Public Spending and Services in Scotland after Hard Brexit

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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

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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.
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
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.