ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	14th December 2016
LEAD OFFICER	Chief Executive
TITLE OF REPORT	Leaving the European Union
REPORT NUMBER	OCE16/044
CHECKLIST COMPLETED	YES

1. PURPOSE OF REPORT

The report provides the Council with an early assessment of possible local implications of the vote to leave the European Union.

2. RECOMMENDATION

That the Council:-

i. note the detail of the report;

ii. instruct officers to review the Regional Economic Strategy and consider what adjustment, if any, is required to the Strategy in the light of the emerging economic implications highlighted in this report. Any adjustments to focus on mitigation of potential harm and exploitation of potential opportunities;

iii. to note that officers are reviewing the Council's approach:-

- to overseas trade development in the light of the potential change to our trade relations; and
- to external funding in light of changes to EU funding.

iv. note the Scottish Government's projection that the decision to leave the UK could reduce Scottish tax revenues by between £1.7bn and £3.7bn by 2030, resulting in a budget reduction to the Scottish Government of between 6% and 13% and to instruct the Head of Finance to keep Council briefed as the financial picture becomes clearer.

3. FINANCIAL IMPLICATIONS

This report does not make recommendations with financial implications. Possible financial implications of the vote to leave the EU are given consideration.

4. OTHER IMPLICATIONS

Implications are described throughout the report.

5. BACKGROUND/MAIN ISSUES

5.1 At their meeting on 17th August, 2016, the Council considered a detailed report on the short, medium and long term implications for Aberdeen City Council, its ALEOs and partner organisations of the vote to leave the European Union. The report was presented only a short period after the referendum vote and the Council agreed that further reports would be submitted on a regular basis as required.

5.2 The ongoing level of uncertainty around likely outcomes of negotiations to leave the EU make assessing implications difficult. It seems likely that the UK will be obliged to comply with many EU directives in order to gain access to European markets. It is unclear which areas will see policy continuities and which areas will be significantly changed.

5.4 In the light of this uncertainty, local government, including Aberdeen City Council, must closely monitor the situation and make preparations to, both, respond to developments and feed into new policy and negotiations.

Potential Impacts on the City of Aberdeen

A. National and Regional Impact: Aberdeen City & Shire and Scotland

Whilst there is a relatively broad consensus that there will be a negative economic impact on both the Scottish and the North East of Scotland economies, the impact of Brexit on the Scottish economy will, in part, depend on type of alternative trade agreement negotiated. This is expanded upon below.

"Soft Brexit"

This note describes a ""Soft Brexit"" scenario where the UK leaves the EU, retaining access to the single market and remaining within the European Economic Area. Under this "Soft Brexit" scenario, Scottish GDP is projected to be 2%-3% less and the equivalent of £3bn-£5bn less in 2016 terms over the next ten years (Fraser of Allander Institute).[1] Real wages are projected to fall between 3%-4% with average full-time earnings reduced by £800-£1,200 per annum. A 1%-2% reduction in total employment is projected over a ten year period, representing 30,000 jobs. Scottish exports are expected to reduce by 12% in Goods and 8% in Services within the next ten years.

"Hard Brexit"

Two other harder Brexit scenarios are described in this note. Where the UK negotiates bilateral agreements from within the single market like Switzerland, or the UK World Trade Organisation rules, projections are for further lost productivity, wages and employment over a ten year period. Forecasts expect that, depending on the terms of new trade arrangements, Scottish GDP could decline by up to £11.2 billion per year by 2030.[2] In these harder Brexit scenarios, there may be as many as 80,000 fewer jobs in Scotland as a result of leaving the EU. Scottish exports of goods could reduce by between 12% and 25% and the exports of services by between 18% and 25% over a ten year period.

