



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE

Thursday 28 September 2017

Session 5

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CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
22nd Meeting 2017, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Lewis Macdonald (North East Scotland) (Lab)

COMMITTEE MEMBERS

Jackson Carlaw (Eastwood) (Con)

*Mairi Gougeon (Angus North and Mearns) (SNP)

*Ross Greer (West Scotland) (Green)

*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

*Richard Lochhead (Moray) (SNP)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

*Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Anderson (Scottish Government)

Victor Arcas (Fife Migrants Forum)

Keith Brown (Cabinet Secretary for Economy, Jobs and Fair Work)

George Burgess (Scottish Government)

Roxana Dumitru (Fife Migrants Forum)

Dean Lockhart (Mid Scotland and Fife) (Con) (Committee Substitute)

Katarzyna Slawek (Fife Migrants Forum)

Ewa Smierzynska (Fife Migrants Forum)

Auxi Sousa (Fife Migrants Forum)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 28 September 2017

[The Convener opened the meeting at 09:16]

Decision on Taking Business in Private

The Convener (Joan McAlpine): Good morning, and welcome to the 22nd meeting in 2017 of the Culture, Tourism, Europe and External Relations Committee. I remind members and the public to turn off mobile phones. Any members who are using electronic devices to access their committee papers should ensure that they are switched to silent.

Apologies have been received from Jackson Carlaw and I welcome Dean Lockhart to the committee as Mr Carlaw's substitute.

Our first agenda item today is a decision on taking item 4 in private. Are members content to take that item in private?

Members *indicated agreement.*

European Structural Funds

09:16

The Convener: Agenda item 2 is an evidence session with the Cabinet Secretary for Economy, Jobs and Fair Work, on European structural funds. I welcome to the meeting Keith Brown, the cabinet secretary; David Anderson, head of European structural funds state aid division; and George Burgess, deputy director of food, drink and trade in the Scottish Government.

I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): Thank you convener, and thank you for the invitation to come along.

I will concentrate first on the structural funds but say a few words at the end about the hubs issue that has been raised. European structural investment funds represent around one third of the European Union's annual budget and they provide key support to the Scottish economy through the European regional development fund and European social fund programmes. Scotland has benefited from those programmes since joining the European Union and the funding has supported projects across Scotland while contributing to our ambitions as set out in the programme for government.

During the current programming period, from 2014 to 2020, Scotland is scheduled to receive €944 million as part of the ESF and ERDF programmes. That investment has been designed to support smart, sustainable and inclusive growth in line with Scottish and European priorities.

The European regional development programme supports innovative and potentially transformative projects through £33 million being awarded to the low-carbon transition infrastructure programme to support projects across Scotland. That will bring forward low-carbon demonstration projects that aim to stimulate commercial interest and investment, and to maximise Scotland's vast potential in the low-carbon sector while contributing to positive progress in reducing greenhouse gas emissions.

Another area in which we are seeing exciting work is the zero waste Scotland programme, where £30 million has been provided to support the resource-efficient circular economy that stimulates new business activity, especially in the small and medium-sized enterprise sector. The programme invests in SMEs that are helping to create the circular economy and includes cutting-edge projects that will develop new high-value

markets that—I am sure that this will be of interest to Mr Lochhead in particular—reuse whisky by-products, waste plastic and household furniture. Each of those will draw on further private investment that will accelerate our circular economy ambitions. They will create skilled jobs in urban and rural communities, and contribute to our action on climate change.

The ERDF is focused on supporting SMEs, which represent 95 per cent of all Scottish businesses and help to boost economic growth. The SME holding fund will give companies access to funding to help to transform their innovative ideas into economic success stories. It also aims to create 2,000 jobs, forming a key plank of the Scottish growth scheme. That is supported by £50 million from EU funds.

On top of all that, we have allocated £20 million in grant to extending world-class digital connectivity to those parts of the Highlands and Islands that will not be served commercially or by existing public sector investment programmes, with a particular focus on remote island communities. That will contribute towards the Scottish Government's national priority to deliver 100 per cent superfast broadband access by 2021.

The European social fund works to support those who are most removed from the workplace by providing intensive support to help remove the barriers that they face to entering sustainable employment or progressing into better employment, and those are the areas that are being targeted by the projects that have been approved to date. As well as that traditional type of support, the fund is looking to support social inclusion and combat poverty and discrimination. For example, projects such as Shetland Islands Council's fuel poverty service work with the most disadvantaged individuals and households to provide support for fuel poverty, while other projects focus on financial and debt advice as well as access to childcare.

The Scottish Government's aspiring communities fund will help enable community bodies and third sector organisations in our most deprived and fragile communities to develop and deliver long-term local solutions that address local priorities and needs. It should increase active inclusion and build on local communities' assets to reduce poverty and enable inclusive growth. An award of £27.5 million to the developing the young workforce initiative will fund Skills Development Scotland and the Scottish Further and Higher Education Funding Council to support the delivery of higher-level qualifications aligned with the needs of growth industries and sectors in Scotland. That includes extending the modern apprenticeship programme and creating new links

to sectors including science, technology, engineering and mathematics. Those organisations are also creating a new work-based learning approach through foundation apprenticeships, in which activity will start at school and use a mixture of academic and work-based learning.

Finally, the youth employment initiative in the south-west of Scotland saw nearly £60 million committed to addressing the 25.8 per cent who at that stage were unemployed. Since the initiative was approved, the Government's actions, including the introduction of the YEI, have seen the youth unemployment rate fall to 12.7 per cent, which is a more than 50 per cent reduction and a substantially lower rate than that in the rest of the UK. Indeed, it was, I think, the third lowest in the European Union; however, it is now the sixth, now that other economies have been catching up.

The Scottish Government allocated funding in two phases, allowing for a mid-term review to allow for changes in priorities or approach. As I believe that that was the basis of my appearing before the committee, I can tell members that 203 operations have been approved to date, with £395 million of grant committed. Based on current exchange rates—which is one of the big issues that we are wrestling with—that represents 45 per cent of the programme. When we take match funding into account, it represents a substantial investment at a time when public spending budgets are under pressure. ERDF programmes will support the growth of 16,000 SMEs, 750 enterprises introducing new products and 3,000 low-carbon, resource efficiency and circular economy projects, while ESF programmes will support 77,000 individuals with multiple barriers to employment, 15,000 disadvantaged people and 17,000 people with lower levels of skills.

Her Majesty's Treasury has guaranteed EU funds to projects approved before the UK leaves the EU. However, although the Scottish Government has confirmed that it will pass on the current UK Government guarantees in full to Scottish stakeholders to provide stability and certainty for these key sectors of the Scottish economy, we still have no clarity from the UK Government on how the guarantees will operate following the date of Brexit. In that context, it is worth mentioning the Prime Minister's speech in Florence last Friday, in which she proposed a potential two-year transition period. That might be good for other reasons, but it increases uncertainty and throws things up in the air in a substantial way, and I am urgently seeking clarification from the UK Government about what it will mean for European funding to bring clarity for those who are currently involved in it.

I also want to quickly mention trade hubs, which I know the committee is interested in and which are part of our programme to expand our presence in Europe. Indeed, they are essential to protecting our place in Europe, and we will continue to do what we can to protect our interests during the UK negotiations to leave the European Union. We have to continue to assist businesses in internationalising, helping boost our export performance and continuing to attract record amounts of inward investment. To that end, we have established innovation and investment hubs in Dublin, Brussels and London, and we are in the process of establishing hubs in Berlin and Paris.

The hubs will support the wider work across Government, partners and businesses to support trade, investment, innovation and intergovernmental relations with Europe but, primarily, they will provide a platform for collaborative activity to increase exports and attract investment to Scotland. Although each hub is different and tailored to the opportunities in the market in which it is located, they also cover broader economic opportunities such as the development of collaborations and research partnerships and work to support funding for innovation and research in Scotland. As I told the Scottish Council for Development and Industry yesterday, we cannot wait until we get through the Brexit process—we have to maximise opportunities in the meantime.

Thank you for the chance to make my opening statement, convener.

The Convener: Thank you, cabinet secretary. You outlined some vital areas that the funds cover, such as foundation apprenticeships, youth unemployment, the circular economy, and low-carbon technologies. What will fill the gap? What will replace the current programmes once they are finished?

