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# *Public Spending and Services in Scotland after Hard Brexit*

Dr. Gordon Marnoch  
Reader in Public Policy

# Brexit

## Emergent view of challenges and opportunities ahead for public services

- The parallels between decade long negotiations to join the EEC in 1972 and the current Brexit negotiations are striking.
- Stage 1 March -November 2017 - 'negotiate to begin negotiations'.
- March 2018 begin negotiating transition arrangements between UK membership and 'third country status' in Stage II.
- Public services needed a sense of an endpoint for contingency planning a lengthy transition phase creates problems.
- Publicness - unlike businesses there is no re-locate option, no shifting market focus.
- Business leaders may risk taking decisions on contingencies until April 2018 public services needed to be making plans much earlier.

# Public service challenges

- Resourcing effects associated with the economic consequences of Brexit.
- The breaking or maintaining of linkages to the EU institutional and legal complex.
- The future employment of EU 27 citizens.
- The sequencing of the Brexit negotiation process.

# Brexit economic impact after a decade of austerity. Scotland's key public services

Expenditure 2011-2016 (£millions) PESA data

	2011-12	2012-13	2013-14	2014-15	2015-16
Police	1,454	1,467	1,262	1,464	1,481
NHS	11,057	11,287	11,462	11,594	12,132
Local authorities	13,358	12,086	12,164	12,359	12,423

# Potential issues - NHS & social care

- Cost of patients needing care in EU countries and UK.
- EHIC?
- Cost of more intensive checking of patient eligibility for NHS services, inter-country billing for tourists and temporary residents?
- The prospect of lower levels of EU cooperation on public health?
- EU law - the working time directive, procurement and competition law, regulation of medicines and medical devices and regulation of professional standards and medical education.
- Regulatory institutions – future of European Medicines Agency.
- EURATOM -radioisotopes
- EU staff in the NHS, social care and academic research roles.

# A Brexit staffing crisis?

- Longer term just how reliant is NHS and care sector on EU nurses and other clinicians?
- A best estimate is that currently in the English NHS 5.5% of the total workforce are from EU countries and 6.7% from rest of world.
- Scotland slightly less reliant?
- The Health Foundation reported a 96% fall in EU nationals joining nursing/midwifery register for first time in April 2017'. (FOI)
- GMC surveyed 2,000 EEA NHS doctors - 60% reported they were thinking of leaving the UK at some point in the future, nine in 10 said the UK's decision to leave the EU was a factor in their considerations.
- Long term recruitment from 27 is affected by a number of factors.
- Nursing pay has fallen by 14% in real terms since 2010.
- Some EU 27 economies are growing.
- The exchange rate is significant.
- Clinicians have professional and economic considerations in their career choices.

# IDS December 2017

## Workforce data

- The total number of NHS staff (WTE) is 138,931.4 – up 0.6 per cent from June 2016.
- Only back to 2009 levels.
- Scottish Government workforce plan identifies future demand and gaps in supply - deliver 2,600 additional nursing and midwifery training places by the end of the current Parliament.
- 7.7% (430.5 WTE) consultant posts vacant compared to 7.0% at 30 September 2016 and 254.3 WTE were vacant for six months or more, an increase of 70.8 WTE over the past year.
- 4.5% (2,789.2 WTE) nursing and midwifery posts vacant compared to 4.3% at 30 September 2016. Of these vacancies, 826.9 WTE were vacant for three months or more, an increase of 2.3 WTE over the past year.
- The number of GPs in Scotland has remained at around 4,900 since 2008.
- The number of patients registered with GP practices continues to rise slowly year on year and has increased by 5% since 2006.
- The number of patients aged 65+ has increased by 19% since 2006.

# Data gaps

- In England data on nationality is self reported. Unknown for 7% staff.
- The information needed to guide workforce planning at local and national levels has failed to keep pace with the diversity of providers.
- Large data gaps on key areas of the workforce - primary and community care, agency and bank staff, vacancy rates, and independent and voluntary sector providers.
- An audit is required that drills down to local levels.
- Fear of weakening negotiating position may block this exercise.