Table 1 - Estimated Long Term Impact of a European Economic Agreement on GDP

Organisation	Estimated Impact on UK GDP (%)	Implied Impact on Scottish GDP	Implied Impact on Scottish GDP Per Person
Centre for Economic Performance (dynamic analysis) – midpoint of estimates	-7.9%	-£11.2 billion	£2,100
HM Treasury	-3.8%	-£5.4 billion	£1,000
National Institute of Economic and Social Research (static analysis)	-1.8%	-£2.6 billion	£500
Centre for Economic Performance (static analysis)	-1.3%	-£1.8 billion	£300

Note: Estimates are relative to a counterfactual where Scotland/UK remains a member of the EU. CEP analysis reports impact on GDP per capita rather than total GDP. Scottish figures are expressed in terms of 2015 GDP and using 2015 population estimates for Scotland. Implied GDP impact on Scotland is assumed to be proportionate to the corresponding estimated impact on the UK.

Source: The Scottish Government: Potential Implications of the UK Leaving the EU on Scotland's Long Run Economic Performance. August 2016.

---

[1] Fraser of Allander Institute: Long-term Economic Implications of Brexit. October 2016.

[2] The Scottish Government: Potential Implications of the UK Leaving the EU on Scotland's Long Run Economic Performance. August 2016.

Foreign Direct Investment

The UK is by far the largest benefactor of (Foreign Direct Investment) FDI within the European Union (47%) and the impact on the decision to leave the EU on this is unknown. Scotland is the region with the highest proportion of FDI in the UK after London and the ramifications of leaving the EU on foreign investment in Scotland could be substantial. Early indications on this have been mixed, with the UK government mitigating deals with car manufacturers to maintain investment confidence.

Import Price Pressures

There has been pressure on costs in supply chains in the aftermath of the UK vote to leave the EU, with this initially showing in the price of manufacturing goods and sale of food and drink.[3] This has been attributed to the fall in the value of Sterling and the resultant increased cost of imports. Goods bought in euros or dollars have become more expensive for many manufacturers, as a result of the fall of sterling against these currencies by almost 15%. This has also been experienced by clothing manufacturers and, although many have seen export sales rise, the result could be higher prices for UK consumers domestically.[4]

Table 1: Impact of various post-Brexit scenarios on Scotland's exports

	Estimated reduction in total exports	
	Goods	Services
Norway scenario		
Optimistic	-12%	-8%
Pessimistic	-18%	-11%
Switzerland scenario		
Optimistic	-12%	-18%
Pessimistic	-18%	-22%
WTO scenario	-26%	-25%

Source: Fraser of Allander (2016a)

The contribution of EU workers to the Scottish economy is estimated at approximately £7.3 billion.[5] EU workers represent 4.8% of the Scottish financial workforce and 8.7% of the hospitality workforce, amounting to 42,000 EU workers employed in the Scottish hospitality sector.[6] EU workers in the Scottish economy contribute more in terms of value-added activity than anywhere else in the UK except London.[7]

The Scottish Government has projected that by 2030, leaving the EU could cost the Scottish economy £11.2 billion per year, as much as £2,100 per person every year. The result could be a reduction of Scottish tax revenues by between £1.7bn and £3.7bn per year by 2030, equivalent to a budgetary reduction of between 6% and 13% (Scottish Government)[8].

The Fraser of Allander Institute substantially downgraded Scottish GDP growth forecasts for 2017 and 2018 as a result of the decision to leave the EU. Scottish GDP growth forecasts for 2016 were 1.6%, 1.8% in 2017 and 2.0% in 2018.[9] According to Mackay Consultants, GDP Growth projections

[3] The Guardian. Cost of British grocery brands to rise due to fall in value of sterling. November 2016.
[4] The Guardian. November 2016.
[5] The Independent. Brexit: EU workers 'adding £7.3bn to Scottish economy'. November 2016.
[6] The Independent. 2016.
[7] The Independent. 2016.
[8] The Scottish Government. 2016.
[9] Fraser of Allander Institute. 2016

for the North East economy sit below these estimates, at 1.4% in 2016, 1.3% in 2017 and 1.6% in 2018.[10] Over the next three years, Aberdeen City and Aberdeenshire has been projected to have the lowest level of economic growth in all of Scotland.