Keith Brown: That goes to the point that I was just trying to make about finding out where Brexit is taking us—whether there will be a transitional period and what the impact of the UK Government's guarantee will be on funding through that period. There is still uncertainty over whether the transitional period will happen and, if it does, whether it will be for two years or four years, and what the impact on European funding will be.

Much of what we want to do will depend on the available resources and we do not have a clear picture of what those resources will be. There is an announcement by the UK Government on a shared prosperity fund, which we are assuming will be used for these purposes, but again, there is very little clarity on that. Given that we are potentially 18 months away from exiting the EU, we need clarity. We have asked the UK Government whether the Scottish Government

and the other devolved Administrations can be involved in developing that fund. If it is going to be the vital measure by which we replace the European funding, we have to know more about it quite quickly.

The Convener: Have there been actual discussions with UK Government counterparts—for example, have the recent ministerial level discussions touched on future frameworks for the funding of regional development programmes?

Keith Brown: As you know, those discussions were held by the Deputy First Minister and Mike Russell with Damian Green and David Mundell. Having heard back from Mike Russell, my understanding is that those discussions centred on the 111 areas that we have talked about, which touch on the areas that you mentioned but not in any great depth. The discussions certainly did not provide any clarity on the future direction of European funding or its potential replacements.

The Convener: What has the impact been of the falling value of the pound on the structural funds that you are currently managing?

Keith Brown: The impact is quite complex. There have been two downsides and one upside. We can give you the details on the change in the value of the pound in relation to the euro since 2014. That change presents substantial problems in how we profile the spend. If you suddenly have a larger amount of pounds to spend and you have to spend to the level of the euros that we were allocated in the first place, at some stage you have to try to change the programmes that are there to make sure that you get as much of the allocation as you can. However, changing the amount of the quantum available in the course of the six-year period presents difficulties. I ask David Anderson to say a couple of words about that.

David Anderson (Scottish Government): When the funds were first started, the €940 million or so was worth around £750 million. Because of the change in the exchange rates, it is now worth around £870 million.

As the cabinet secretary said, at face value that is a good thing, because it means that more money is available to us. Clearly, we have to look for schemes that can be match funded. We are doing a number of things, one of which is looking at changing the intervention rate, which is the level of match funding we seek in the Highlands and Islands in particular. We are looking to increase the amount of money that we can put in from structural funds to around 70 per cent, which would reduce the amount of money that comes from the local authorities and the partners. We hope that that will bring more schemes forward.

The other aspect to the change in the exchange rates—and the downside, to which the cabinet

secretary referred—is that the spend profiles were set out in 2014 and they were set out in euros, so those have increased at the same time. The matter of trying to get the money spent is becoming challenging. It is a two-sided coin.

Lewis Macdonald (North East Scotland) (Lab): I want to ask about underfunded or unclaimed allocations. Your letter to the convener this week says that in the 2007 to 2013 programmes, “a total of €740 million” was claimed. The figure that we had from our predecessor committee five years ago was that the Scottish programmes were allocated €798 million. Does that mean that there has been a funding shortfall of €58 million?

Keith Brown: Do you mean a funding shortfall or—

Lewis Macdonald: Money that was allocated to Scottish programmes that was not taken up—

Keith Brown: Yes, there were moneys that were not taken up—

Lewis Macdonald: Of that order?

Keith Brown: I would have to give you the exact figures on that. We will provide that information to the committee, but yes, that is the case. That happens when the eligibility criteria are not met by some of the partners and when the nature of the scheme changes over the six-year period. Also, as I think you and the committee will know, there are issues in relation to the suspension of some programmes because the audit data was not provided in the form that was required by the EU. A number of factors contribute to that, and it does happen.

I think that I am right to say—again, I will check this—that the shortfall in Scotland was substantially lower than that in the UK, but it is a feature of the programmes across Europe. Obviously, we have tried to minimise the difference.

09:30

Lewis Macdonald: What would you assess the level of risk to be in the current programme?

Keith Brown: We are at an earlier stage of the current programme, but the actions that we have taken include reducing the number of partners from about 700 down to 200 or thereabouts—

David Anderson: If I may say, it is from 200 down to 45.

Keith Brown: I had different figures, but we have substantially reduced that. There are now bigger programmes but fewer of them, which should help with some of the audit requirements, and I think there is now a much better

understanding among some of the partners that we will not get the money back from Europe unless we can provide the audit data that is required.

The risk that you refer to lies with the Scottish Government in the first instance, because the claims come to us and we then claim the money back from the EU. If it does not provide us with that money, the liability rests in the first instance with the Scottish Government. However, because of what we have done to seek to recover shortfalls because of the lack of information on non-compliance, some of that will fall back on to the partners. I think there is now a much greater awareness of that, not least because of the process that we have just gone through for the previous funding round. I think that those things help to minimise the risk that we have this time.

Lewis Macdonald: In the current funding round, compared with the previous one, there is an additional European Commission requirement—the N+3 rule—that means that, if money was allocated in 2014 and it has not been spent by the end of 2017, it is lost. How much is at risk for moneys that are not committed by the end of 2017?

Keith Brown: I do not think that it is possible to put a figure on that. We are trying to work in the ways that I have mentioned, with the programme being set in a different way with fewer partners. Sometimes we had very small organisations trying to cope with quite large auditing requirements. We are trying to minimise that in order to minimise the risks. However, I am not sure whether we can put a figure on that—the N+3 rule, which was previously N+2—at this stage of the process.

Lewis Macdonald: Presumably, you will know whether we are talking about a risk of millions or tens of millions. What is the ballpark area of risk under N+3 for this—

David Anderson: If I may, I will back up what the cabinet secretary said. The team is currently working very hard to get those claims in. We will claim from the European Commission by the end of 2017, and we are in the middle of getting claims in from lead partners and processing them so that we can then claim.

As the cabinet secretary said, we have committed £395 million. Not all of that money has been spent. It is profiled to be spent out to the end of 2018 and perhaps into 2019. However, we are working very closely with the lead partners to get as much of that funding out as we can. I am afraid that I cannot give you that detail, but I assure you that we are working very hard to keep the amount as small as possible.

Lewis Macdonald: Should we be very concerned that there is less than 40 per cent

commitment on the European social fund at this stage, and less than 50 per cent on the ERDF, when we are already halfway through the programme?

David Anderson: As the cabinet secretary said, when we designed the programmes, we always intended that we would commit approximately 50 per cent in the first phase. If Brexit had not been brought forward, we would at about this time have been looking to commit the second phase. That approach is very different from those of the other managing authorities across the UK. They committed funds for the entire programme at the beginning, but we decided to put in approximately half the funds, take stock and then commit the second half. In effect, that is exactly what we have done.

On your point about European social fund commitment being below 40 per cent, that is due to two factors. One is that some local authorities have chosen not to take up their full allocation, and the other is that the exchange rate changes have changed the percentage take-up by about 6 percentage points—it has reduced significantly. We are working hard to ensure that we get phase 2 out the door.

Lewis Macdonald: Clearly, from what you are describing, if some of the lead partners are not coming forward and taking up those allocations, there must be an issue for them, too, in being able to provide the match funding. I am simply keen to understand how much potential European funding we may not receive as a result of these programme issues.

Keith Brown: The youth employment initiative is one area in which there is likely to be more certainty, because there are changes there. Further, if you reduce the percentage of youth unemployment from 25-plus to 12-plus, there is less scope to take up the slack. Substantial progress has been made on that.

We could probably come back to the committee in writing with greater clarity around the likelihood of the entire entitlement not being able to be spent.

On the rest of the issue, as David Anderson has just said, we are not looking to not draw down the other funds; we are working hard to make sure that we can do that. We are not alarmed by the 40 per cent level, because that is pretty much where we expected it to be at this stage.

There are particular circumstances in relation to the YEI, and I am happy to come back to the committee with further detail on that.

Lewis Macdonald: That is helpful. Could you also get back to the committee at the end of 2017

regarding the N+3 and let us know how much, if anything, has not been drawn down?

Keith Brown: I am happy to do that.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Are you confident that you will be able to recover the outstanding amount of money for those projects that had high error rates? Our briefing paper tells us that the errors involved missing documentation and procurement processing errors. How does that happen in relation to such a huge amount of money and commitment?

