



Impact of Brexit on Scottish communities and their advice needs now and in the future



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Who we are

Scotland's Citizens Advice Network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

Executive summary

In early 2020, Citizens Advice Scotland (CAS) commissioned Ipsos MORI to undertake exploratory research on the impact of Brexit on individuals, businesses and communities across Scotland. The findings of this research will assist CAS in understanding the future potential advice and support needs of Scottish communities.

The research consisted of qualitative research amongst EU nationals, UK nationals and Scottish based businesses across three different geographic case study areas; Glasgow, Aberdeenshire, and the Highlands.

Our findings report on the impacts of Brexit that participants have experienced so far, and participant's thoughts on any advice needs that they may require during or after the withdrawal process. The research captures three significant themes in this regard, with participant's responses being categorised into the following sections: [The Economy](#); [Residency](#); and [Access to Healthcare and Social Security](#).

The Economy:

- > Participants reported that they had experienced an increased cost of living since the EU referendum in 2016. They raised concerns that Brexit may result in further increases in the cost of living, citing the likelihood of prices increasing after the UK has withdrawn from the customs union.
- > Businesses reported that they had made operational changes to their business plans as a result of a decrease in job applications from EU nationals and anticipated changes to import and export regulations.
- > Participants, particularly in the Highlands and Aberdeenshire, were concerned that Brexit may have a detrimental impact on their local economies, and noted that the hospitality and tourist industries were a vital part of these local economies.

Residency:

- > Participants stated that they felt uncertainty regarding the security of their residency status.
- > Participants felt that the European Union Settlement Scheme's lack of physical documentation may cause them problems in the future in relation to seeking employment or entering the UK.
- > Participants who expressed uncertainty regarding their residency status further stated that this resulted in them not making long term financial commitments, such as taking out mortgages.

Executive summary

Access to Healthcare and Social Security:

- > Participants were concerned that the health sector would be negatively impacted by Brexit, stating that any negative economic impacts of Brexit could result in cuts to public health expenditure.
- > EU participants raised concerns around their access to social security, with a focus on how they would access their pensions.

Advice findings

Our research highlighted multiple areas in which participants may require advice during and after the withdrawal process. In general, participants often found it difficult to identify specific areas of advice they may need as they were uncertain as to what the outcomes of Brexit may be. However, specific areas of advice that were identified by respondents are outlined below:

- > EU nationals highlighted issues around their residency status, citizenship and access to services such as healthcare and welfare.
- > Both EU and UK nationals highlighted a need for advice on movement between the UK and the EU, including the need for documentation upon arrival and access to healthcare within the EU.
- > Business participants highlighted the need for advice on the operational changes they will need to make to comply with any new regulations and laws.
- > It should be noted that these findings were taken from research that was conducted before the COVID-19 outbreak and subsequent lockdown. It is likely that participants will have experienced significant changes to their lives and routines, and this will have a further impact on what advice they may require going forward. Furthermore, with the UK set to leave the EU formally by January 1st 2021 there may be additional advice needs for all participants given the relatively short period of time between the research being conducted and the UK's formal exit from the EU.

This report explores the impact of Brexit thus far on sections of Scottish society and the further potential impacts it may have. It is a representation of the views of participants and is not a representation of the views of CAS in relation to Brexit. While we recognise that the UK is now in the transition period, in light of when the fieldwork was undertaken and the questions posed to respondents the term Brexit is used throughout this report for consistency.

Background and methodology

On 23 June 2016, the UK voted by a majority of 52% to leave the European Union. On the 27 March 2017, Article 50 of the Treaty on European Union was invoked by the UK, beginning the country's official withdrawal from the EU. The initial exit date was set to be the 29 March 2019, but this was extended to the 31 October 2019. It was then extended again to the 31 January 2020, when the UK officially left the EU and began a transition period which will last until the end of 2020. During this transition period the UK and EU are negotiating additional arrangements¹.

This research was qualitative in nature and focussed on three case study areas, chosen to reflect Scotland's diverse geography and to allow for any impacts specific to urban or rural communities to be explored². Locations were also selected on the basis of being identified as the most vulnerable to Brexit, using the Scottish Government's Brexit Vulnerability Index³. Lastly, locations with a relatively high proportion of EU nationals were selected. As identification of long-term EU nationals resident in Scotland was potentially challenging, locations were also selected on the basis of being known to have existing networks of EU nationals.

Within the case study areas, the research consisted of in-depth interviews with EU nationals living in Scotland, focus groups with UK nationals and in-depth interviews with businesses. 24 EU nationals were interviewed, with 8 from Glasgow, 9 from the Highlands and 7 from Aberdeenshire⁴. 29 UK nationals/participants took part in focus groups, with 10 from Glasgow, 10 from the Highlands and 9 from Aberdeenshire.

Business participants were either small (0-49 employees) or medium (50-249 employees) sized enterprises. This was partially because they make up 99% of private sector businesses in the UK. Businesses were recruited by telephone and a screening interview was used to identify the most appropriate person in each business to interview. There were two Glasgow based businesses interviewed, 5 Highland based businesses interviewed, and 2 Aberdeenshire based businesses interviewed.

Fieldwork was largely conducted in the months preceding the COVID-19 pandemic. All interviews involving EU nationals and focus groups with UK nationals were completed by 4th March 2020, prior to the measures that were put in place by UK Government on 16th March advising people to stay at home and avoid all non-essential travel and contact. Business interviews were largely completed before this date, however 6 out of the target of 15 business interviews were unable to be conducted as they were due to be carried out on or after 16th March. The findings that follow should be read in this context, noting that they pre-date the potential impacts of COVID-19 on participants.

¹ House of Commons Library: Timeline of events since 23rd June 2016: <https://commonslibrary.parliament.uk/research-briefings/cbp-7960/>

² For profiles of the case study areas see Appendix 1

³ Scottish Government: Brexit Vulnerability index: <https://www.gov.scot/publications/local-level-brexit-vulnerabilities-scotland-brexit-vulnerabilities-index-bvi/>

⁴ For pen portraits of EU participants see Appendix 2

The Economy

This section captures the economic impacts as identified by participants, including impacts experienced after the EU referendum in 2016 and potential impacts that Brexit may have in the future.

Cost of living and personal finances

Both EU and UK participants felt that the cost of living had increased since the referendum result, with some stating that the cost of food and other items had become more expensive around key points in the Brexit timetable. However, participants were unsure about the extent to which this was directly related to Brexit.

Furthermore, some EU nationals stated that the uncertainty around Brexit and their future within the UK had affected their long-term financial behaviours. This included participants avoiding taking out loans, credit cards or re-mortgaging their property.