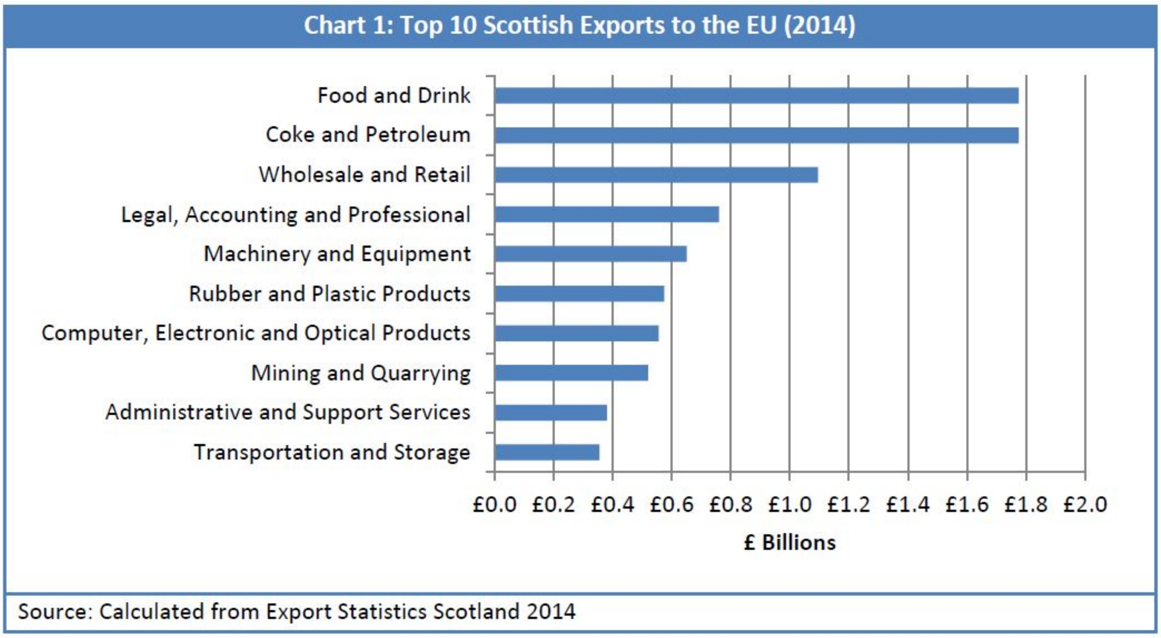
Aberdeen City's regional economy is one of the most productive regions in the UK, with the highest GVA per capita output in Scotland in 2014. The result of Brexit in the short to medium-term in Scotland is estimated to be a substantial downward revision of gross value added across all economic sectors, with the forecast that lost GVA growth resulting from Brexit could be as high as -1.3 percentage points by 2018 from the whole economy. It has also been projected that this represents a permanent growth loss as a result of leaving the EU.

More recently, the UK government's Autumn Statement has signalled that government bowering would increase and growth forecasts have been downgraded as a result of leaving the EU. The government forecasts for growth within the life of the current parliament have been downgraded by 2.4% as a result of leaving the EU.

The Office for Budgetary Responsibility (OBR) has forecast that Brexit will result in a decade-long slowdown in trade growth and immigration. The OBR's revised economic growth projections as a result of the decision to leave the EU are 1.4% in 2017, recovering to 2.1% in 2021. There is an estimate £59 billion negative impact on the government's budget as a result of Brexit, with this having an impact on Scotland's budget.

Industry Sector impact
The Fraser of Allander Institute, based at the University of Strathclyde, was recently commissioned by the Scottish Parliament's European and External Relations Committee to conduct long-term economic modelling based on the decision of the UK to leave the EU. The following sector based projections are the first to be based on the Scottish economy. The analysis considers three scenarios which encompass three scenarios for future trading relationships with the EU. The economic forecasts extend to the ten year period following the UK's exit from the EU. The conclusion of the analysis is that although proportionally Scotland is less affected by the UK's departure from the EU than the UK as a whole, the effects on the Scottish economy are substantially negative in terms of GDP, employment and incomes. The Fraser of Allander Institute concluded that based on modelling assumptions, Scottish GDP would be between 2% and 5% lower than would have been the case tens after leaving the EU.

