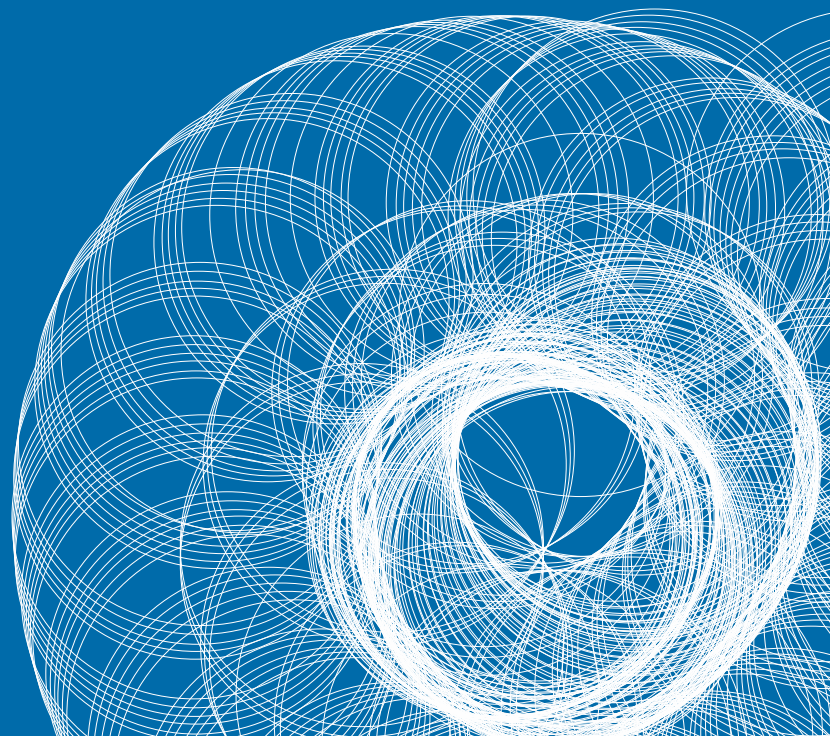


Briefing Paper

Impacts of Brexit Across Income and Demographic Groups in Scotland



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About Scotianomics

In the 21st century data is everywhere but it is the analysis that transforms data into valuable, actionable knowledge that is key to success.

Organisations, both in Scotland's private and public sectors, lack access to useful, reliable data and value-added analysis of the kind that most advanced countries take for granted. This creates a hidden but real disadvantage for Scottish business, limits public policy and disrupts the pursuit of shared prosperity.

Scotianomics aims to spark a knowledge revolution and inform the decision-makers on Scotland's economy. We provide cutting-edge intelligence and strategic planning resources so that stakeholders can gain a wide view of the threats and opportunities in the world through our geopolitical, economic and policy analysis, unique historical datasets, risk and opportunity forecasts, Geographic Information System mapping solutions and strategic planning services.

Gordon MacIntyre-Kemp

Director

Executive Summary

- This report defines some of the key terminology surrounding Brexit and evaluates the potential forms that Brexit could take, as the country approaches Brexit Day. This includes a managed Hard Brexit, an unmanaged Hard Brexit, and a Soft Brexit.
- The negative economic impact of Brexit, a Hard Brexit in particular, for residents of Scotland will be outlined. This will demonstrate the specific dangers for those who are already financially vulnerable.
- Brexit is likely to have various consequences on different groups of society. This report will highlight some of the vulnerable groups that could be significantly affected, such as women, children, young people and disabled people. The type of impact and its severity will be dependent on the type of Brexit that is negotiated.
- Some of the potential consequences that will be presented in this report include the dilution or removal of protection during pregnancy, the loss of child safeguarding and protection measures, and a rise in child poverty.
- Overall, this report will highlight that Scotland, despite unwillingly leaving the EU, may face a number of grave consequences due to the UK's departure. In particular, the most vulnerable residents of Scotland may suffer severe economic and social problems.

Introduction

With Brexit day looming, Scotland is about to experience the consequences of leaving the EU, even a majority of people in Scotland voted to remain. The outcome of Brexit and the impact it will have within society is dependent on the type of Brexit that is agreed upon. The UK has a deal to leave but not a trade deal, as that must be negotiated next and before the end of 2020. Therefore, it is still possible that what is known as a hard Brexit could still happen. Before highlighting the consequences and potential impacts of Brexit, we must understand the various forms Brexit could take.