Keith Brown: Part of the answer lies in there being a huge number of projects in various organisations of different sizes. The error rates that we had were pretty typical across Europe. Quite rightly, the Commission has come back to us to say that it cannot accept them. Going back to the question that Lewis Macdonald asked, I add that, despite all the actions that we are taking, one claim came in with a 20 per cent error rate, which is pretty unusual in the current round. That shows that it is still happening, although much less frequently, mainly because of the involvement of local authorities, which have the resources to do the necessary auditing and accounting and are used to doing that in relation to European funding.

The answer to your question involves the proliferation of organisations that were involved and the lack of capacity, especially in some of the smaller ones, to carry out the necessary auditing. On top of that, some of the organisations displayed a disregard for the requirements that were laid down at the start of the programme, and that is why we are seeking to recover the money.

The other part of your question was about how we go about doing that. We have talked to all the organisations that are involved and have sent invoices to them. You will be aware of the findings of the parliamentary committee that considered the issue—I think it was the Public Audit and Post-legislative Scrutiny Committee. In some cases, if the sum is below £250, it is not worth recovering the money, but we are going after sums that are larger than that.

There are some quite sensitive areas, as the committee's letter to me made clear. In cases in which a significant amount of resources is involved, we have tried to talk to the organisations and work through the issues with them. We are in the middle of that process. About a third of the money has been collected already, and we expect to collect substantially more than that.

Rachael Hamilton: Who did the programme review? You were going to implement a number of technical changes to those programmes. I am particularly interested in the change to the scope of the programme for the culture and heritage

activities in the Highlands and Islands, particularly with regard to the emphasis on SME growth. Can you talk us through that?

David Anderson: I guess that that question is coming my way.

The technical changes are about trying to address the points that Lewis Macdonald made earlier—they are about trying to get better absorption. Clearly, projects in the Highlands and Islands often face more challenging issues than those in other areas. We are working with the Commission to make changes on the basis that there is a demand for those changes. We have gathered an awareness of that demand through talking to Highlands and Islands Enterprise and others in the area. We have said that, if we could change the rules slightly, we could bring forward a stream of projects for funding.

We have also sought to increase the intervention rates so that the amount of European money that we can bring in is higher—potentially up to 70 per cent—which would mean that the amount of match funding that has to be brought in by the local authorities and partners is lower.

The review was carried out by my team. I chaired the steering group, which had representation from Highlands and Islands Enterprise, the third sector and the Scottish local authorities economic development group. The work was carried out in consultation with all the lead partners, and we issued a number of calls for evidence and information. We feel that we have got a pretty good feel for the views of those who are in receipt of structural funding. Again, that comes back to the point that Lewis Macdonald made. A number of those people are saying that match funding is harder because, often, the funds that are involved are discretionary funds and the projects that are being supported are being supported in different ways. We are therefore looking to extend a number of projects to allow them to deliver over a slightly longer timescale, which we hope will make them more deliverable.

The programmes often focus on the money, but they also have performance targets, such as targets for the number of people who are supported and the number of delivered projects. The cabinet secretary outlined some of those. We have to keep an eye on the amount of money that has been spent versus delivery against the targets.

Stuart McMillan (Greenock and Inverclyde) (SNP): I know that ESF money is extremely important; indeed, I benefited from it at university 20 years ago. Brexit was mentioned earlier. The UK is due to come out of the EU in 2019, and the funding round goes up to 2020. Will there be a

change of process for any applications between 2019 and 2020?

Keith Brown: I tried to highlight exactly that uncertainty earlier on. The current discussions on Brexit involve discussion about article 50, which I know the committee will go on to discuss, and the requirement to leave the EU in March 2019. The UK Government has given a commitment to honouring all the funding that was committed to prior to our exiting the EU, and in turn we have said that we will pass that on. However, what will happen after that? What will happen if there is a two-year transition period is unclear. What will be the status of the shared prosperity fund? We understand—although this is not absolutely confirmed—that it would be, perhaps among other things, the UK's measure by which it would provide regional aid to try to reduce inequalities across the UK, but to what extent would that fund replace what is paid just now?

If we go back in history, in the 1980s there was a massive contraction in regional aid in the UK, which centred on the midlands of England. European funding came in at that stage, and it has been an absolute lifeline, especially for places such as the Highlands and Wales. If that is going, there is a real question mark about what the commitment will be to regional aid—for want of a better term—in parts of the UK. The UK economy is one of the most unbalanced and unequal economies in the world, and it needs strong measures to counteract that.

Given that we are less than 18 months away from a potential exit from the EU, we need more clarity. As has been evidenced by questions that have already been asked, things have long lead-in times, and people need some certainty about the framework in which they will operate.

I cannot answer Stuart McMillan's question. I do not know what the arrangements will be because so much is uncertain about Brexit, any transition period and, if there is a transition period, what that will mean for things such as European funding.

Stuart McMillan: My second question is about the hubs. It could be argued that they are more necessary now because we are leaving the European Union. Was that part of the Scottish Government's thinking?

Keith Brown: It is part of the Scottish Government's thinking. I have visited Berlin, where we will shortly establish a new hub. We also have offices elsewhere in Germany—in Düsseldorf, for example. We took Scottish Chambers of Commerce with us on the visit to Germany. It is quite clear that connections that should have been made to take up opportunities for direct contact with German industry and the German economy have not been made. Scottish Chambers of

Commerce has tapped for the first time into its equivalent in Germany and into the two other massive employers organisations that operate there. That direct contact was quite clear. We met senior politicians from each of the major federal parties at the British ambassador's residence. It is quite clear that there is a real appetite in Germany to continue to do business with Scotland. We also went to Hamburg and saw the port there, which is nearly all automated. Hamburg is extremely important to the UK and Scotland because so many goods go through it.

People in Germany are concerned about tariffs, but they are much more concerned about the bureaucracy that might attach itself to the UK's relationship with Germany and the EU. It is vital to have such discussions and to raise Scotland's profile.

09:45

When I met Liam Fox—it was a while back, but I will meet him again shortly—I said that the Scottish Government is perfectly happy to work within the network of the UK's representation around the world but that, although it is a phenomenal network, my experience is increasingly that Scotland and, for that matter, Wales, Northern Ireland and northern England are not represented effectively at that level. I continue to say that, if the network represents us effectively, we are happy to work with it but, if it does not, we have to do as much as we can to emphasise the opportunities for Scotland in dealing with those countries. Indeed, we will still have to do that even if the network represents us effectively.

For that reason, you are right. London is hugely important and is a global crossroads for investment, and we now have around 750 businesses expressing an interest in our hub there, which is on Victoria Embankment. I think that it currently has 160 members. It might be worth while for the committee to look into that, and to go to it if you get the chance. When I met the Chinese ambassador at a dinner last week, he offered to bring all the big Chinese companies that operate in the UK, which are based in London and elsewhere, to the hub for events about investment in Scotland. You are right. We have to do those things to represent Scotland's interests, and that is why the First Minister committed to the expansion of the hubs in the EU.

Stuart McMillan: You mentioned the Berlin hub and the first-time connections that have been made with Scottish Chambers of Commerce. Why has that UK trade facility not done that before? Why has it sat there and done nothing?

Keith Brown: I should say that Scottish Chambers of Commerce and British Chambers of

Commerce operate a network and have connections. Because of those, the Scottish Government has given Scottish Chambers of Commerce resources to ensure that we can use the connections to the best effect for Scotland plc, if you like.

When I said that it was the first time that the connection had been made, I was talking about the particular location in Berlin. In Germany, because all companies are legally obliged to contribute to the German equivalent of the Confederation of British Industry, it is an immensely wealthy and powerful organisation. In that location, it sits with two other organisations, one of which is the equivalent of the chambers of commerce. Scottish Chambers of Commerce tells me that direct contact had not been made. It is very important that that happens. Maybe the prospect or threat of Brexit means that people are rapidly seeing what will have to be done to fill the void.

Mairi Gougeon (Angus North and Mearns) (SNP): Why did you decide on the hub model? What was the thinking behind that?

Keith Brown: The thinking was different in different places. In London, we were based in Dover house, which was shared with the UK Government. That was not the place for us to carry out the kind of activities that we want to carry out. If members get the chance to go to the hub that has been established in London—it is in a Nesta building right on Victoria Embankment—they will see the resources and facilities that we can use, such as drop-in points for people and businesses. We needed that facility.