[10] Mackay Consultants. North East Scotland: Monthly Economic Report. September 2016.



'Soft-Brexit' Scenario:

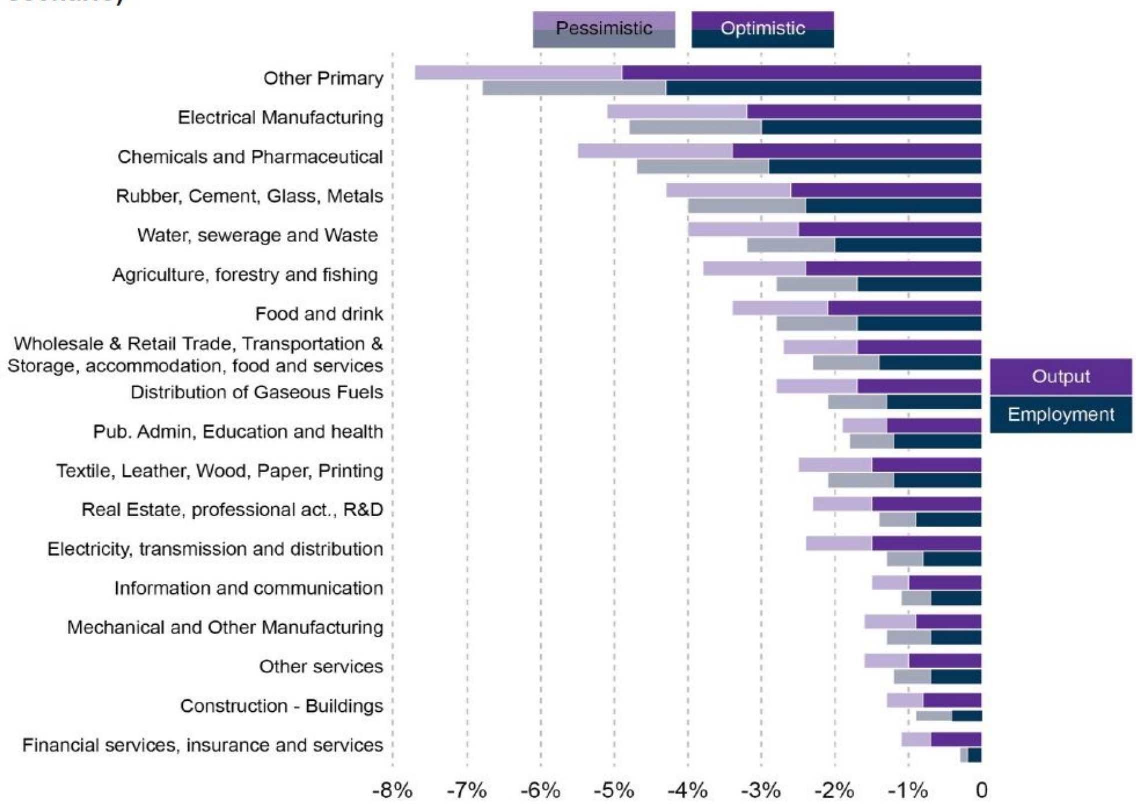
Figure 1 (below) presents projections of output and employment under a ""Soft Brexit"". 'Other Primary' sectors have been estimated to experience the largest percentage contraction, with 3%-8% less employment and 4%-5% less output after around ten years than would have otherwise have been the case.

Under a ""Soft Brexit"" scenario, 'Whole Retail Trade; Transportation and Storage etc.' GVA in Scotland is expected to be almost £300 million less than would have otherwise been the case in a ten year period after leaving the EU. GVA from 'Professional Activities & R&D' is expected to decline by £275 million and 'Other Primary' industries (Mining, Refined Petroleum, Onshore Oil & Gas activities) GVA is expected to decline by £200 million over the next ten years as a result of leaving the EU.[11]

Under the "Soft Brexit" scenario, within the Chemicals and Pharmaceuticals industry, both employment and output are projected to be between 3%-5% lower ten years after leaving the EU. Employment within the Electrical manufacturing sector is also projected to be between 3%-5% lower than would have been and the rubber, cement, glass and metals manufacturing sector is projected to have 2%-4% lower employment and 3%-5% lower output.[12]

[11] Fraser of Allander Institute. 2016.
[12] Fraser of Allander Institute. 2016.

