

Corporate Policy and Strategy Committee

10:00am, Tuesday 7 August 2018

Managing transition to Brexit in Edinburgh

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	2.

Executive Summary

In October 2017 the Corporate Policy and Strategy Committee noted concerns relating to the departure of Scotland and the UK from the EU, and the likely impacts of Brexit on Edinburgh's relationship with European institutions, businesses and citizens.

This report provides an update on actions underway to manage the potential impacts of Brexit on Council colleagues and the Edinburgh economy, as well as activity to maintain relationships with European institutions and cities. The report focuses on action to:

- Provide support and advice to Council colleagues affected by the decision to leave the EU, and
- Maintain Edinburgh's position as a successful economy within an open and welcoming international city.

Managing transition to Brexit in Edinburgh

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Notes actions in place to manage transition towards Brexit, and maintain Edinburgh's position as an open and welcoming international city, and
 - 1.1.2 Agrees that the Brexit Working Group review actions currently in place and report on future options to provide support for Non-UK EU nationals within the Council workforce and the wider city population.

2. Background

- 2.1 In October 2017 a motion was agreed to note the concerns of the Corporate Policy and Strategy Committee relating to the departure of Scotland and the UK from the EU, and the likely impacts of Brexit on Edinburgh's relationship with European institutions, businesses and citizens. The committee further recommended actions to be taken to reduce the impact of Brexit on Edinburgh's economy and communities, and expressed the committee's opposition to any erosion of rights enjoyed by EU nationals within the UK
- 2.2 In response to this motion, a letter was sent by the Council leader to the UK Government in December 2017, expressing the Council's support for the retention of rights enjoyed by EU nationals and opposing proposed measures such as the register of EU nationals.
- 2.3 This report now provides an update on actions underway to manage the potential impacts of Brexit on Council colleagues, the economy, and citizens. The report focuses on action to:
 - 2.3.1 Provide support and advice to Council colleagues affected by the decision to leave the EU; and
 - 2.3.2 Maintain Edinburgh's position as a successful economy within an open and welcoming international city.

3. Main report

Support and advice for Council colleagues

- 3.1 Following the result of the EU referendum, early concerns were raised relating to the welfare and support needs of non-UK EU nationals within the Council

workforce. In particular, Council recognised the potential uncertainty faced by such colleagues as to immigration status, and leave to remain and work in the UK during and following the transition period towards the UK's exit from the EU.

- 3.2 In order to identify and provide support for colleagues affected by the Brexit process, the Council's Human Resources team conducted a compliance audit of employee records during 2017 and early 2018. This audit revealed that:
 - 3.2.1 Non-UK EU nationals account for 5.5% of the current City of Edinburgh Council workforce;
 - 3.2.2 More than a third of these colleagues have over five years' service within the Council;
 - 3.2.3 Three service areas show a higher than average concentration of affected colleagues – Communities and Families, Health and Social Care, and Resources; and
 - 3.2.4 These figures, it should be noted, include only staff employed directly by the Council and exclude staff employed through third party contracted service providers.
- 3.3 Using this information, the Human Resources team have written with support and guidance to all colleagues believed to be directly affected by Brexit. This guidance includes current information on the most up to date agreements between the UK Government and the EU on the rights of EU nationals to live and work in the UK following 19 March 2019 (the proposed date of withdrawal). The guidance further provides the most up to date information on the steps colleagues may need to take if they wish to continue working in the UK following June 2021 (the proposed end of the transition period to full withdrawal).
- 3.4 These communications represent the beginning of a process to provide full support and advice for colleagues affected by Brexit. Up to date information and guidance has been published on the intranet where it can be accessed by all staff, and tailored guidance has been provided through updates to all managers. Next steps include development of measures to support colleagues who may have immediate family affected by Brexit, and to continue to update and clarify guidance for colleagues as more details become available.
- 3.5 Throughout this process, information provided to staff has been shared with local trades unions and with COSLA colleagues, where the Council has been recognised as a leading local authority on this issue.

An open and welcoming, international city

- 3.6 Edinburgh's reputation as an open, welcoming city for EU visitors and workers, alongside our trading, business, and cultural links with EU countries has played an important part in the city's success over recent decades. According to the most recent information available:
 - 3.6.1 Edinburgh is home to more than 39,000 non-UK EU nationals, more than any other city in Scotland;

- 3.6.2 Some 5% of all jobs in Edinburgh are filled by workers from EU countries, with this ratio much higher in many of the city's key sectors and institutions across Tourism, Hospitality, Health and Social Care, and Financial Services;
- 3.6.3 Within Higher Education alone, non-UK EU workers constitute 17% of all University of Edinburgh staff, while Edinburgh as a whole records a higher proportion of EU national students than any other UK city; and
- 3.6.4 On trade and investment, EU countries account for £12.7bn of exports from Scotland each year. While no official local authority breakdown on this data is available, pro-rata estimates suggest that exports to the EU from Edinburgh businesses are valued at some £1bn each year.
- 3.7 Within this context, the Edinburgh Economy Strategy, approved by the Housing and Economy Committee on 7 June 2018, recognises transition to a post Brexit economy as a key challenge for the city, and sets out actions needed to meet the Council's vision for Edinburgh as a welcoming, international city.
- 3.8 While the precise short and long term economic effects of Brexit on Edinburgh are uncertain, and subject to significant variation depending on the scenario and modelling assumptions followed, analysis suggests that the UK cities most likely to adapt successfully to Brexit over the long term include those characterised by high productivity economies, an innovative business base, strong business networks, and highly skilled workforces. These are areas in which Edinburgh's economy already performs strongly, with productivity rates well above the UK average, a rapidly growing technology innovation sector, and over 50% of all employed residents working in high skilled occupations.
- 3.9 Building on these assets, the Edinburgh Economy Strategy aims to maintain the fundamental strengths Edinburgh will need in order to respond to the challenges and opportunities emerging from a post Brexit economy. Key actions which will support this resilience include the strategy's:
- 3.9.1 **Focus on Innovation**– including investment in data driven innovation, actions to support growth businesses, and commitments to maintain Edinburgh as an outward looking International city with a resilient and diverse economy;
- 3.9.2 **Focus on Skills** – including investment to develop targeted skills gateways to improve the supply of skills for key technology and innovation sectors, and commitment to maintaining Edinburgh's international connections and reputation as a city open to attracting new talent; and
- 3.9.3 **Focus on Places** – most importantly, the strategy recognises the critical role that Edinburgh's quality of life, infrastructure, built and natural environments play in attracting people, business, and investment to the city. As such, the strategy includes commitments to deliver a new vision for Edinburgh's city centre, to deliver business and residential growth in Waterfront, West Edinburgh, and South-East Edinburgh and to build on the success of our tourism and cultural sectors.