In Berlin, it was also about the intergovernmental relationships. Düsseldorf is a key area for manufacturing, whereas Berlin is more important for tourism and intergovernmental affairs. Germany is, I think, the third-biggest investor in Scotland and, obviously, it is the most powerful economy in the EU, so it is important to us. That explains that one.

In Dublin, we are sharing with the British embassy, which seems to be working quite well, and we are happy to do that. We do not take an ideological approach—we will work in the best circumstances. If your question suggests that we have to up our presence because of the uncertainty surrounding Brexit, you are right—that is the underlying philosophy.

It might be useful for George Burgess to say more about that.

George Burgess (Scottish Government): I think the cabinet secretary has captured the point. It is about bringing together the Scottish Government and diplomatic and institutional links with business links through Scottish Development

International. With the hub in London, as well as the many businesses that are already signed up to be members, which will be able to use the facilities, the back-office space brings together the Scottish Government, Scottish Development International, VisitScotland and other such players.

On the Brussels hub, the committee will be aware that, for many years, we have had Scotland house and Scotland Europa operating in Brussels from the same building. They have worked closely together, but there is a bit of physical separation in that building, which has been a limitation. The work that is taking place will physically bring the teams together and improve the integration between those two operations in Brussels.

Looking ahead to Paris, we already have a substantial Scottish Development International team there, but there is no Scottish Government presence. We will add Scottish Government presence to the SDI team, so we will get more than we already get from SDI's work there.

Mairi Gougeon: How effective have the hubs that have already opened been so far in doing what they were established to do? Can you give an example of outcomes that have been achieved?

Keith Brown: The examples that I would give for the London hub are the companies that are already signed up. If you think of the major investment conferences that happen in London and Cannes, such as MIPIM, you will appreciate that it is much easier to go to London than it is to go to Cannes and get away with it—as some local authority leaders have found. The effectiveness is shown by the level of interest in the London hub by 700-plus companies. Some companies take up membership, which costs them money and helps us to defray the costs of establishing the hub.

I hear very positive reports about the Dublin hub. That is down to the staff who work in it and the connections that they have made. It might surprise people to learn about some of the connections that we have made with businesses and economic interests in Ireland through use of that hub.

The hubs in Paris and Berlin are not yet established, so it is more difficult to point to things having been done there. The huge potential of the Berlin hub was evident from our visit. Those are the examples that I would give of how the hubs are working.

George Burgess: I can add some specific examples from the Dublin hub. John Webster is the head of the Dublin hub and there is a small team of 2.5 staff equivalent in total. The team has worked in partnership with the Irish Government to create the Scottish-Irish business network, which

has already held a number of events in Ireland and Scotland. They have worked with the University of Strathclyde, University College Dublin and business organisations on a project in relation to collaboration between the financial sectors. There is a conference coming up in the middle of October, which Mr Mackay will be speaking at, and there are a number of foreign direct investment projects that have been chalked up as successes that are due, at least in part, to the work of the hub.

Keith Brown: That work has helped us to safeguard 295 jobs so far, 10 of which are high value added. We have seen a further five FDI projects landed, which have created 456 jobs. We can provide details of that to the committee. Those things are just in relation to the Dublin hub.

Dean Lockhart (Mid Scotland and Fife) (Con): You mentioned in your opening statement that some European funding will be available for the growth scheme. I understand that that will be in the form of equity funding. Will you explain how businesses in Scotland can apply to access that? Who will decide which businesses are eligible and will be allocated the European funding?

Keith Brown: There are two elements to the eligibility. It will be dependent on the conditions that were laid down by the EU when it made the funding available. People can get in touch with any arm of the Scottish Government, but they can also contact Scottish Enterprise or SDI and they will be directed to the right place. The fund is around £50 million—that is a part of the growth scheme but is not the whole amount. It is intended to help businesses, especially SMEs, to grow. Does that answer all the parts of your question?

Dean Lockhart: It almost does. The final part was about who will decide how to allocate the funding and the terms of the funding. I looked at the Scottish Enterprise website, and it appears that the equity fund will decide which businesses in Scotland get to access the funding and the terms of that access. Is that understanding correct?

Keith Brown: I am happy to provide the exact process. If your question arises from your own experience that there is some confusion out there, that is an issue that we will have to address. I am happy to give the committee all the information on the applicability of the fund. It is decided upon by the eligibility criteria that are laid down by the EU. You will understand that it is part of the larger growth fund. We apply our own priority to particular areas, and in particular the £50 million section of the funding that is to be applied.

I am happy to give you more detail. If you are aware that there is some confusion or lack of understanding in the SME sector out there, you

can let me know and we will do what we can to make sure that it is cleared up.

Dean Lockhart: Thank you.

Ross Greer (West Scotland) (Green): On the face of it, there seem to be perfectly compelling reasons to open new hubs all over the place—in the emerging economies, for example—but what is the formal process for assessing the impact and the success of existing hubs and the process for deciding where and whether to open new ones?

Keith Brown: I have just mentioned some of the achievements so far in the early stages of the Dublin hub. Of course, we will want to assess over time whether the hubs are making an impact. When deciding on a possible new hub, an assessment is made of the market and the geography, or how close it would be to another hub, which might serve the market equally well. All those things are taken into account.

It goes back to the questions that Stuart McMillan asked. Underlying the EU hubs and our commitment to doubling the number of SDI staff working in the EU is a recognition of the particular challenges that we face in the EU. It is about our current export performance to the rest of the EU and what we believe our potential export performance to be.

SDI is also assessing the non-EU hubs. We assess and review these things regularly and an assessment is being carried out on the wider network right now. George Burgess might want to add something to that.

George Burgess: The cabinet secretary has largely covered it. As he mentioned in his opening statement, each of the hubs that we already have is different. They target things in different ways, so comparing London and Dublin would be comparing apples and oranges. Nevertheless, the Government is trying to establish some sort of framework for evaluating the success of our hubs overall. The success that we have already seen in Dublin has given us the confidence that applying a similar model in Berlin and Paris would be sensible.

Tavish Scott (Shetland Islands) (LD): I have a couple of questions about the points that the cabinet secretary made in his opening statement on the programmes that are currently under way. First, how much money is earmarked from the remainder of the budgets available for the delivery of the commitment on superfast broadband?

Keith Brown: David Anderson will respond to that.

David Anderson: We have had applications from digital colleagues to the programme, and we have allocated £20 million. That project is about to start. That is grant funding, so of course they will

be matching that. The money has yet to go out the door, as this project is just starting. We will then continue to talk to them—

Tavish Scott: But on the 100 per cent commitment to every household and business in the country, the overall budget is way more than that of the Scottish Government, in fairness. Is only £20 million of European funding going towards that?

Keith Brown: Yes.

David Anderson: The eligibility criteria are about the far less accessible areas, so the programme is very much linked to the Highlands and Islands. It is about doing what we can within the rules that surround European funding.

Tavish Scott: I understand. Has the Government decided whether it will procure the contract on a pan-Scotland basis or based on a number of smaller areas?

Keith Brown: That comes into Fergus Ewing's area rather than my own but it is under active discussion because of the UK Government's potential deal with BT. How that is rolled out will have an impact on Scotland. The UK deal requires a rate of 10 megabits per second, whereas in Scotland, we are aiming for 30 Mbps. We are trying to reconcile our procurement programme with what will happen elsewhere, given that BT is a big partner for us.

The bottom line is that we could end up spending money abortively to achieve something that is already being achieved by the UK Government. If it is achieved, the question is whether it is achieved at the speeds that we want. It is being considered; I was involved in a discussion with Fergus Ewing about it this week. I think that he will have some clarity on it in the next few weeks.

Tavish Scott: Some of us who live in the wilds would be very grateful just to get 10 Mbps, never mind 30 Mbps.

You mentioned the developing Scotland's young workforce investment. I think that you said that the budget would be allocated to Skills Development Scotland and to the Scottish funding council. Are those the only two recipients of European funding for that particular programme?

10:00

Keith Brown: No, they are not. David Anderson might want to give some more detail.

David Anderson: The answer goes back to the way in which the programme has been designed. We have been funding those people as lead partners because they had the infrastructure to deal better with the audit and procurement

requirements. They pass the money out to far more recipients to deliver on the ground.

Keith Brown: I think that it is fair to say that, in the previous round, the auditing of that particular strand gave us the most problems because so many smaller projects were undertaken. The funding is funnelled through those organisations but many other recipients benefit from it.