Both UK and EU nationals stated that a key concern was that Brexit would lead to further increases in the cost of living. Participants felt that the costs of goods and services would increase after the UK left the customs union, as a result of many UK businesses relying upon trade with EU customers. One EU national in Inverness stated that they would consider leaving the UK if the cost of living were to increase:

“If we can keep our comfortable life then, for us, nothing really will change. But if it costs more to get food, or kids clothes, or the mortgage... if we can’t manage then we might have to move.”

EU national, Inverness

Participants stated that they were worried that rising costs would create financial difficulties and that they would have to reduce their spending. For EU nationals, there were specific concerns that it would become more expensive to call friends and family living in the EU. Some EU nationals, including long term resident EU nationals, stated that the increased cost of living has caused them to consider leaving the UK. Business participants shared similar sentiments with regards to the potential for increased costs after Brexit, stating that increased costs in the supply chain would result in increased costs for consumers:

“We’d have to pass any price increases onto our UK customer base. That’s what everyone else will have to do.”

Business participant (manufacturing), Glasgow

Furthermore, there were concerns from one Glasgow based business participant that increased costs of living for consumers could result in reduced profits:

“Everyone’s likely to have less disposable income at which point they’re therefore less likely to want to [use our services].”

Business participant (information and communication), Glasgow



The Economy

Participants within the rural case study areas were specifically concerned about the impact that an increased cost of living may have on their local area. Participants in Inverness stated that the cost of living within the Highlands was already more expensive than elsewhere and that this was due to businesses placing additional costs on delivery to rural areas. This could worsen if Brexit resulted in an increased cost of living.

A participant in Aberdeenshire also expressed similar sentiments, stating that those living in rural areas already experience issues with the sustainability of their local economies, such as shop closures and a lack of amenities:

“In my point of view, it will get worse here in the next five years, because of shop closures and stuff. I just think the rates in Peterhead are already far too [expensive] for local people to have shops and that’s why they’re all closing.”

UK national, Aberdeenshire

Concerns were expressed that local economies, which are already vulnerable, could experience significant financial strains if Brexit resulted in an increased cost of living.

Business implications

The majority of businesses reported that the referendum did not have a significant impact on their day-to-day operations. However, businesses who were reliant upon staff from the EU reported a major drop in the number of job applications from people in EU countries. Business participants attributed this to the uncertainty regarding what restrictions would be placed on freedom of movement after the UK left the EU:

“We don’t have anywhere near the [same] volume of people who are applying. Obviously, the uncertainty has had an impact on possible new applicants... I would say our applications are down up to 50, 60 per cent actually, so that’s a concern.”

Business participant (Accommodation), Highland

Some businesses reported a drop in sales as a result of Brexit. They felt that the uncertainty around Brexit resulted in people cutting back their expenditure and avoiding making long-term financial commitments. One business stated that the loss of sales resulted in company directors reducing their salaries. Another business, within the construction industry, stated that they had seen a significant decrease in the demand for their housebuilding services and thus reduced the size of their workforce. This was attributed to a decrease in people making long-term financial commitments, such as taking out a mortgage on UK properties.

Business participants who exported to the EU reported a significant reduction in both sales and their ability to export. This was highly significant for one manufacturing business within the Highland case study area, who reported a large drop in the number of markets that were interested in doing business with them:

The Economy

“Back in February 2017, we had enquiries for exports from lots of places... lots of tourists wanted our products, we had a lot of great encouraging work with people in different countries and that has all suddenly come to a stop because of Brexit. So, we could have been exporting to maybe eight different markets in the EU that were interested and it's now down to one, because of Brexit. So, that has had a big impact on our business model and what we're doing next.”

Business participant (Manufacturing), Highland

Business participants operating within the tourist industry reported a reduction in both EU visitors and financial earnings, which they attributed to Brexit. Pressure on earnings was also felt by an individual participant that worked within hospitality, stating that they had not received a pay increase in three years which they attributed to a decline in EU visitors. Although participants identifying Brexit as a cause of wage stagnation is significant, consideration has to be given to other issues which may also be contributing to this stagnation.

Business participants in general had not made any changes to prepare for Brexit. Participants stated that they were uncertain as to what changes were necessary and how Brexit would specifically impact on them. For business participants who reported that they had been impacted by Brexit, there was a feeling that they were unable to influence the factors that impacted their business such as price increases and lower market demand.

A small proportion of businesses reported that they had changed their operations as a result of Brexit, with some attempting to make cost savings by shopping around for different suppliers or having discussions with their accountants. One business reported that they anticipated future difficulties in importing from the EU-based company which produced their distinct packaging and as such, changed the way in which their products are packaged.

Business participants who currently relied on trade with European suppliers or customers raised concerns over the uncertainty within the Brexit process. Businesses felt frustrated that the details of the future trade relationship between the UK and EU were yet to be confirmed and stated that this had led to difficulties in developing their future business plans.

Furthermore, business participants expressed concerns that funding and grants that are available to businesses through EU initiatives would no longer be available. They felt that this would have a detrimental impact on the growth opportunities for SME businesses throughout Scotland. While a member of the European Union, Scottish businesses and communities had access to the European Regional Development fund and the European Social fund. These programmes aimed to address regional disparities within member states and promote competition between businesses⁵. The UK Government has pledged to introduce the United Kingdom Shared Prosperity Fund as a direct replacement for these funds in the immediate future after Brexit, however details of this fund are not yet available⁶.



⁵ European Structural and Investment Funds: https://ec.europa.eu/regional_policy/en/funding/

⁶ The House of Commons Library: UK Shared Prosperity Fund: <https://commonslibrary.parliament.uk/research-briefings/cbp-8527/>

The Economy

Jobs and local economy

Both UK and EU nationals stated that they had no immediate concerns regarding the security of their own jobs after Brexit. It was common amongst EU participants, particularly for long-term residents, to feel that their employment status would be secure post Brexit, as they had established jobs and careers.

However, participants noted concern that Brexit and the UK's new immigration policies might pose increased difficulties for people from the EU seeking work in the UK, resulting in job shortages within lower paid job markets.

The UK Government will introduce a new immigration system after the UK has formally left the European Union. The new system follows a points-based immigration model, in which certain characteristics will apply for all applicants seeking to live and work in the UK⁷.

UK nationals and businesses situated within Highland and Aberdeenshire reported that a lack of EU workers had already caused local businesses to experience difficulties in filling certain roles. They felt that businesses may experience difficulties in recruiting new staff and may even cease operating. This was a significant concern for participants based in the Highland case study area:

“There are lot of immigrants who come here to work in tourism. You go to nearly all the hotels and it’s usually someone that is not local. They’re not doing anyone out of a job, just people are not wanting to do these sort of jobs, so I think a lot of the hotels are going to find it difficult getting workers. So that could have a big impact [on the local economy].”

