will effectively continue until December 2020, EU citizens coming to the UK after EU exit to live, work or study will need to apply for Euro Temporary Leave to Remain - a non-extendable 3 year visa which raises significant issues, particularly for Scottish Universities. This decision to grant only 3 years' leave to remain to EU citizens arriving after Brexit does not work for Scotland and discriminates against Scottish higher education institutions where most degree courses are 4 years. Scottish students currently studying overseas may be unable to complete their studies, resulting in additional demand for places in Scotland.
UKG Responsibilities	• Immigration is reserved – so it is understood that the UKG is responsible for the UK framework, which will drive impacts in this area. • One key question is whether the UKG would be prepared to introduce a 'regional' approach to immigration policy, or to devolve aspects of immigration policy. This is within its powers, but would be subject to legislation. • The UKG has responsibility for the EU Settlement Scheme and needs to publicise and manage that process more effectively. • Skilled worker salary thresholds currently proposed by the UKG exceed the minimum starting salary of key workers, including nurses. The UKG should act to ensure a minimum level that will maintain Scotland's ability to recruit key workers from outside the UK. • The role of the UKG is also critical in reaching agreement on reciprocal health arrangements. • The UKG is working with clinical trial sponsors regarding EU exit plans for importing IMPs and will put in place advisory arrangements. • The UKG is responsible for the guarantees in relation to, and will lead negotiations on the UK's future participation in, Erasmus and Horizon 2020/Horizon Europe.
Scottish Government mitigating actions	• SG will continue to press for changes to the EU Settlement Scheme to safeguard the rights of citizens including making the scheme declaratory, abolishing 'pre-settled status', introducing a legislative underpinning for the Scheme and providing the option of written proof of status. • Recognition of professional qualifications is conducted through regulatory bodies and is a complex mix of reserved and devolved competence. As such, officials have worked closely since early 2018 with the UKG (BEIS and DHSC) to mitigate a potential 'No Deal' exit. Full mitigation achieved in January 2019. • As set out above, reciprocal healthcare is administered and funded by the UKG and will have a strong relationship to immigration legislation. • SG will maintain and intensify the 'Stay in Scotland' campaign. • SG will enhance the Talent Attraction activity through the establishment of a 'Welcome to Scotland' resource including developing actions to ensure EU citizens in Scotland are not discriminated against. • SG will maintain the 'International Recruitment Unit' within NHS Scotland until at least December 2020. The Unit is providing expert support on the immigration process and regulatory requirements to work in Scotland, as well as matching people to job opportunities. • NHS Research Scotland will support advisory arrangements put in place by UKG regarding clinical trials. • SG has guaranteed continuation of existing funding arrangements for EU students entering into further or higher education in Scotland up to the 2020-21 academic year. • SG will continue to provide student support for Scottish domiciled students studying in the EU as part of the fundable Portability Scheme in the 2019-20 academic year. • SG has confirmed that eligible Scottish domiciled students who have to return from the EU to complete their studies will still be able to access student support and tuition fee support. • SG will further develop Scotland's alumni network to maximise our influence internationally. • SG will explore options to allow Scotland to remain part of the current and future Erasmus and Horizon programmes.

Range of possible outcomes	• All of Scotland's projected population growth will come from migration (from the rest of the UK or overseas). Scotland's population growth has slowed since the EU referendum. • If the UKG persists with the proposals in the Immigration White Paper, including the salary threshold, the ending of Freedom of Movement, then Scotland's working age population could decline by 3-5% over the next 5 years. This decline will be more acute in rural areas. • If the UKG fails to deliver the EU Settlement Scheme effectively then EU citizens currently in the UK who fail to apply will lose the legal right to stay. • If the right agreements are achieved, it should be possible to maintain the current reciprocal health arrangements and mutual recognition of professional qualifications. If the right agreements are not achieved, this is likely to have a substantial negative impact on availability of key professionals, and/or the healthcare arrangements available to UK citizens in the EU. • The SG's efforts to maintain a positive environment for non-UK EU nationals would at best only partially mitigate the cumulative effects of these impacts.
Requirements of the UKG	• That the UKG provides urgent clarification on future immigration policy given the high level of uncertainty and confusion about the status of the Immigration White Paper and future immigration plans. • That the UKG amends its policy to grant only 3 years' leave to remain to EU citizens arriving after EU exit, increasing this to at least four years to accommodate the Scottish situation, where degree courses are typically four years. • That the UKG continues to engage with EU Member States on UK citizens' rights. • That the UKG guarantee the rights of all EU citizens currently living in the UK. • That the EU Settlement Scheme should be a 'declaratory' rather than an 'application' process. • That pre-settled status is abolished so that EU citizens are granted settled status immediately, removing the need for a further application in the future. • That EU citizens should be given physical proof of their rights if they request it, to minimise the risk of discrimination. • That the UKG agree to allow regional differentiation within the immigration system. • That the UKG agree to the co-creation of a tailored immigration route for Scotland to address population challenges of rural areas through pilot schemes (in line with the then Home Secretary's written Parliamentary Statement on 23 July 2019 accepting a recommendation from the Migration Advisory Committee to develop pilots to support migration to rural and remote communities). • That discussions and legislation on reciprocal healthcare respect the legislative competence of the Scottish Parliament and the protocols agreed between the SG and the Scottish Parliament as regards EU exit legislation. • Clarify that UKG HMT Guarantee will be extended to cover all aspects of Erasmus+ and Horizon 2020. • That the UKG seeks to remain a full participant in current and future Erasmus+, Horizon 2020 and Horizon Europe Programmes or, if that is not possible, ensures that any alternative arrangements are funded in their entirety, replicate the full benefits of the existing schemes and are co-produced and implemented in partnership with the devolved administrations.

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