Tavish Scott: Okay. Thank you.

My final question is on your remarks about the transition period. I absolutely take your point about the uncertainty, but I guess that the one thing that we do know is that the Prime Minister has said that the UK will apply for a two-year transition period from 2019 to 2021. None of us knows anything about the post-2021 scenario. Would it be fair to ask you to write to the committee at some stage to at least outline the options that we understand are available. I take your point about the funding that the UK Government might come up with, but for many of us who—as you say—have relied on this kind of funding in the Highlands and Islands over many decades, it looks like we face the proverbial cliff edge, because I do not see where that funding will come from. Is Mr Brown prepared to write to the committee to at least outline the options as to where we might be in 2021?

Keith Brown: That is a very good point. I will write to the committee in as far as I am able to, given that there are huge uncertainties. The UK's shared prosperity fund is being referred to as the means by which the UK Government will try to address inequality and it is also linking that into its industrial strategy. We have very little clarity just now but we will give what views we can about the potential options post 2020-21.

You are, of course, right to say that the UK is now talking about a two-year transition period, but that does not guarantee that the EU will agree to it. That adds uncertainty upon uncertainty.

The fundamental point is that, as I am sure Tavish Scott knows better than me, for decades, the Highlands and elsewhere have relied on European funding, which has done a huge amount of good in the Highlands and Islands, not least when they had objective 1 status and NUTS 2—nomenclature of territorial units for statistics—status. The current situation therefore presents a real threat to the Highlands and Islands. We will write back to the committee to give any views that we can on that.

Richard Lochhead (Moray) (SNP): I have two brief questions. First, when I recently visited Moray Council's income maximisation unit—where a handful of staff work to ensure that people get the benefits that they are entitled to and navigate welfare reform, which is a very important role, so I

welcome the unit—I learned that 50 per cent of its funding is from Europe. I was very interested to note that as I did not know that that was the case. To what extent is the Government capturing all those examples and anecdotes, particularly on a constituency basis, so that MSPs are aware of them? Is such an exercise under way?

Keith Brown: I am not sure that that is done on a constituency basis, but I am happy to look into it for the reasons that you suggest. Bringing a greater focus to benefits uptake is a huge area. My opening statement mentioned financial inclusion and financial capacity, if you like. I am happy to look at what you describe being done on a constituency basis, but it depends on the cost.

I presume that your point is that if we pass the information on to MSPs they might be able to increase awareness of the programmes through publicity. I know that getting the right advice about what they are entitled to can transform the lives of some individuals. I am happy to look at that and to provide such information on a constituency-by-constituency basis if we can.

Richard Lochhead: Secondly, as a Highlands and Islands MSP who represents Moray, I am—like Tavish Scott and others—well aware of the positive impact that European regional policy has had on our communities over many years. We have discussed the threat that withdrawing from the EU poses to our communities. However, does the situation not mean that there is an opportunity for Scotland to form its own regional policy? We will need a regional policy in Scotland if we want to promote economic development in the Highlands and Islands and in all corners of the country. I therefore urge the cabinet secretary to think seriously about taking such a policy forward—perhaps the work is already under way.

Keith Brown: Work is being done in a number of different areas that would contribute towards that. I could maybe wrap that into the letter that I write in response to Tavish Scott's question about the potential future options. However, I have to make the point that the measures that the UK Government chooses to take must be underpinned by resources. The fundamental question is that if the resources that the EU uses to assist Scotland—especially the more disadvantaged areas of Scotland—are not forthcoming post Brexit, it will undermine whatever strategy is put in place.

That is the bigger question and the bigger uncertainty. Maybe those resources will be available through the shared prosperity fund, and I will come back on that issue as far as I am able to, although the Scottish Government will have to know what the shape and nature of the prosperity fund is, if it is to be a replacement for those programmes, before we can properly configure

what we would do. Richard Lochhead and Tavish Scott have pointed to the need for further thinking on that, given the uncertainty, and we will come back to the committee on that.

Richard Lochhead: Thank you. I urge the cabinet secretary to define regional policies beyond funding. Our regional policy directions have largely been dictated by the EU in past decades. We need to form our own Scottish regional policy, which might include, for instance, locating all new civil service jobs in all corners of Scotland. There are other such issues that could be included in a Scottish regional policy, now that we are being forced into developing our own regional policy.

Tavish Scott: Hear, hear.

Keith Brown: Part of that will be around city deals and other initiatives, so we will be happy to do it. I am thinking who I can get to do that, but we will ensure that we get it done.

The Convener: We have already gone over time, but we have one last point of clarification from Lewis Macdonald.

Lewis Macdonald: My question follows on from the answers to Tavish Scott and Richard Lochhead. As it stands, the European Union (Withdrawal) Bill means that those decisions will go back to Westminster. Is that correct? Is that the minister's interpretation?

Keith Brown: Yes, that is the whole nature of the discussion that Mike Russell has been having on the 111 areas of competence.

Lewis Macdonald: It would be helpful to have your comments on that in your response to the committee, but what is the Scottish Government's proposal for any future UK framework for regional development funding? Will it make a proposal for simply freezing the shares as they currently exist, or for a dynamic relationship that depends on levels of development or underdevelopment? Could you give us an idea of what the Scottish Government envisages for post 2021?

Keith Brown: All the points that have been raised have been noted, so it will be quite a full letter when it comes back to the committee, but members have pointed to some important issues. A lot of that work has been done. We do not just rely on what the EU says it will fund; we have a number of other measures. I mentioned city deals, but there are a number of other initiatives by which we attach our own priorities to things. However, it will be foggy, because if there is a UK measure of shared prosperity, which seems to be the UK Government's preferred method for replacing EU funding, the Scottish Government really has to know what the shape of that is and what criteria are being applied before we can figure out our

response to it. That does not mean that we will sit back and wait to find out what those things are before we put our own views across, but we need to know so that we can fill in the gaps. Of course, the optimum position for the Scottish Government—it would be churlish of me not to say it—is to have those resources ourselves, so that we can decide the priorities within Scotland.

The Convener: Thank you, cabinet secretary. We look forward to receiving your letter.

10:08

Meeting suspended.

10:14

On resuming—

Withdrawal from the European Union (Citizens' Rights)

The Convener: Agenda item 3 is an evidence-taking session on EU citizens' rights. The panel members are all EU citizens who live and work in Scotland, and all are members of Fife Migrants Forum. In what I think is a first for the committee, this evidence session is being streamed live on Facebook, and I welcome anybody who is engaging with the committee via Facebook.

I welcome the panel of witnesses. Since we have a larger number of witnesses than usual, it might be best if the witnesses introduced themselves and told us a little bit about who they are and what they do.

Ewa Smierzynska (Fife Migrants Forum): Hello. I moved to Scotland in 2010 and my husband came here one year before me. I have two children, I work and I am a student. I live in Glenrothes.

Roxana Dumitru (Fife Migrants Forum): Hello. I am from Romania. I got married in 2013. From 2014, there was an open market for Romanians and Bulgarians to come here and get a job. Having a new family, I said, "Let's have a new start and hopefully a better one." We have our family with us—we have two daughters—and we live in Fife. We love living here and hope that we will be here for a long time.

Katarzyna Slawek (Fife Migrants Forum): Good morning. I am a case worker with Fife Migrants Forum. I came to Scotland about 12 years ago, but Glenrothes and Fife are my places—this is my home. Every day, I deal with the problems that we have after Brexit and the ways that Brexit affects us. I have a two-year-old daughter, who has a British passport. I have a mortgage. What else do you want to know?

Victor Arcas (Fife Migrants Forum): Hello. I am from Spain and I have been here for seven years. I have worked since I arrived and I am still working. I want to make sure that we can stay here for a long time.

Auxi Sousa (Fife Migrants Forum): I am also from Spain and have been here for seven years. I am married, I have two kids and my mum lives with me. I work and go to college, and I want to stay here as long as I can. I do not want to leave.

The Convener: Thank you. I am sure that you have all been watching on television the on-going negotiations between the EU and UK Government. The status of EU citizens is a priority for the EU, and it has said that it cannot move on to the next

stage of talks until there is clarity on that. However, there seems to be a difference of views between the EU and the UK about the level of reassurance that is required to make people feel that their rights are being properly protected. Are you concerned about the way that negotiations are going, or are you happy with the UK's announcements to reassure EU citizens?