UK national, Inverness

In the event Brexit leads to significant staff shortages within rural areas, the sustainability of local economies could be detrimentally impacted. Local rural economies throughout Scotland are less diversified than those of larger towns and cities and may therefore be more vulnerable to any adverse effects of Brexit. Business participants based in the Highlands raised concerns regarding the potential impact of the proposed points-based immigration system on their workforce and wage expenditure:

“In [the Highlands], a lot of our workforce is made up of EU nationals because British people... wouldn’t work for even a bit more than minimum wage. Employers can’t realistically afford to pay a massive salary to people for unskilled manual labour, whereas EU nationals are more than happy to work for [lower pay], and work hard for it. So, [Brexit] is going to have a major impact on us as an employer going forward.”

Business participant (manufacturing), Highlands

“People in the front of house, waitressing, housekeeping, et cetera, a lot of these positions are filled by people from overseas. The rate is between £9.00 and £9.50 an hour so £25,000 [a year] is quite high. From a business [perspective] it is a big concern.”

Business participant (accommodation), Highlands

⁷ UK Government: Points-based Immigration System: <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>

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Similarly, UK nationals in Glasgow expressed concerns that there would be a lack of EU workers to fill roles in the hospitality and construction sectors. They thought that businesses would struggle to fill these vacancies, as UK workers would demand higher wages. This may pose operational and financial risks to the hospitality sector, as growth may be halted as businesses adjust their wage structures and recruitment processes.

Tourism

Participants expressed fears that any barriers that make it less attractive for EU citizens to visit the UK could have a detrimental impact on Scottish tourism and their own local economy. This concern was particularly highlighted by participants from the Highlands, who stated that the area was heavily reliant on EU tourism:

“[Tourism] is a big industry in the Highlands, and if there are visas and if they make things difficult for tourists, they will go somewhere else, and tourism will just go downhill.”

EU national, Inverness

“We’ll probably have to increase our marketing efforts more to outside the EU. So there will be an increase in marketing costs.”

Business participants (accommodation), Highlands

The tourism sector in the Highlands is a major element of the local economy. As previously mentioned, Scotland’s rural economies are potentially more vulnerable to any significant impacts that may arise after Brexit.

Education

EU and UK participants in Glasgow expressed fears that restrictions on movement could reduce the number of EU students coming to study in the City’s universities and colleges. They felt that this may negatively impact on the City’s economy as these students often work within the service and hospitality industries.

“All nationalities of students are here just now studying. So, if they’re here studying, they are doing jobs as well. They have got visitors coming to visit. So, that’s all the kind of positives that will be taken away if they’re not here.”

UK national, Glasgow

For more diverse economies, Brexit may pose a multi-faceted risk. For instance, while a reduction in the number of EU students attending universities within Glasgow may have an impact on staff levels and disposable income, it may also result in a loss of income for universities as they may have less revenue in tuition fees.

Residency

UK citizenship

Two participants had applied for and received UK citizenship. They did not express any concerns regarding their residency status.

Among the remaining participants without UK citizenship, there was a general feeling of uncertainty regarding their eligibility for UK citizenship. There were perceptions amongst participants that eligibility was linked to the amount of time spent in the UK. EU nationals expressed uncertainty around the exact distinction between settled status and citizenship, with some participants feeling that settled status was sufficient and others feeling that citizenship was a more certain guarantee of remaining in the UK.

Participants identified two significant barriers to applying for UK citizenship. Firstly, participants stated that the process and cost of applying for citizenship was off-putting. Secondly, some participants felt that possessing a UK passport may result in them having to relinquish their existing passport.

Pre-settled/settled status

The majority of EU nationals found the process of applying for pre-settled or settled status straightforward, experiencing quick application approvals. However, some participants reported issues regarding the process of applying. These included technical difficulties with the IOS operating system on mobile phones - the process of applying on mobile phones was originally exclusive to Android enabled devices - which prevented applicants from uploading photographic or documentary evidence required in the application.

Further concerns were expressed by participants about the level of assurance provided by the pre-settled and settled status schemes. This was because the confirmation of status was provided via email, which participants felt lacked the permanence that could be associated with hard copy visas or passport stamps:

“...we get a nice little intimate link to say that we have got permanent settled status, but you don’t get anything in your hand. It’s like an insult. It’s like, if you do get permanent settled status, then why can’t you give me something in my hand?”

EU national, Glasgow

Participants felt that being approved for pre-settled or settled status did not either result in a feeling of security or alleviate their concerns about their UK residency. As a result, some participants altered the documentation they would use to travel with and opted for printed copies of their status confirmation email when re-entering the UK. Some participants expressed concern and uncertainty as to whether their settled status would be impacted by the new immigration points system announced by the UK Government and whether that system was applicable to those who had received settled status:

“I got the settled status so I’m fine. But, you know, they keep on changing their minds, and now they have added that point system. So, I’m still not 100 per cent sure whether it applies to new incomers or residents. It’s not specified anywhere. So, that is my concern about this. Everyone told me “No, you’re fine” but you never know, you’re not guaranteed anything.”

EU national, Inverness



Residency Status

One of the major concerns amongst EU nationals was the security of their residency status in the UK after Brexit. As discussed in the previous section, EU nationals who held UK citizenship had no concerns regarding the security of their future residency. However, participants who had pre-settled or settled status felt less secure, regardless of how long they had lived in the UK.

This feeling of uncertainty permeated through participants' ability to plan for the future, especially amongst those who had lived in the UK for less than ten years. Participants without mortgages felt unsure whether EU nationals with pre-settled or settled status would be able to apply for mortgages:

“I’m a home owner, but, if for whatever reason my citizenship gets in danger, would that affect my property? Would I have protection by being a home owner or does it not really make a difference? Could you lose [your house]?”

EU national, Inverness

Furthermore, the same participant stated that they did not want to make any significant financial decisions at this time until their status in the UK was clear:

“My plan was to go self-employed, but you know, I stop the plans because you don’t really know how it will look [after] Brexit.”

EU national, Inverness

This uncertainty links to EU nationals' concerns regarding their future residency status and the lack of physical documentation available to prove their status. Participants highlighted that the lack of a physical document may result in problems proving their status when applying for a job or entering the UK.

Residency

Freedom of movement and travel

Both EU and UK participants expressed concerns regarding travelling to and from the EU, highlighting worries that it would become more time consuming and difficult after Brexit. EU nationals with settled status expressed additional concerns regarding border control processes, as they were uncertain if family members with UK passports would have to travel through border control separately:

“How is it going to work for travelling? Is it going to be a hassle, like for example, will my husband have to go through different customs to myself? I am told he will need a visa, but I don’t know what is going to happen.”