- 3.10 Within the context of this strategy, a significant programme of work is already underway to promote Edinburgh as an open, and welcoming city for international workers and investors. This programme includes actions such as:
- 3.10.1 Use of market intelligence data to target key markets for inward investment and to attract skilled labour. As a part of this work, a package of short-films have been created to promote the city and target sector specific talent, including fintech, financial services, technology, the creative industries, life sciences, and international students;
 - 3.10.2 Support for Edinburgh companies' attendance at sector specific jobs fairs, helping to promote Edinburgh jobs to an international audience;
 - 3.10.3 Promotion of Edinburgh as a place to live, work, visit, and invest through the investor facing Invest Edinburgh website, Invest Monthly newsletter and INVEST Edinburgh Magazine, as well as use of social media channels and on-line digital campaigns to promote targeted messaging to a European and international audience;
 - 3.10.4 Use of the Invest Edinburgh website to deliver advice, support and guidance to EU nationals and those who are considering coming to Edinburgh to live, work or study, including visa and immigration advice, and the latest information on requirements for EU nationals arising as a result of the Brexit process;
 - 3.10.5 Collaborative work with bodies such as Scottish Financial Enterprise, CodeClan, Codebase, Creative Edinburgh, and others, to help identify and create early actions to address skills gaps in key sectors;
 - 3.10.6 Engagement around investment enquiries and potential collaborations with the European & International Offices of Scottish Development International (SDI) & UKTI, including for example in Paris, Dusseldorf and Berlin;
 - 3.10.7 Continued engagement with European based institutional investors and venture capitalists at events such as MIPIM and previously EXPO REAL (Munich) and IHIF (Berlin);
 - 3.10.8 Management of an International Visit Programme which includes handling requests from a large number of European & international delegations to Edinburgh, and supports a large number of outward Civic visits aimed at strengthening Edinburgh's links with international and European cities;
 - 3.10.9 Membership of the EUROCITIES Network (which includes both EU and non-EU cities across the European continent). This network provides a significant platform for maintaining strategic relationships with European cities and exchanging good practice. Edinburgh will host the EUROCITIES AGM & Conference in November 2018. This event offers the opportunity to bring together all 130 member cities in Edinburgh for a conference programme on the theme of "Creative, Competitive Cities"; and

- 3.10.10 In addition, the Council maintains good relations with its European twin and sister cities – including Aalborg, Munich, Krakow, Nice, etc and works with a variety of partners across Edinburgh including the universities, consulates, the Chamber of Commerce and the festivals in implementing projects with those cities.
- 3.11 Overall, this package of work aims to promote Edinburgh as a global meeting place for the flow of knowledge and new ideas, and as an outward looking, capital city, open to business and open to attracting new talent. The vision of the city this approach is built around is consistent with the set of actions needed to manage Edinburgh’s transition to a post-brexiteconomy. To maintain the focus throughout this period of change, annual review of the Edinburgh Economy Strategy will be undertaken - through strong partnerships between the Council, its partners, and businesses - to ensure that specific new response programmes can developed where required as the terms and impacts of exit become clear.

4. Measures of success

- 4.1 A suite of performance measures and actions have been developed and form part of the good growth monitoring framework incorporated within the Edinburgh Economy Strategy.

5. Financial impact

- 5.1 There are no additional financial impacts as a result of this report to the City of Edinburgh Council.

6. Risk, policy, compliance and governance impact

- 6.1 No adverse risks or policy impacts have been identified as associated with this report.

7. Equalities impact

- 7.1 There are no immediate equalities impact from the recommendations related to this paper. Equalities impacts arising from the Edinburgh Economy Strategy and related actions cited in this report have been considered as part of a draft Integrated Impact Assessment.

8. Sustainability impact

- 8.1 There are no immediate equalities impact from the recommendations related to this paper. Sustainability impacts arising from the Edinburgh Economy Strategy and

related actions cited in this report have been considered as part of a draft Integrated Impact Assessment.

9. Consultation and engagement

- 9.1 Development of the Edinburgh Economy Strategy and related actions, including the approach to managing transition to a post-brexiteconomy, was a collaborative process involving workshops with elected members, businesses, public sector partners, and third sector organisations.

10. Background reading/external references

- 10.1 Housing and Economy Committee Report: 7 June 2018 "[Edinburgh Economy Strategy](#)"

Andrew Kerr

Chief Executive

Laurence Rockey, Head of Strategy and Insight

Email: laurence.rockey@edinburgh.gov.uk Tel: 0131 469 3493

11. Appendices

None