Figure 1: long-term % changes in output and employment relative to baseline (Norway scenario)

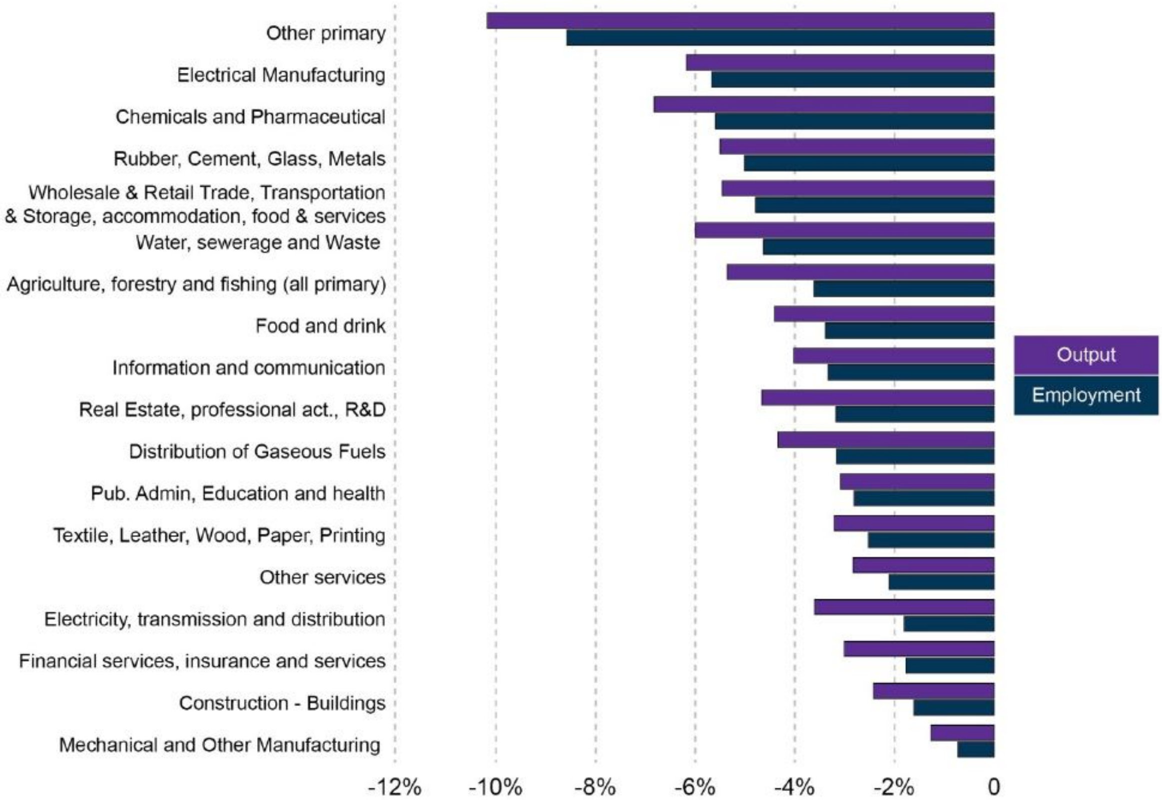


Source: The Scottish Parliament Information Centre: The Economic Implications of Brexit. October 2016.

Hard-Brexit Scenario:

Figure 3 (below) presents projections of output and employment under a ""Hard Brexit"" scenario. 'Other Primary' employment is projected to be 8.6% lower than would have been the case after Brexit, with output 10.2% lower.

Figure 3: long-term % changes in output and employment relative to baseline (WTO scenario)



Source: The Scottish Parliament Information Centre: The Economic Implications of Brexit. October 2016.