Katarzyna Slawek: We still do not know anything, because it is not clear to us that we have a right to reside here permanently. We want to know that we will not lose our houses, our jobs or our human rights here. We do not want to be treated differently. We have made so many contributions to this country and we do not want to be discriminated against.

Ewa Smierzynska: That is true. We still do not know what we have to do. We need clear information on what we have to do next. What is the next step? Every time we watch the TV, we ask, "What is happening?" We still do not know. Lots of my friends—especially people who have been here less than five years—have to leave Scotland because they do not see a future; they do not know what is next. Two months from now, my eight close friends will leave Scotland because they still do not know what is happening.

I am stuck, because I do not know what I have to do next. Should I plan my future here? Should I plan my studies here? I do not know what I have to do now. It is the same for my sons, who are 11 and 15 and are thinking about their future here. They do not know what will happen next. Will they be able to stay here or not?

Katarzyna Slawek: Even applying for permanent residency cards would not save us, because those cards will no longer be valid after Brexit. That is the information on the Government website. How can we protect each other? How can we protect our families?

Lewis Macdonald: It is interesting that you say that. My understanding is that the legal right to remain permanently after five years is not contested and is not at risk. I guess that the question is whether you and other people are applying to have your status recognised. What is your experience of applying for your status to be recognised?

Katarzyna Slawek: Have you ever seen the form? It is about 80 pages. May I ask you a question, Lewis? Do you remember how long you were away last time you went on holiday, or when you went on holiday 12 years ago? Can you tell me that?

Lewis Macdonald: That is a very good question. You are putting me right on the spot.

Katarzyna Slawek: The form asks those questions. It asks how many times I have been away from my country—this country is my country; when I went; for how long I went; and when I came back. It asks about any benefits we claimed. If we claimed child tax credits, it asks how much and for how long. If someone claimed jobseekers allowance, it asks exactly the same questions: how much? For how long? Do you think that we are able to provide that information?

Lewis Macdonald: The issue, then, is having an accessible mechanism to make that application. Have you made that application, Katarzyna?

Katarzyna Slawek: I was helping people, and I have been trained by the Fife Law Centre to do the application, but I see no point in doing it if it will no longer be valid. For me and my husband—my daughter is already a British citizen—it would cost £160. It would be a waste of money. I know a lot of people who were being helped to make the application before we received the information that it would no longer be valid after Brexit.

Lewis Macdonald: Where did you get that information from?

Katarzyna Slawek: From the Government website.

Auxi Sousa: It is true that we are still able to be permanent residents here; the thing is that permanent residency cards will not be valid after Brexit. All the foreigners with those cards paid more than £160 for them. A friend paid £360 for his whole family, but he now has to pay for the new settled status. What is the point in applying for permanent residency now—or what was the point of having applied a few months ago—if it will no longer be valid and we will have to apply again for settled status?

Ross Greer: What communication have you had directly from the UK Government?

Katarzyna Slawek: We do not have any communication. We have to look in newspapers and on the Government website. That is it. We do not have any letters from the Government that say, “Your rights are safe.” Even up here, when I applied for a passport for my daughter, I had to provide all our documents from the past 11 years. It does not matter—I am still not safe up here. I have worked up here since I came here. What if something happens to me or I lose my job? What will happen?

Ross Greer: We have heard anecdotes of European citizens living here who are now struggling to get tenancies, because landlords are not convinced that they will be able to guarantee that they will stay here, and they are also struggling to get mortgages and new jobs. In your

experience and in the experience of people you know, are those anecdotes accurate?

Katarzyna Slawek: I have a few clients who have said that they are worried about getting a mortgage. I know that their applications have already been rejected by a few banks. I guess that that is because of their immigrant status.

Roxana Dumitru: Most employers will start to think twice about whether it is all right to take on someone with immigrant status as an employee or to take on someone else from outside Europe instead. It is not about whether they are British, but about employers saying, “Shall I have this one who is already here, or shall I look elsewhere?”

Victor Arcas: I believe that, at this point, if there are two candidates and one of them is from Europe and the other from outside Europe, 80 per cent of the time the employer will choose the one from outside Europe, because they are regulated and have what is needed to work here. We will have problems after Brexit because no employers will take us on. I do not believe that anything for that will be ready.

Auxi Sousa: The problem will be not just after Brexit but during the negotiations. Just now, there is nothing clear about what will happen to us and what kind of paperwork we will need in order to stay here. We do not know what status we will need or whether we will have to prove something to employers. This is not just about protecting us but about protecting employers, because it must be clear to them that they can hire someone from the EU. They need to be comfortable with hiring someone from the EU and know that they will not leave their job after a month or two so that the employer has to find someone else.

Ewa Smierzynska: That was my situation when I applied to a food company for a new job. I had been here for five years and the lady who interviewed me asked me about a permanent residence card, but I told her that I did not have one because I did not have to apply for one. She told me that she could not give me a job because she did not know how long I could stay here. She said that they would have to spend time training me and doing everything that was required for a new employee, but she could then be told that she was not allowed to employ anyone from the EU and would have to drop me. Employers are not comfortable, because they do not know what is going to happen next.

I do not have a residence card. My application form is at home. I have had to change it three times, because I have had to update it. I cannot fill out the form on my own and need help from a lawyer, because ordinary people do not understand everything in the form; we have to spend money on a lawyer in order to make the

application. However, I now hear that the permanent residence card will not be valid after Brexit.

I will stay in my job because I love it. However, I need extra work, and I cannot get another job because of the problem of employers not knowing what is going to happen next.

Ross Greer: A number of you mentioned that you have children. What effect is the uncertainty having on your children?

Auxi Sousa: The uncertainty means that we do not know what is going to happen to them, but we want certainty for them. As I said earlier, I do not mind what happens to us; if we have to leave, we have to leave. If Britain does not want us, I do not want to stay in a place that does not want me.

All I want is to protect my kids, who are aged just six and two. If you were to ask the older one where he is from, he would not be able to tell you, but if you were to ask him something about Spain, he would tell you that it is a place to go for holidays. To him, he is not from Spain; he just knows that we go there on holiday.

10:30

We do not know what will happen with them. My kids do not have British passports; they have Spanish ones. I do not know whether I can apply for British citizenship for them. I do not know what will happen with the school. I know nothing, because there is no information. There is no letter to us from the UK Government saying, "Do not worry. We will give you more information," or giving us an update. Nothing is clear at all.

Ewa Smierzynska: When we bought a new house and moved from Kirkcaldy to Glenrothes, my son had to change school. On his first day, his new friends asked him where he was from. He told them that he was from Kirkcaldy, because he does not understand that he is from Poland. He has spent seven years here. He was two years old when he came here, and he does not know a different life. We have spent holidays and Christmas in Poland, but his whole life has been here, so he feels that he is not from Poland but from Kirkcaldy.

Tavish Scott: Most of us think that the uncertain situation that the panel members are in is utterly intolerable. I will ask about the case that you have made about it. Have you pointed out your concerns to your members of Parliament, who sit in the House of Commons down in London and who can make a case directly to the UK Government ministers who are responsible for that uncertainty?

Katarzyna Slawek: Yes—we have. Fife Migrants Forum has had a few events with MPs, at

which we explained our worries. However, since then, they have not been able to give us any answers.

Tavish Scott: So nothing happens and there are no answers because there is no certainty from the UK Government. At any stage, have you been invited to talk directly to the UK Government—whether that might be to officials or civil servants or directly to ministers?

Katarzyna Slawek: A minister's secretary visited us two weeks ago and we talked directly to her.

Tavish Scott: Did you make those points directly to her?

Katarzyna Slawek: Yes.

Tavish Scott: Did you feel that you got a sympathetic hearing?

Katarzyna Slawek: That is a hard question, because it is part of my work to be here. As I told you, I do not feel like an immigrant here, because I feel that I belong to Scotland and to my small town of Glenrothes, where I have stayed for the past 12 years. I know that people would like to help us, but that is hopeless, because the main Government—

Tavish Scott: We understand the reasons. A negotiation is going on, but you just want it to be finished.