EU national, Inverness

EU nationals expressed further feelings of uncertainty in relation to how immigration controls would impact their ability to visit their family overseas and vice versa. Participants highlighted fears that Brexit may lead to constraints on the length of time that EU nationals with settled status could live out-with the UK without losing their status. This was of significant concern for participants who may have to temporarily move overseas at some point to take up caring responsibilities for relatives:

“My mum, she used to stay with us, and at some point, she would like to come here. So, I wonder if [after Brexit] she could still just come here and stay with me? That’s the biggest concern I suppose.”

EU national, Glasgow



Healthcare and social security

Access to healthcare

There was a significant concern from EU participants with pre-settled or settled status and those who have lived in the UK for ten or more years, who were unclear whether their status would guarantee them access to NHS services or if they would be required to pay for health insurance to use the NHS in the future:

“Access to the NHS is the biggest concern for me because of my health condition. My medication is probably not the cheapest [and] I couldn’t go private, because I would have to pay a ridiculous amount of money for that.”

EU national, Glasgow

Participants raised several concerns regarding the potential impact that Brexit may have on the UK’s healthcare services. They expressed concerns that an economic downturn in the UK could result in public service cuts, particularly in healthcare budgets. Participants highlighted that the proposed points-based immigration system, as discussed earlier, could risk creating a shortage of NHS staff:

“A lot of care homes employ people [from overseas]. So, there is going to be an impact with healthcare and the NHS... If you are going to have a pay barrier there is very few folk in that sector would be getting the [required] level of salary.”

UK national, Aberdeenshire

Further concerns were raised regarding the impact that any change to customs arrangements may have, with participants highlighting that medicines imported into the UK could become more expensive. Overall, participants were concerned that these potential impacts would place financial strain on the NHS.

Access to social security and pensions

With concerns about the economy being consistently raised by participants, a related concern was around potential cuts to social security benefits, statutory sick pay, and state pensions. For participants with young children or disabled family members there was concern that any reduction in benefits would result in financial difficulties.

EU participants who were long term residents in the UK had additional concerns about their pensions. Those with pensions they had paid into while living in an EU country were unsure if there would be changes to their EU pension entitlement if they continued to live in the UK. Conversely, those who had been making pension contributions in the UK for years said they were uncertain if they would still be entitled to their full UK pension if they were to move to an EU country after they retired:

“If I stay here until I retire, [and] then would like to go back to my own country, would I actually be able to draw my pension? Would I get it paid if I live in a different country if the UK is not in the EU anymore?”

EU national, Glasgow

Positive impact of Brexit

While participants consistently expressed concerns that Brexit could have a negative impact, some potential positive impacts were also identified.

Participants, primarily UK nationals living in more rural areas, felt that Brexit may have a positive impact on industries that are currently regulated under EU jurisdictions; specifically fishing and agriculture. This was highlighted by participants within Aberdeenshire, who stated that the UK could potentially benefit from regulatory changes within the fishing industry as a result of the withdrawal agreement:

“[Brexit] has the potential to fill jobs with local people, so recruiting within the UK as opposed to having to look externally... Then hopefully you would reduce the number of people on benefits, so then reducing the demand on social services.”

UK national, Aberdeenshire

Other perceived benefits, identified primarily by UK national participants, included potential benefits from UK retailers and manufacturers sourcing their supplies locally, rather than relying upon EU imports.



Advice and support needs

This section captures participant's response to the question: "do individuals and businesses anticipate any change in the types of advice and/or support they may need after departure has occurred". It captures participant's views about Brexit related advice thus far and the advice needs that they anticipate having in the future. It further captures their preferred source and format for receiving advice on Brexit.

Advice sought to date

Few participants stated that they had actively sought a form of advice or support related to Brexit and those participants who had done so were predominantly EU nationals rather than UK nationals or businesses.

EU nationals had predominantly sought advice on how to apply for pre-settled and settled status. Additionally, participants sought information on how changes to freedom of movement would impact on travel between the UK and the EU. In general, participants wanted information on what would be required to prepare themselves for Brexit.

Participants indicated that they sought advice from both UK and Scottish Governments, social media groups and information provided by Citizens Advice Scotland (CAS). The participants who accessed information from CAS also attended CAS events in their local area that focused on preparations for Brexit. Furthermore, EU nationals also reported that they had received information without searching for it; such as from their employer or the Scottish Government. Additionally, participants stated that they had often received information from their friends and family. EU nationals felt that they were satisfied with the advice provided and were reassured by the information that they received.

For EU nationals who had not sought advice, two main reasons were given for this. Firstly, some participants were unsure what advice was required and felt that they had to wait and see what happened before they could seek information. Others were of the view that they had heard enough about Brexit via the media and were satisfied by this information for the time being.

Similar sentiments were expressed by business participants, who stated that they had not sought advice as they believed it was too soon to know how they would be impacted and how they should prepare. They stated that they would need more clarity and details regarding the final terms of the UK's withdrawal from the EU before they could decide on what advice would be beneficial.

Business participants stated that they also had received information without seeking it out. They indicated that this came from external organisations or bodies, such as Highlands and Islands Enterprise and the Federation of Small Businesses. Others stated that they had discussions with their accountants/account managers but that it was also too soon for concrete information to be available to allow for future planning.

Generally, UK national participants stated that they had not sought any advice regarding the impact of Brexit and expressed uncertainty over where this advice could be accessed. Likewise, there was a sense that the terms of the withdrawal agreement were unclear and it would be difficult to know what advice or support would be required.

Advice and support needs

Future advice needs

The sense of uncertainty about Brexit resulted in participants struggling at first to identify the support and advice that they may need. When further questioned, participants identified support needs that mirrored the concerns that were raised about Brexit elsewhere in this report.

For EU nationals, the type of advice that they may require centred around future residency and citizenship. There was a desire for specific advice on how the UK Government's points-based immigration system would apply to them and their families. Specifically, EU nationals were keen to clarify if it was necessary to apply for settled status for their children. Related to this, EU nationals wanted more information about the extent to which they could live, work or buy property in the UK.

Business participants raised questions regarding how imports from the EU would be impacted and how their company would be affected by potential changes to employment law and regulations. Some participants also asked questions regarding the future availability of grants for SMEs in Scotland and how/ if these would be impacted.

For UK nationals, questions raised echoed the concerns that were raised about Brexit above. Queries included: how changes to freedom of movement would impact their ability to travel or work in the EU; the extent to which Brexit would impact on health services; and the extent to which Brexit would impact upon social security and pensions.

UK participants also felt that information tailored to their communities would be beneficial, including details as to how Brexit may impact upon local economies.

Preferred sources of advice

All participants felt it was important that information regarding Brexit was presented in an accessible and honest way. On where this advice should come from, participant's opinions varied with a feeling that no single source would have all the information that they would likely require.

However, there was a general sense that information should be communicated by both Scottish and UK Governments; with participants feeling this would make the information official and impartial. Some participants stated that local authorities would be best placed to provide information to their respective communities.