# Aggregate figures hide problems

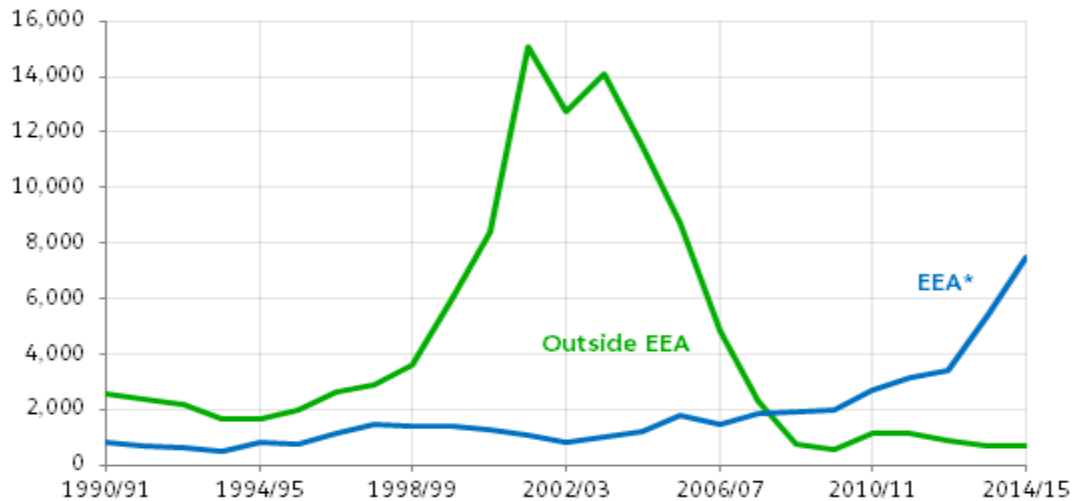
Example: The movement downwards in hospital admissions and out patients appointments needs to be supported by a more capable primary care system.

- The fill rate for GP Specialty Training in 2016 in Scotland is 74%.
- Current trends and fill rates from NHS Education for Scotland (NES) data confirm the continuing decline in comparison with near 100% fill rates in most other specialties.
- The fill rate for Wales is 87%
- NI – 87%
- England – 89%
- Rest of UK/EU/rest of world recruitment is needed in short and medium term

# Rest of world recruitment to nursing in NHS

## Where new nurses trained overseas

World region of training for newly registered nurses trained abroad



\*European Economic Area: EU countries plus Iceland, Liechtenstein and Norway

Source: Nursing and Midwifery Council data provided to the Royal College of Nurses

nuffieldtrust



# Policing and the EU

Criminal justice closely linked to the EU.

- In 2014 following debates in Parliament the UK opted into 35 EU police and criminal justice measures.
- Since 2010 the UK has received over 60, 000 European Arrest Warrants and issued over 1600.
- The EAW removes the need for inter-country hearings before extradition takes place.
- EUROPOL - gathers, analyses shares information and coordinates operations.
- UK uses it more than anyone. Diminished membership status is inadequate.
- EUROJUST coordinates national investigating and prosecuting in relation to serious crime. Translation and legal advice are significant assets as are JITs.
- SIS II – real time alerts on individuals and objects of interest.
- UK joined 2015. Directly accessible by police officers on the street.
- ECRIS – records convictions in member states.

# Achieving an institutionalised basis for cooperation across the EU took years of negotiation

- The police see themselves as 'behind the game' in dealing with cybercrime particularly.
- Shires and counties used to provide borders that police commanders sometimes struggled to deal with. Crime has now been globalized.
- Information, intelligence and analysis need to be shared if effective policing is to be delivered.
- The possibility of losing the benefits in data sharing provided by EU institutions would choke off the capacity development that has been gathering momentum.
- When you do not share land borders there is less pressure on the police to cooperate with EU countries.
- Intergovernmental agreements negotiated bilaterally with individual EU members are possible but would involve a long and complex process.

# Local authorities

## Brexit consequences

- Procurement changes and shifting market conditions.
- Staffing – particularly social care.
- Legal - councils currently ensure compliance with and understanding of thousands of EU regulatory practices, for example environmental health, building control and bathing waters

# EU Funding

2014-2020

## Local authority responses to loss

- During austerity local authorities have lost considerable funding.
- EU structural funds have become more important.
- For the 2014-2020 programme Scotland has been allocated €1.8bn in EU Structural Funds for Regional, Rural, Social and Marine economic development.
- One third is managed by the Local Government sector including Business Gateway and Community Planning Partnerships.
- Local authorities in Scotland spend £12.4bn pa, but this is money that local authorities exercise some discretion over.
- EU financial and spending priority commitments cannot be overturned by the Scottish Government.
- EU funding is not subject to Barnett Formula allocation controls

# Local government can see possibilities with Brexit

The four representative bodies across the UK are campaigning for a better system of regional development support.

- An integrated funding stream replacing the 'complex array of EU funding rules, regulations and excessively bureaucratic processes'.
- Local authorities – mainstream the type of project supported by EU funds
- Local authorities – simplify and localise procurement
- Local authorities need to become more attuned to need for evidence on what works?

# Brexit and ‘path dependency’?

Brexit is causing a constitutional shock of great historic magnitude. There will be an after shock in the public services but what will be the reaction?

- History matters in understanding how new problems are encountered and why strategic possibilities are identified, missed, rejected or adopted.
- Key public services do tend to move forward on a ‘path’ that encourages using existing concepts, systems and capabilities even when new problems are encountered.
- Brexit could be the stimulus to move key public services off-path.
- Off path possibilities:
  - 24/7 NHS, enhanced primary care capability
  - Policing is brought into digital era with technology and staffing rethought
- Local authorities mainstream best of EU funded programme objectives to drive regional development.