The Potential Forms of Brexit

Hard Brexit (Managed or No-Trade Deal)

- A managed hard Brexit involves Britain gaining full control of its borders but at the cost of the need to negotiate new trade deals around the world and applying new laws within the country.
- A managed hard Brexit would involve the UK losing its full access to the single market and full access to the customs union, which are all part of EU membership.
- An unmanaged hard Brexit (no-trade deal) is also possible. This would mean that the UK would not withdraw from the EU under the terms of the Withdrawal Agreement.
- The UK leaving the EU without a trade deal is still possible and may still occur at the end of December 2020.
- For example, if a trading relationship is not agreed between the UK and EU by then and no agreement has been established by June 2020 to extend the transition period beyond 2020, then a no-trade deal Brexit would be highly possible.

Soft Brexit (Trade Deal Brexit)

- As Scotland exports more than twice the value of goods per head as the rest of the UK and has an enhanced need for skilled migrant labour from the EU, it can be argued that Brexit will never be soft on Scotland. Nevertheless, the completion of a comprehensive trade deal in 2020 would soften the blow.
- A trade deal Brexit would result in the UK remaining closely aligned with the EU – something that many in government say will not happen.
- This would involve the UK staying within the single market (like Norway) and its customs union (like Turkey).
- It is also the case that no comprehensive trade deal has been completed in less than 5 years – so completing one by the end of 2020 is a tall order.

Vulnerable Communities at Risk

Any type of Brexit will negatively impact the economy and if this leads to cuts in public services it will be hugely damaging for the most vulnerable individuals in Scotland, particularly those who have fewer economic resources, lower incomes, and those who are more reliant on public services. This would be most likely under a hard Brexit, managed or unmanaged, with this form of Brexit being more likely than a softer Brexit to result in the loss of legal rights and welfare standards.

Nearly 40% of households in Scotland are considered 'financially vulnerable'. Therefore, a negative impact on household finances, such as smaller UK economic growth, which has been predicted as an outcome of any form of Brexit by the Treasury, could put additional pressure on such households and families. The OECD have stated that even if there is a smooth transition ending after December 2020, GDP growth is expected to remain weak, with activity growth of just above 1% in 2020 and 2021. This demonstrates the potential economic danger of Brexit for those who are already financially vulnerable.

The Impact of Brexit on Demographic Groups

So, how severe could the impact of Brexit be on different groups of people in Scotland? The following paragraphs look into the impact it could have on vulnerable groups such as women, children, young people and disabled people. The impacts mentioned are dependent on the type of Brexit deal that is agreed and some of the UK Government's decisions, such as committing to non-regression for EU rights and protections and signing up to the EU's shared information systems to protect rights.

Women

Brexit may have serious consequences on women across the country. In fact leaving the EU, which according to Professor Roberta Guerrina has been “a very positive actor in the development of gender equality policies in the U.K.”, may result in women being hit the hardest by Brexit. For example, the right to non-discrimination, contained in the EU Charter of Fundamental Rights, could be lost. Moreover, secondary EU legislation on rights to protection during pregnancy and maternity leave, working parents' rights, and (due to more women working part-time) part-time workers' rights could all be diluted or removed by the UK Government after Brexit.

Children and Young People

Brexit also puts the young people of our society, an already vulnerable group, into a position of increased uncertainty and risk. For instance, Boris Johnson's election victory has already weakened the guarantee that the government would seek agreement with the EU to ensure that unaccompanied children could continue to come to the UK to join a relative.

There is also the potential that child safeguarding and protection measures could be lost. This includes measures that aim to prevent child trafficking, child abuse and child sexual exploitation. This is a possibility if the UK discontinues membership of Europol, Eurojust and the European Arrest Warrant Scheme.

Child poverty is likely to rise as a direct result of Brexit. Cuts in public services, rising inflation, a continued freeze on children's benefits and tax credits and rising living costs (including food prices, rent and utilities) are all expected outcomes of Brexit and would likely cause a rise in child poverty.

Disabled People

Similar to women, disabled people could also lose the right to non-discrimination (contained in the EU Charter of Fundamental Rights). Disabled UK nationals, living or travelling in other EU countries, could lose their entitlement to free or reduced health care.

Another potential impact that would affect disabled people, and particularly individuals with long-term illnesses, would be any medicine shortages or disruptions to medication and medical aid supply chains. This is likely under a no-trade deal Brexit.

Conclusion

- As Scotland exits the UK this week the potential impacts for Scotland, especially the most vulnerable individuals in society, could be devastating.
- This is occurring despite a majority of the electorate in Scotland (62%) voting to remain in the EU. As pro-EU sentiment is prominent in Scotland, political instability is likely to be generated in the UK as a result of Brexit.
- The Scottish Parliament has recognised the potential damage of Brexit on its citizens and has refused to give consent to the UK Government's Withdrawal Agreement Bill.