Participants stated that they were open to receiving information in a range of advice formats, including; online, face-to-face, by phone or in physical hard copy. It was suggested that governments should provide this information in leaflets via post and accompanied by television advertisements. EU nationals specifically highlighted that online information was useful for the purpose of translation.



Conclusion

The economic impacts of Brexit

On a general level, if the UK experiences further economic downturn after Brexit, there may be an increase in the number of people seeking financial advice and support. There were particular concerns amongst participants living in rural locations that they would be more vulnerable to any increases in the cost of living. Participants in rural areas were also more likely to have specific concerns about the potential for Brexit to impact on their local economies; such as through impacts on the fishing and hospitality industries.

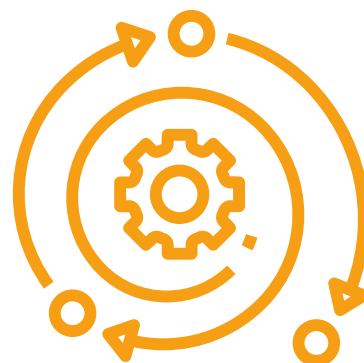
The impact of uncertainty

This research sought to explore the impacts of Brexit at the individual, community and business levels. A common theme across all of the responses was the overarching sense of uncertainty regarding the impact of Brexit. This uncertainty left participants feeling unsure about the advice that they would require.

We can see the interrelated nature of the issues identified by participants across all three themes of the Economy, Residency, and Access to Healthcare and Social Security.

Both EU and UK participants felt that the cost of living had increased in recent years and were concerned that this may increase further after Brexit. Participants were significantly concerned as to how this would impact on local economies, with participants from rural areas consistently highlighting this. Businesses in these areas stated that they have already experienced financial and operational impacts since the Brexit vote. There were concerns that Brexit would have a detrimental impact on the tourism and hospitality sectors. Businesses were concerned that they would lose both staff and revenue given that their businesses were reliant upon EU tourists and workers.

EU nationals expressed feelings of uncertainty surrounding Brexit and stated that as a result they were avoiding making long term financial commitments. EU nationals reported that the referendum result had caused uncertainty and anxiety about the security of their residency and their eligibility to work and to access health services in the UK. The most significant impact experienced by EU nationals thus far was applying for pre-settled or settled status. Although participants had found the process straightforward, they felt the level of security provided by their status was still unclear.



Conclusion

Advice and support needs once the UK has left the EU

Most EU nationals had similar advice and support needs. Differences in the advice required within this group tended to be based upon residence status rather than the length of residency. EU nationals who had UK citizenship generally felt secure about their rights to live and work in the UK in the future, but those with pre-settled or settled status tended to feel less secure and had specific concerns surrounding how their life would be impacted after Brexit. EU participants were more likely to express concerns about their access to public services and how their ability to make long term plans would be impacted by Brexit.

Overall, participants felt that the ongoing uncertainty around Brexit made it challenging to identify specific advice or support needs. However, participants identified a number of different concerns from which future advice and support needs may be derived:

The residency and rights of EU citizens in the UK after Brexit

EU nationals may require specific future advice in relation to:

- > Pre-settled or settled status: advice regarding what rights this status confers in terms of an EU national's right to live and work in the UK and the extent to which this could change in the future. Additionally, advice may be required about how to evidence their status upon entering the UK. Lastly, they may need reassurances regarding whether the proposed immigration points system is applicable to them and/or their families.
- > Applying for UK citizenship: advice on eligibility for and entitlement to dual citizenship.
- > Further rights of EU nationals living in the UK: advice on EU national's access to healthcare, financial services, access to social security and advice surrounding their EU/UK pensions or employment rights.
- > Freedom of movement and travel between the UK and EU: advice may be required surrounding the documentation required for visiting the UK or insurance arrangements for UK nationals who require to access healthcare services when travelling in the EU.

The impact on business

Business participants specified a number of areas which they may require advice on in the future:

- > How businesses may be financially impacted by changes or restrictions to trade and freedom of movement. These may affect how they work with EU suppliers, distributors and customers.
- > How changes to immigration and employment law may impact businesses' ability to employ EU workers and how they deal with any potential recruitment shortfalls.
- > The likelihood and extent of policy and regulation changes and how this may impact on their business.
- > Information on any replacement sources of funding and support for businesses that would have previously been available through EU funding and grants.

Final comments/recommendations

- > With the transition period ending in December 2020, there is limited time left for businesses and individuals to obtain information and adapt. Businesses should receive access to detailed information, as soon as possible, to allow them to assess the implications of the final withdrawal arrangements on their operations and employees.
- > Detailed consideration should be given to the potential implications that any trade deal would have on consumer protection regulations, environmental regulations and employment laws.
- > Promotion of the European Union Settled Status scheme should continue until the deadline for applications on June 30th 2021. Citizens Advice Scotland remains well placed to continue with our support of EU nationals and their applications.
- > Individuals and businesses must be urgently enabled to plan for their immediate and long-term economic future. Any continued uncertainties and subsequent reluctance to make long term financial commitments may impact local economies. Going forward and in light of COVID-19, businesses and individuals should be supported with the ambition of protecting local economies.
- > Going forward, any support for local economies must consider the unique characteristics and vulnerabilities of each locality or sector.
- > Businesses will require advice and information regarding any funding, including replacement for existing structural funds, that they may have access to after the UK has left the EU. This information should be relevant to their respective sectors and should account for the impacts of COVID-19.
- > There is a need for EU nationals to obtain information about their status and the implications of Brexit for their own circumstances. There was a repeated ask by EU nationals to have tangible physical evidence of their settled status.
- > UK businesses will require information about how they interact with EU workers and businesses. The UK Government should seek to publish information for businesses on how they interact with EU workers once the new immigration system is implemented. There will be an advice or information need for both EU nationals and businesses regarding the implications of the points-based immigration system and how this will impact on them. Businesses may require information that is specific to their sector.
- > There will be a need for UK nationals to have access to information about their entitlements to healthcare services in the EU area.
- > Information required will be detailed and must be relevant and tailored to the needs of individuals and businesses and their sectors. Citizens Advice Scotland remains in a position to offer bespoke advice.

Appendix 1: Case Study areas

Case Study Area: Glasgow

Glasgow City is classed as a “larger city” under the RESAS (Rural & Environment Science & Analytical Services) Classification for the rural economy. According to the Brexit Vulnerability Index, 30% of communities in Glasgow City (a population of 185,573)⁸ live within the 20% most vulnerable communities in Scotland. This means more people in Glasgow are living in Brexit-vulnerable areas than any other local authority in Scotland.