In a "Hard Brexit" scenario, after a ten year period, Scottish exports of Goods are projected to contract by 26% and Services are expected to contract by 25%.

The Wholesale and Retail, Transportation and Storage etc. sector is projected to have the largest contraction in value added, losing more than £900mn ten years after leaving the EU. Professional Services, R&D etc. in Scotland is also projected to loose almost £900mn value added in the same period. In terms of employment, Other Primary sectors employment is projected to be 9% less in ten years after leaving the EU, with output 10% lower.

Under the WTO model, even with fiscal policy compensation (EU rebate/Scottish budget increase), the effect of tariffs and the loss of access to the single market would be negative on the Scottish economy. Scottish GDP would be approximately 5% lower ten years after leaving the EU than would otherwise have been the case.[13]

Labour productivity is also projected to contract as a result of leaving the EU. In the ten years after the UK leaving the EU, the Scottish employment rate will be 0.6% less and real wages will be 2.3% less than otherwise.[14]

<u>Under a "Hard Brexit" scenario</u>, Scottish 'Other Primary' industry sectors are expected to

[13] Fraser of Allander Institute. 2016.

[14] Fraser of Allander Institute. 2016.

experience the largest negative impact, with output forecast to be 10% less and employment 8.5% less in the ten year period after leaving the EU.

Scottish Industry Sectors: Economic Projections

Wholesale, Retail & Trade:

In 2015, Wholesale, Retail and Repairs & Transportation and Storage (G & H) industries in Aberdeen City and Aberdeenshire had an annual turnover of £11,715 million, representing 14.8% of total sector turnover in Scotland in 2015. Aberdeen City and Aberdeenshire had 3,230 enterprises and 10.8% of Scotland's enterprises in this sector and 47,500 employees and 10.4% of Scotland's total within this sector (Businesses in Scotland, 2015).

Wholesale & Retail Trade; Transportation and Storage Industries are projected to lose £275 million in exports and between £300 million and £450 million in gross value added to the economy. In 2015 terms. This would represent a 4.5% contraction within total gross value added in the sector and in 2014 terms, a 15.4% contraction in the total value of international exports. This may have disproportional effects on the Aberdeen regional economy. Given that 19.6% of all Scottish Wholesale, Retail & Trade international exports are attributed to Aberdeen City and Aberdeenshire, it is likely that this sector contraction would have a higher proportional effect in the North East regional economy.

Professional, Scientific and Technical Activities:

In 2015, Aberdeen City and Aberdeenshire had 7,825 Professional, Scientific and Technical (M) enterprises, with 34,140 employees and turnover of £8,252. Aberdeen City and Aberdeenshire had 24.0% of enterprises, 22.9 of employment and 42.9% of total turnover of Professional, Scientific and Technical (M) enterprises in Scotland in 2015.

In a scenario in which the UK retains access to the single market (Norway model), gross value added from Professional Activities & R&D industries has been projected to be £275-£425 million less in ten years following the decision to leave the EU. In 2014, the total international export value of Scientific Research and Development and Other Professional, Scientific and Technical activities from Scotland was £785 million. In 2014, 8.8% of Scientific Research and Development international exports were attributed to Aberdeen City & Aberdeenshire. This is another sector where the Aberdeen regional economy has a high degree of specialism and may be disproportionately impacted by the decision to leave the EU. Al scenarios for new trade relationships with the EU have identified that Professional Activities & R&D will be one the most impacted sectors, which may have a larger negative impact in Aberdeen City than the rest of Scotland.

Construction:

In 2015, there were 2,090 Construction (F) enterprises in Aberdeen City and Aberdeenshire, with approximately 14,940 employees and an annual turnover over £1,945 million. Aberdeen City and Aberdeenshire had 10.9% of Construction enterprise, 11.8% of Construction employment and 11.4% of Construction turnover in Scotland in 2015.