Katarzyna Slawek: Lots of people have depression. Our feeling is that we do not know what will happen. Imagine how I sleep with the feeling that I have a mortgage and a small daughter who does not know about anything from my country and who has grown up with the culture here. She does not have other friends—only those from the street and the neighbourhood. Imagine my worries at night about what will happen if I cannot work, pay my mortgage and make her a future. What will happen if she stays here and I have to go back to my country? I did not apply for Polish citizenship for her because I did not see the point, as she has a British passport. I am confused. My job involves working with people. Every day, they come in with worries about Brexit and what will happen, which does not help.

Auxi Sousa: Two weeks ago, I emailed my local MP, because I had heard about settled status. It was the first time that I had heard that the personal residence card is not going to be valid after Brexit, so I contacted him to see whether he could advise me on whether that was true, what he could do and whether I should wait. He never replied. We have tools and we use them but, if MPs do not have answers, how can they help us?

Tavish Scott: That is the problem. We are all in that position.

Richard Lochhead: I will explore where you get your information from. It strikes me that the picture is complex, and there are on-going negotiations. You said that you get some of your information from the newspapers. Could anything be put in place to give you more support—to ensure that you get constant, updated, authoritative information on what the status is and how the negotiations are progressing? My sense, from people in my constituency and from what you are saying, is that it is difficult for people to get accurate and reliable information.

Ewa Smierzynska: We need information on what we have to do—100 per cent. Every negotiation gives us nothing new—everything is stuck in one place, in my opinion. We need to know 100 per cent what we have to do—just one decision that tells us what we have to do next.

Richard Lochhead: I wonder whether there should be a national service that people can sign up to for a weekly update.

Katarzyna Slawek: People can sign up for updates on the Government website. That is what we have done.

Auxi Sousa: There is a lot of information on Facebook, Twitter and so on. I do not know this, but I want to believe that the Government knows who the migrants are and where we are coming from. If the Government has a database of that information, maybe it can send a letter to confirm any new developments if there is an agreement, if we are not going to get permanent residency or if we are going to get it but in a changed form. If I got a letter confirming that, I would not save money for permanent residency and I would wait for settled status, which is what I am doing. I left the idea of permanent residency and I am waiting.

I do not know whether the application process for settled status is open—I have to find out. I would like to get a letter or an email saying, “You are from the EU. This process is open and we are offering you this. We think that you will be able to get it. Here is the information.” If there are any other agreements with the EU, between MPs or whatever—if a decision is made and they know that they are going to open that process after Brexit—we should be told instead of having to find out through Facebook, newspapers, television or word of mouth. There are always going to be rumours.

Richard Lochhead: Exactly. The authorities should certainly pursue that.

I have a second question. We hope that you feel welcome in Scotland. As a nation, we rely on people moving to Scotland, because we need people’s contributions and skills, and many people in Scotland are upset about what is happening. Anecdotally, I have heard that EU nationals now

want to move away from Scotland and the UK. I have also heard that their friends and family who were going to come here have changed their minds and are going elsewhere. Will you elaborate on your experience, having spoken to people who have moved to Scotland?

Katarzyna Slawek: Can I respond to the previous question first? HM Revenue and Customs already has all the information about how long someone has been here and for how many years they have made a contribution to this country. That is easy to find. A person’s personal account at HMRC shows the years of contributions and the years of work. It is easy for the Government to decide which of us has a right to reside here and which has not. It also has information on how many times we have left the country and for how long.

On your second question, what you described is already happening. Eight families from Ewa Smierzynska’s classes decided not to come back to Scotland after the holidays. From my work I know about seven families who are moving to other countries because they do not feel safe here.

Roxana Dumitru: In my work, people are asking me whether they will have to depart in 2019. They are wondering what their status here will be and thinking about moving back to Romania or moving somewhere else. We all came here believing that we would have some rights. We had some rights, but we do not know what will happen after Brexit. It is like somebody getting a dog for Christmas then saying, “Sorry—I do not have enough space for you, so I have to send you away to another house.”

Auxi Sousa: At my work, a lot of EU citizens are deciding to leave because they do not know what their future here will be. A few have left and another few are saving to leave—if you are going to start a new life, you need money to do that.

I have been here for seven years. Both my kids were born here—one in London and the other in Kirkcaldy. I refuse to leave—I do not want to leave. I hear that my country is getting better and I want to believe that any family can have a good life there, but I refuse to leave. This is my home.

When we first came to the UK, we lived in London for two years, then we moved to Dunfermline. We feel welcome here. It is so different from London. We are comfortable here and I do not want to leave. This is my home—this is my place. My kids are here; their friends and school are here. There is no point in me starting a new life from zero in another country. Spain is just the country where I was born; I do not feel Spanish any more.

Lewis Macdonald: In the next few weeks, we hope to have in front of us David Davis, who is the chief negotiator for the UK Government in Brussels and is negotiating the detail of Brexit. If you were in our position, what would you say to him? What is the answer to the questions that you have asked so effectively this morning? Is it simply that the British Government should accept that European Union citizens who are here should continue to have all the rights that you currently have? Is that essentially what you want the British Government's position to be in its negotiations with Europe?

Katarzyna Slawek: Yes.

Victor Arcas: As Katarzyna Slawek said, the Government already knows which European citizens are here working, paying taxes and having a life, and which are not. We are here to make the UK better. The Government knows that.

Lewis Macdonald: The uncertainty that people feel would be removed if the UK Government said that people who are here now will continue to have the same rights as they have had until now.

Katarzyna Slawek: Yes. That would be much better for us.

10:45

Stuart McMillan: Good morning. The evidence that we have heard from the witnesses has been extremely powerful, and I thank them for that.

I will take the witnesses back to the reasons why they came to Scotland and the UK in the first place and the issue of free movement in the European Union. How beneficial has that been for you and your friends and family?

Auxi Sousa: My husband and I got married in 2010. I had just finished my college course and he had been unemployed for almost two years. We did not have any plan to come to the UK; I planned to have a job, having studied. One day, my husband and my mum sat me on the sofa and said that we had to leave because it was not fair for him to be unemployed for such a long time. Spain was having a very bad time. Although I hoped to find a job that related to what I had studied, nothing was certain.

We looked to decide which country to go to, because we could move anywhere. I already had a sister who lived in London, although we would have preferred to move to Germany or Norway. However, the language in the UK was easier, and things were easier because my sister was in the UK. We did not speak English, but we could understand some things. Things would be easier because we had studied English in every single school year. We went to my sister's, and she welcomed us to her house. My husband had been

unemployed for two years, but one of us had a job within two weeks.

After two years in London, we decided that things cost too much there, London was too big and too stressful, and travelling to work and back took a long time. We decided to look for something else that was not as stressful. There was an impact on my son's future in that city, which is so big and has so many people. My husband found a job in Dunfermline and we decided to move. That was five years ago, and we do not regret the move.

If I could go back to my country, maybe I would, but I would not be welcome there. I am getting my higher national certificate accounting qualification here. The law in Spain is different, so I would not be able to be an accountant there.

That is why I moved here. It was easier with my sister in the UK and my knowledge of English.

When we moved, most people asked us whether we went for the benefits. We did not. I do not receive any benefits. We had our son on 24 August 2011. One year after that, we heard that we could apply for working tax credit and child tax credit. I did not even know that. We did not know that we had the right to have benefits.

Victor Arcas: We have been told a thousand times that we do not need to work. We have two children and the Government pays for them. We have been told that we do not have to work, because the Government will pay for everything, but I refuse to not work. I came here to make a life for myself and my family.

Auxi Sousa: What would we do sitting at home all day? That would be too boring.

Victor Arcas: That is not for me.

Katarzyna Slawek: I came up here because I finished at university, I could not find a normal well-paid job 12 years ago in Poland, I could not afford to pay the rent for my house, and my mummy had cancer and needed support.

I came up here and I started to work; I had an interview in a hotel the day after I arrived and I got a job. I worked 80 hours a week for two years to earn money for me and to save some money to buy a house here. I sent the rest of the money to Poland to help my mummy to survive. She is fine now, but it took a long time.

I was unemployed here for just one and a half months; I have worked here for 12 years and made a contribution, including making a contribution to the community, which is amazing. As part of my job, I started a conversation cafe, which helps people to learn English and to be part of the community. Imagine the situation: a small room with more Scottish people in it than the

number of people who belong to the conversation cafe. The Scottish people come because they feel happy to talk to us and to support us about the bad feeling about Brexit. That is amazing but, on the other hand, we still do not know what will happen.