Both EU and UK nationals in Glasgow felt that, so far, little had changed in Glasgow as a result of the referendum. They were keen to highlight that the city, and Scotland as a whole, were pro-European, indicating this could be why they felt little had changed in the local area. However, whilst anti-EU sentiment was not perceived to be an issue in Glasgow, sectarianism was mentioned by UK nationals as a negative of the local area. An Irish national living in Glasgow expressed concern that the Brexit vote had caused stronger feelings on ‘either side of the divide’, ultimately increasing such tensions in the city.

Looking ahead, it was felt that Brexit might have a negative impact on the economy in Glasgow, directly affecting individuals through increased cost of living. There was concern amongst UK nationals that this would contribute further to issues of poverty which they felt already afflicted the city. Such concerns were echoed by businesses, who were worried that reduced consumer spending could affect profitability.

Participants from Glasgow also felt that restrictions on freedom of movement could mean that key sectors in the city, such as academia, construction and hospitality, would struggle to fill vacancies, adding that fewer EU residents could result in a loss of skills and diversity in the city. Additionally, UK nationals expressed concerns that any such restrictions could inhibit the freedoms of themselves, and their children or grandchildren, to live, work or study in an EU country in future.

⁸ Rural & Environment Science & Analytical Services (RESAS), Scottish Government:
<https://www.gov.scot/publications/understanding-scottish-rural-economy/pages/13/>

Appendix 1: Case Study areas

Case Study Area: Highland

The Highland local authority is classed as “mainly rural” under the RESAS (Rural & Environment Science & Analytical Services) Classification for the rural economy. According to the Brexit Vulnerability Index, 43% of communities in the Highlands (a population of 103,000)⁹ live within the 20% most vulnerable communities in Scotland. The Highland area ranks second in Scotland in terms of the size of population living in Brexit-vulnerable areas (after Glasgow City).

EU and UK national participants from the Highlands mainly lived in or around Inverness, while business participants were based either in Inverness or Skye.

Both EU and UK nationals generally said that, at an individual level, little had changed for them since the EU referendum. They felt that in general there was a good community spirit in the Highlands, with EU nationals saying that local people had been welcoming and supportive towards them since they arrived in the area.

Participants main concerns about Brexit related to the cost of living and the local economy. EU and UK nationals worried that rising prices as a result of Brexit would be particularly difficult for Highland residents, since the cost of living was already perceived to be higher for people living in rural areas. Some participants admitted that any further price rises would put them at risk of financial hardship and, for EU nationals, there was a risk that they may even have to consider moving back to the EU.

Participants in the Highlands also said Brexit could have a significant negative impact on the local economy, since the area is reliant on income from the tourist industry. They thought that the outcome of the Brexit referendum had made the Highlands a less attractive place for EU citizens to visit or work, meaning fewer visitors to the Highlands and fewer EU workers employed by local businesses. They felt that local businesses had already started to struggle or even stop trading and worried this trend would continue, or get worse, after Brexit.

⁹ Rural & Environment Science & Analytical Services (RESAS), Scottish Government:
<https://www.gov.scot/publications/understanding-scottish-rural-economy/pages/13/>

Appendix 1: Case Study areas

Case Study Area: Aberdeenshire

Aberdeenshire is classed as “mainly rural” under the RESAS (Rural & Environment Science & Analytical Services) Classification for the rural economy. According to the Brexit Vulnerability Index, 29% of communities in Aberdeenshire (a population of 79,000)¹⁰ live within the 20% most vulnerable communities in Scotland. This means Aberdeenshire ranks third in Scotland in terms of the size of population living in Brexit-vulnerable areas (after Glasgow City and Highland).

Participants lived or worked in a range of locations across Aberdeenshire including Peterhead, Boddam, Ardallie, Banff, Turiff, and Banchory.

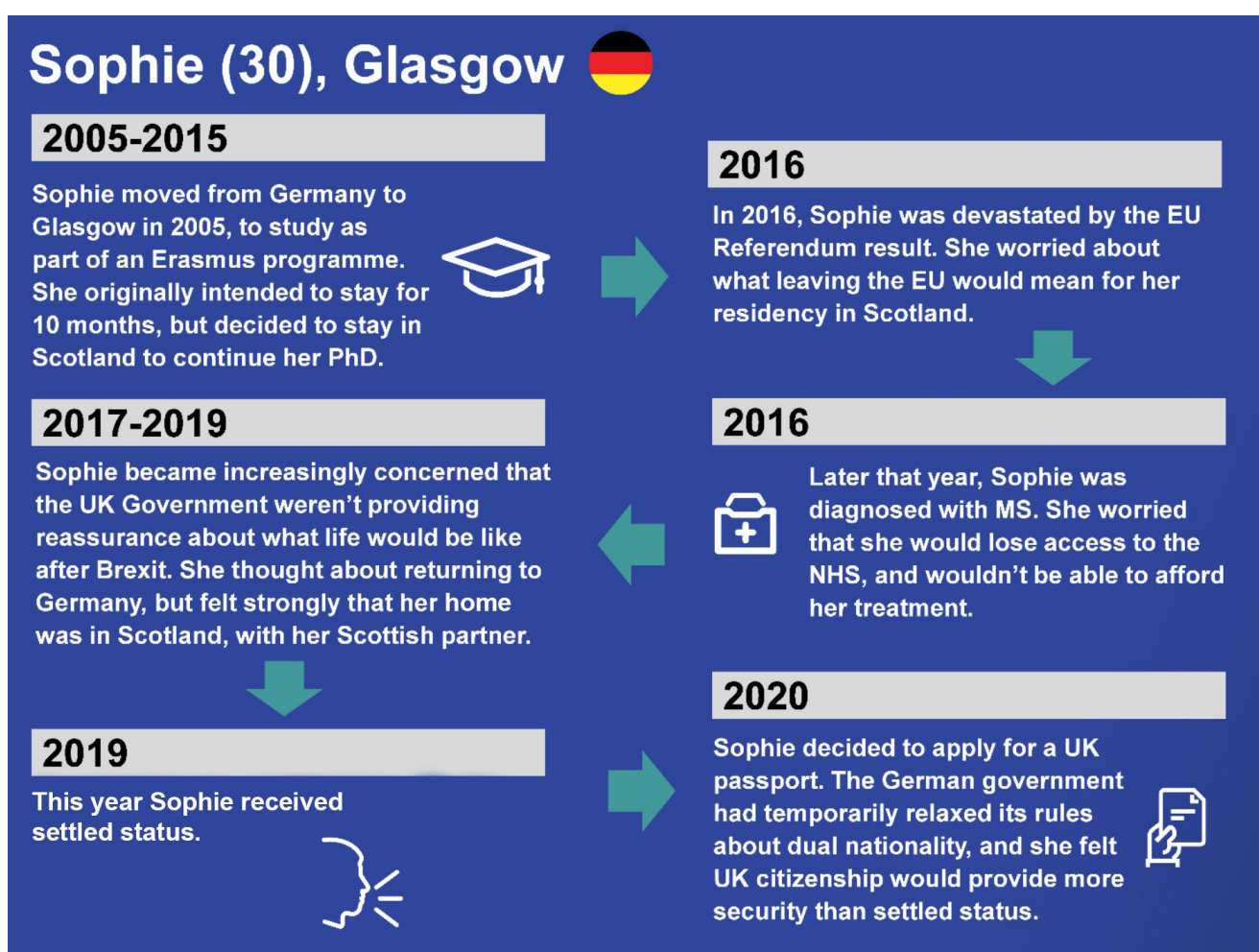
The views of EU nationals living in Aberdeenshire were largely similar to those in Inverness and Glasgow, in terms of issues such as residency, settled status, freedom of movement, and future access to services.