Many building materials used in the Construction industry are imported from Europe (bricks; timber). The disruption of these as a result of the renegotiation of trade arrangements has been identified by the sector as threat. The fall in value of Sterling has impacted the Construction industry by increasing the cost of building materials.

Manufacturing:

In 2015, there were 1,225 Manufacturing (C) enterprises in Aberdeen City and Aberdeenshire, with a workforce of approximately 26,290 people and an annual turnover of approximately £5,767 million. In total, 13.6% of enterprises, 14.4% of employment and 15.4% of turnover from Scottish Manufacturing was attributed to Aberdeen City & Aberdeenshire.

Manufacturing accounted for 190,000 employees in Scotland and for 52% of all Scottish international exports. The sector will be highly affected by the new trade deal negotiated with the EU.

In 2014, the total value of international export manufacturing for Scotland was £14,270 million, with £3,105 million attributed to Aberdeen City and Aberdeenshire. 21.8% of Scotland's international manufacturing exports were attributed to Aberdeen City and Aberdeenshire in 2014 and this proportionally large share makes international manufacturing in the North East more vulnerable than the rest of Scotland as a result of leaving the EU.

The input costs of raw materials for manufacturing may increase as a result of leaving the single market and has been evidenced early for some sectors. In a "Soft Brexit" scenario, enterprise will be outside the EU customs union, subject to 'rules of origin' that require exporters to obtain certificates to prove the domestic content of their exports. The cost of these can be significant, particularly for smaller firms and businesses that rely on complex cross-border supply chains.

Aviation:

Uncertainties regarding post-Brexit trade deal negotiations are already affecting companies within the industry. The air transport industry will be affected by access to a fully deregulation aviation market, with the sector requiring this to continue operating as they currently do. It has been estimated by the International Air Transport Association that British air-passenger numbers could fall by 3-5% over the next four years as a result of leaving the EU.[15]

Against this uncertainty, Easyjet have taken the decision to set up a separate airline based on the European mainland to ensure operations.[16] The organisation cited regulatory uncertainties and complications as a key reason for establishing an EU mainland base of operations.

Public Sector: Public Administration & Defence

The Scottish Government has projected that the decision of the UK to leave the EU could reduce Scottish tax revenues by between £1.7 billion and £3.7 billion by 2030. This would be the equivalent in a reduction of the Scottish Government's budget by between 6% and 13%. The impact of this on local authorities is thought to be substantial, with a large reduction in block funding projected in this scenario.

Oil & Gas Sector:

[15] International Business Times. UK aviation industry faces post-Brexit challenges despite likely increase of tourists. July 2016.
[16] BBC News. Easyjet profits tumble after year of 'challenges'. November 2016.

In 2014, there were 72,000 people directly employed within Energy (including Renewable) industries in Scotland. In Aberdeen City and Aberdeenshire, there were 41,900 people directly employed within Energy (including Renewable) industries, representing 58.2% of all employees within the sectors in Scotland in 2014.[17]

The uncertainty of the full impact of Brexit may further discourage future investment in the UK Continental Shelf. Although a global industry, the rate of North Sea oil-field shutdowns has and may continue to increase as a result of this uncertain environment. Although production in the UKCS increased 10% in 2015, declining project investment is expected to result in a 24% decrease in revenue in 2016. The decision to leave the EU is projected to have a negative effect on investor confidence which amplifies the current pressure on the industry downturn.[18] Loss of access to EU labour markets is considered to have a negative impact on Oil & Gas companies.[19]

The weakening value of Sterling may have some positive benefits in terms of exports for Oil & Gas companies, but it may also boost cost reduction efforts for UK projects. Companies may consider pausing prospective investments whilst assessing uncertainties around commodity prices, foreign exchange and potential tariffs.[20]

The political fallout and high uncertainty affects the North Sea oil & Gas industry in terms of potential investment, compounded by an environment of long-term lower oil prices. The constitutional crisis which may unfold, with the prospect of another Scottish independence referendum, will factor into this investment uncertainty. The original question of the division of resources for an independent Scotland, may concern Oil & Gas companies. This constitutional uncertainty, a secondary result of Brexit, may have an impact on the industry and investment If only in terms of further increasing uncertainty.