Mairi Gougeon: Thank you for coming along today and telling us about your experience. I was glad to hear that you feel supported, yet I could not help but feel angry and frustrated at your having been asked whether you came here for the benefits. That is one element of the conversation that angers me because, for one thing, our country's benefits are really not all that generous.

A lot of you have said that you want to stay here and that this is your home, but have your opinions of Scotland or the UK changed since the referendum?

Auxi Sousa: To be honest, before the Scottish referendum to leave the UK, I hoped that Scotland would not leave the UK so that it would remain in the EU. Now, I hope for another referendum to get rid of the UK and be part of the EU again.

My view of the UK has changed a lot. As I said, if I am not welcome somewhere, I will not stay. That is why I want to stay in Scotland and I do not want to go back to England. Scottish people are really friendly and they are real people—they are human. They treat us as equals, which did not happen when I lived in London. I did not know my neighbours and we could not have friends there because everyone was so busy. Here, we have Scottish friends and friends from other countries—from the EU and from outside the EU. We can make a life here, so the change in my view is that I want Scotland to leave the UK.

The Convener: Does anyone else want to come in on that question?

Richard Lochhead: I just want to say that I agree.

Ewa Smierzynska: I would like to thank Richard Lochhead for welcoming us, because I have not heard such words for a long time. When I came here, I was proud to use my language; it was not a problem for me to do that and nobody looked down on me. However, I avoid using my language now, because I feel that other people think that I do not want to be here. I do not know if I can explain that.

When people went to vote and decided to leave the European Union, they thought that on that day, every immigrant would move to a different country, and now Scottish people—or rather British people—feel frustrated because that did not happen. Those people do not feel good about us because we are still here.

Mairi Gougeon: Thank you. I can only imagine how frustrating it is to see the negotiations between the EU and the UK Government and know that you cannot have any say in them but can only wait and see what comes out of them. When you look at the different negotiating areas between the two sides, are there specific things that you want to be protected or which have not been considered? Are there some things that need to be discussed in further detail?

Victor Arcas: I just want to stay here and for things to remain the same as they are now. I do not want to pay for a visa or for my employer to have to pay for a work visa for me because they want me to stay. I want to be free to decide whether I want to stay here or to go somewhere else. I do not want that to change.

The Convener: We had a panel of lawyers before us last week who talked about that specific issue. Some of them identified specific aspects of the negotiations that could cause problems, one of which was the UK Government's suggestion that European citizens would have to show a passport to apply for settled status, although many European citizens use identity cards rather than passports. Is that a potential problem?

Victor Arcas: Probably. In Spain we use both passports and ID cards and we can travel in Europe with either of them with no problem. If I had to choose, I would choose the ID card because it is cheaper and I would not want to pay the extra money for the passport. At the moment, I have no need to use the passport because I do not have plans to go outside Europe.

Katarzyna Slawek: Could we not just have a Scottish passport? [*Laughter.*]

Richard Lochhead: Soon.

Auxi Sousa: What I want from the negotiations is for the two sides to discuss us not as numbers that have to be reduced but as people—as real human beings. I do not want them to say that there are so many million migrants and they want to reduce that by such and such a per cent. We are real people, with real lives and real problems and we do real work and have real jobs. My boss is a real boss with a real company and if he loses me, he will have to find someone else. We have to protect everyone—not just the migrants or the British people.

I really appreciate that you guys are taking time to listen to us and to hear about our problems and lives. That is something that the British Government should do. The Government should sit down with a few migrants from the EU and listen to them to understand the problems that they face and the future that they are looking for.

The Convener: The other issue that has emerged from the negotiations is that the UK Government has not given a cut-off date for settled status, although I know that the EU has been pressing the Government to name a date. Is that a concern for people in your organisation?

11:00

Katarzyna Slawek: Just think how many immigrants we have in Scotland and the whole of the UK, and then imagine what would happen if all those people applied at the same time. To be honest, I think that it will be a disaster. The same has happened with the permanent residency card—so many forms are already stacked up to check.

Ewa Smierzynska: My view is similar to Kasia Slawek's.

The Convener: Finally, another difference between the EU and the UK in the negotiations is that, if the EU gets a settlement, it wants EU citizens in this country to have their rights upheld by the European Court of Justice, whereas the UK Government wants the British courts to rule on those rights, with guidance on European law. Is it important to you that your rights are still protected by the European Court of Justice?

Katarzyna Slawek: In my country, the Strasbourg tribunal is very important, because the political situation has changed so many times and the influences on the courts are especially huge just now. If we want to fight something, the Strasbourg tribunal is the last hope for us. However, I do not meet many people in Scotland who use the Strasbourg tribunal against the courts here.

Auxi Sousa: I do not know what difference the court would make to us, because I am not planning to use it. I do not know anyone who has used it.

When the terrorist attack happened in Barcelona last month, we were just 40 minutes away, so we called the UK consulate in Barcelona, but they could not help because we are not British. I was in contact with Spanish authorities, but they could not help because I am not Spanish and I have residency in the UK. I belong to nowhere so, if I want help somewhere outside the UK, I cannot get it. I am not sure whether that is to do with Brexit, but it really needs to be checked. I do not have a permanent residency card, because I know that it will not be valid after Brexit, and I am waiting for settled status, so I have nothing to prove that I live here. That needs to be checked. We need to be protected when we are outside the UK.

Lewis Macdonald: That sounds like an issue with the present position. I am curious about what

you were trying to get from the Spanish Government as an EU citizen in Spain that it could not give you.

Auxi Sousa: Basically, we wanted to know if we were protected and where we could and could not travel. We were on holiday, so all the information that we had came through the news and the media, and nothing was clear.

Lewis Macdonald: Who did you ask for advice? Was it the police?

Auxi Sousa: In Spain, it was the police—the Mossos—and the only thing that they could say was that, if we were going to Barcelona, we should not go there by car. We had to take the plane two days later, so we wanted to know if we would need more time because of more checks or whatever. We wanted information, but there was no place to get it because we are from nowhere.

Lewis Macdonald: I ask because I asked earlier whether you want to retain the rights you currently have. However, if your current status creates a difficulty in the way that you describe, that clearly raises other questions about the relationship.

Auxi Sousa: It was a difficult moment. It is a very difficult question, but I do not belong to anywhere when I am out of the UK, because I cannot prove that I live in the UK. I just have a Spanish passport, but I do not live in Spain.

The Convener: Rachael Hamilton has a final question.

Rachael Hamilton: I will change the subject slightly. Thank you for coming along today. We know that the hospitality and agriculture sectors are reliant on migrant labour. Do your friends or family work in seasonal labour? You will pretty much have settled status, as you have all lived here for quite a long time—possibly over five years; I made some notes at the start of the session. How is seasonal migrant labour going to work in the future in the agriculture and hospitality sectors, particularly in Fife?

Katarzyna Slawek: We are in contact with a few farms and hotels in Fife that need people to work for them. They do not have anybody, as people have decided to move or to work in a different area that will better safeguard their status. My work colleague Colm was in hospital in Fife and the people who took care of him were immigrants. I cannot imagine a situation—I hope that it will never happen—in which immigrants do not take those jobs. What would happen to this country? What would happen to Great Britain? We are everywhere: we work in hospitals, on farms, in hotels and in shops. The nurses, the cleaners, the people who produce your food and the people who deliver it—most of those people are migrants. I

cannot imagine, one day, those people giving up and going on strike. This country would stop.

Ewa Smierzynska: I remember someone posting on Facebook—maybe it was last year—the idea that, for one day, immigrants should not go to work. How many immigrants did not go to work? Everybody went to work, because we care about our jobs and respect you because you welcome us and give us possibilities. So, no immigrants stopped going to work on that day—everybody went to work.

The Convener: We are slightly over time, so I will draw the evidence session to a close. I thank you all very much for taking the time to come here. As we have heard, you are all hard-working people and you have had to take time off work to attend the meeting. We very much appreciate that. As committee members have said, you are very welcome in Scotland, and the committee will work hard to get answers to some of the questions that you have raised today.

Katarzyna Slawek: Thank you very much, convener. If you would like to come and see how we work and the problems that people face in their everyday lives, you are welcome to visit the Fife Migrants Forum office.

The Convener: Thank you very much for that invitation.

11:08

Meeting continued in private until 11:27.

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