The main differences apparent among participants in Aberdeenshire were in relation to the impact on the local economy. UK nationals living in Aberdeenshire felt that their area had suffered from a lack of investment in recent years. They felt that Peterhead in particular had seen gradual closure of shops and other local businesses, with the town centre now feeling empty and neglected and described as a “ghost town.” It was suggested that any negative financial impacts of Brexit, such as higher cost of living or difficulty sustaining jobs, might make the local economy deteriorate further. But they remained uncertain as to what the specific impacts might be.

¹⁰ Rural & Environment Science & Analytical Services (RESAS), Scottish Government:
<https://www.gov.scot/publications/understanding-scottish-rural-economy/pages/13/>

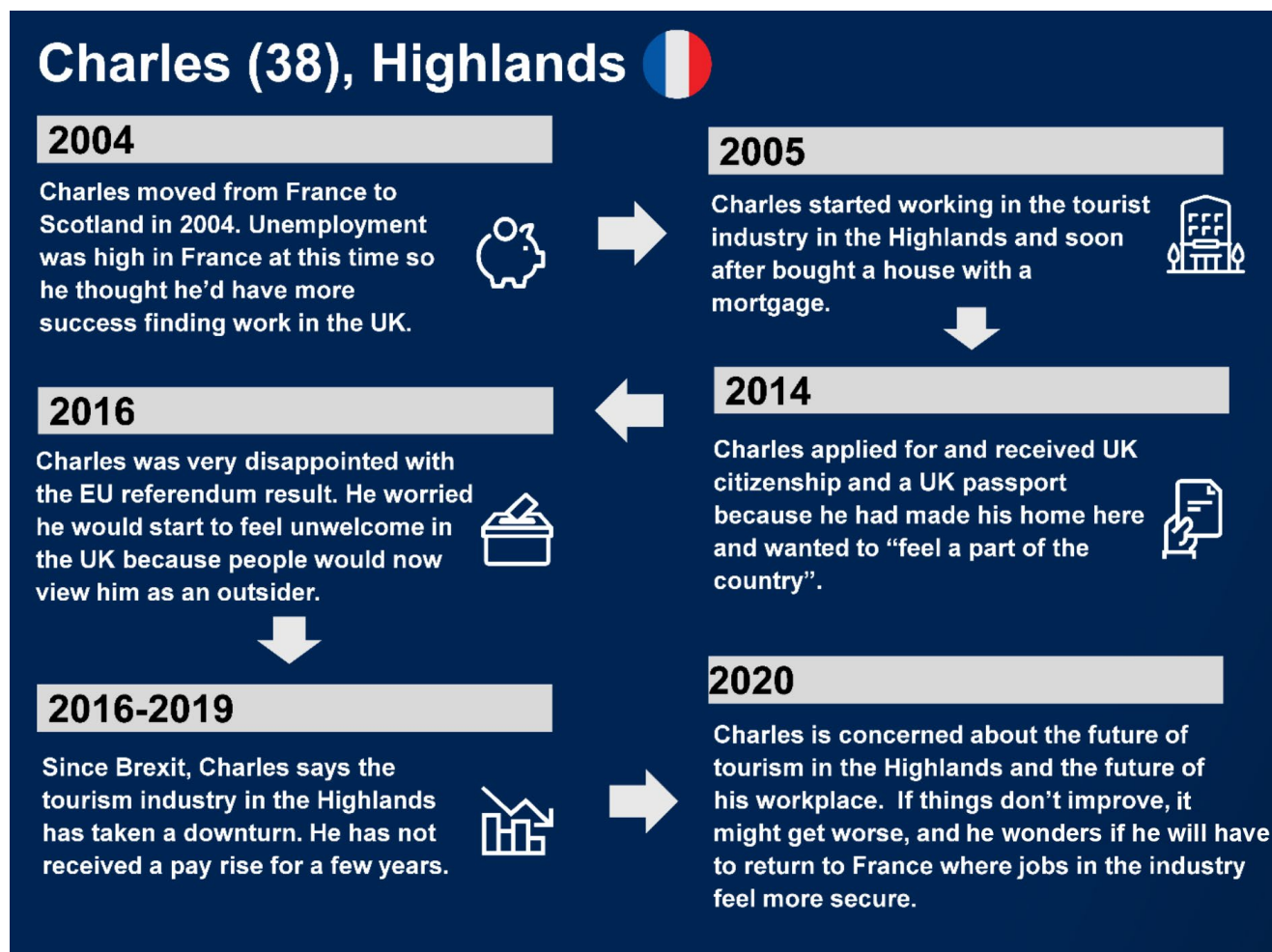
Appendix 2: Pen portraits of select research participants

Pen portrait 1



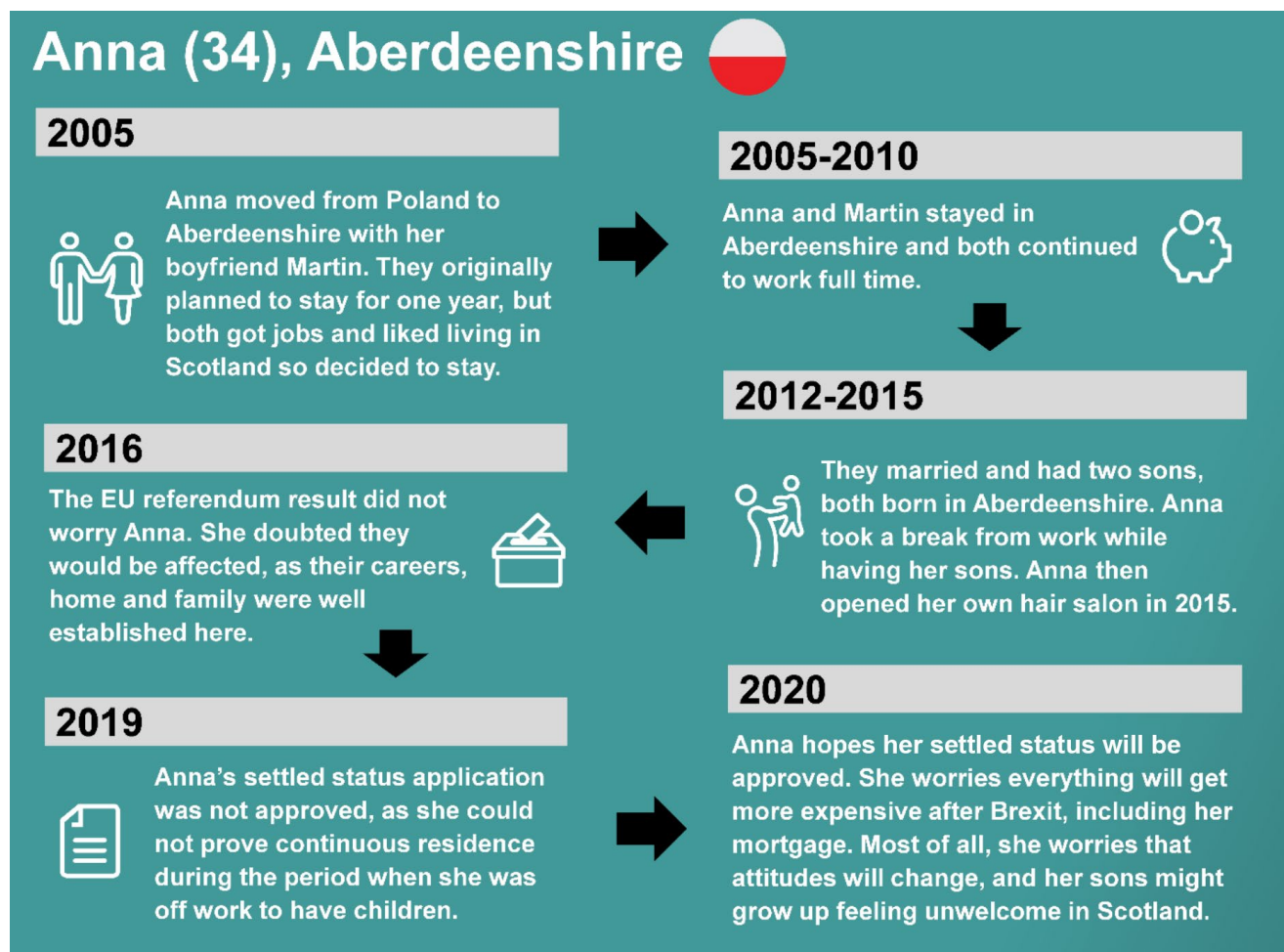
Appendix 2: Pen portraits of select research participants

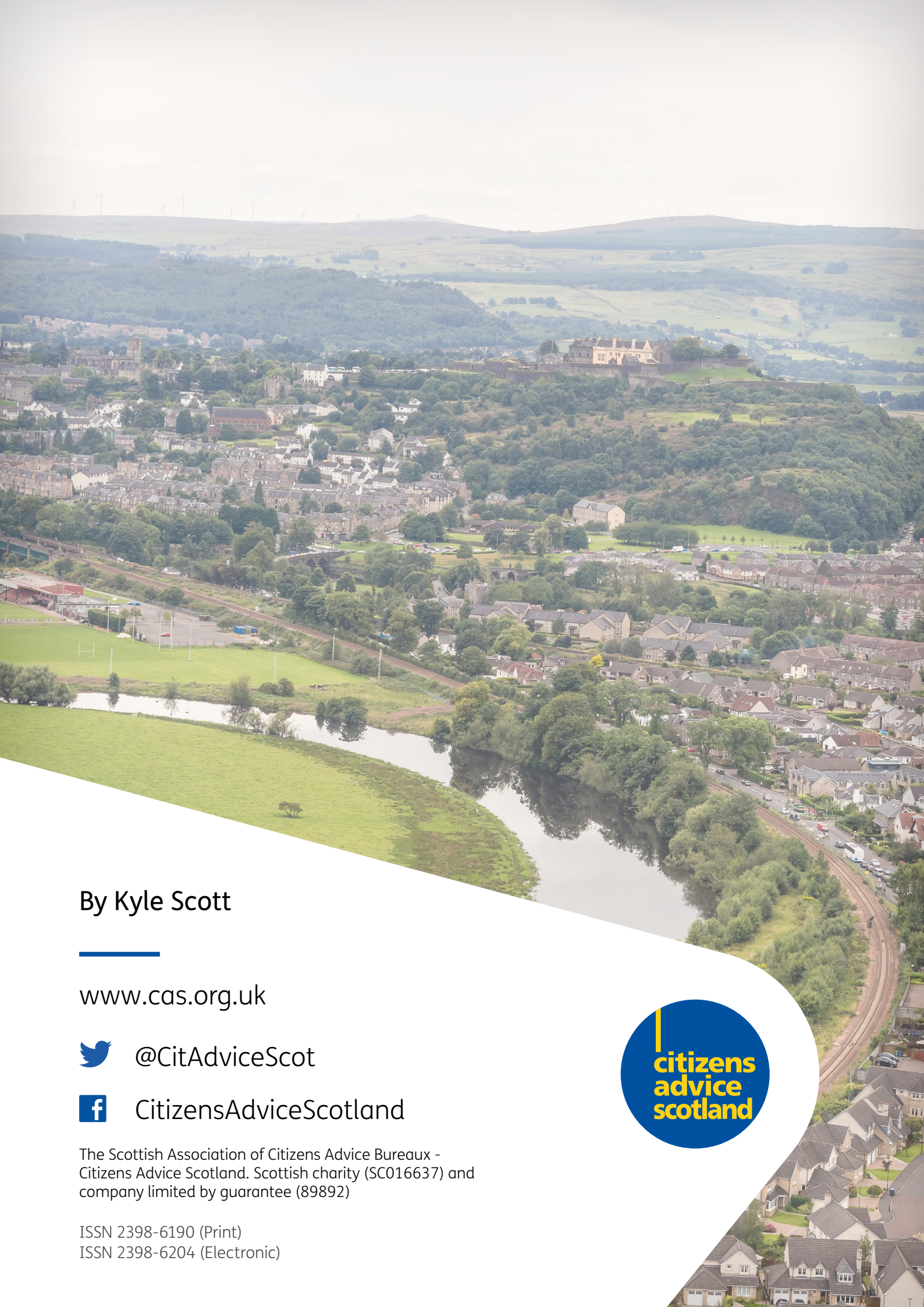
Pen portrait 2



Appendix 2: Pen portraits of select research participants

Pen portrait 3





By Kyle Scott

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