Renewable Energy:

In 2013, there were an estimated 21,000 employees within Renewable energy in Scotland.[21]

As a result of the decision to leave the EU, the UK may have disassociated itself from the EU Renewable Energy Directive. The UK will no longer be obliged to meet the EU climate and clean energy targets and the absence of this is a threat to the renewables sector. The current government had introduced energy policies which have countered renewable energy incentivisation, which may predict their future policy preferences, with negative impacts for the sector in the future (Solar Feed in Tariffs/Fracking/Cuts to Subsidy)[22]. Renewable energy industries may also be vulnerable from investment uncertainty from foreign companies.[23]

The UK has been a large benefactor of EU renewable energy funds, having received 24% of all funding from the European Investment Bank, totalling 7.2 billion Euros since 2007. When the UK is outside of the EU, it could potentially loose of billions of pounds of renewable energy projects.[24]

[17] The Scottish Government. Growth Sector Statistics. 2015
[18] Bloomberg. North Sea Oil Faces Worsening Investment Drought after Brexit. June 2016.
[19] Offshore Energy Today. Effects of Brexit on Oil & Gas Industry in UK. June 2016.
[20] Energy Voice. Brexit: Dark Days for the UK Energy Industry? July 2016.
[21] Scottish Renewables. Renewables in Numbers. 2013. (
[22] The Guardian. UK cuts to renewable energy make mockery of its Pledge at Paris climate talks. December 2015.
[23] Renewable Energy World. Brexit: A Hard or Soft Landing for Renewables? August 2016.
[24] Mongoose Energy. What Would Brexit Mean for UK Renewables? 2016.

Fishing:

The Scottish Fishing Industry holds a very positive view of leaving the EU. The current framework for fisheries management is complex and defined by the Common Fisheries Policy and disentanglement from it will require lengthy negotiations with the final outcome unknown.

Between 2000 and 2010 the industry, following intensive and sometimes excessive fishing efforts, endured high levels of regulation in an effort to secure stock recovery. The Scottish fleet in particular saw many fishing boats decommissioned in an effort to reduce fishing capacity.

Effective fisheries management has at last seen substantial improvement in stock recovery especially within our 200-mile Exclusive Economic Zone, one of the richest marine environments in the world. Leaving the EU should allow the UK to regain control of this zone and thereby control, which nations can fish within it. This provides an opportunity for the Scottish fleet to have a right to harvest much greater quotas bringing prosperity to both fish sectors and the wider supply chain.

Bertie Armstrong, CEO, the Scottish Fishermen's Federation has stated:
"There will, of course, be challenges but we believe the balance is unmistakably on the side of opportunity," he said. "If the right deal is reached on Brexit, it will turn us into a world-class seafood harvesting and exporting country.

Negotiations are at an early stage with both governments being fully aware of this opportunity and it potential economic impact, particularly in the North East of Scotland.
If this opportunity is to be realised it will require substantial onshore investment and the training of employees to ensure there is a competitive environment for the purchase of fish landings

Growth Sectors: Food & Drink:

Excluding agriculture and fisheries, there were 16,600 workers directly employed within Food and drinks industries in Aberdeen City & Shire in 2014, representing 13.9% of the total Scottish workforce within these sectors.[25]

The Scottish Food & Drink sector is worth £14.4bn a year, is Scotland's largest manufacturing industry and directly employs around 34,000 people. Scottish Food & Drink exports to the EU in 2014 were valued at approximately £1,775 million, representing approximately 15.4% of all Scottish exports to the EU. Under a "Soft Brexit" scenario, the Scottish Food & Drink sector is projected to be would be £270 million worse off after ten years.[26]

The import cost of ingredients ae also projected to rise and remain high in the period of leaving the EU. Food manufacturing may face increased production costs because of this and it is not clear that this will be offset by increased output and new international trade arrangements. Key raw materials for this industry are likely to cost manufacturers more, although a weakened sterling may offset this as products become more competitive. International trade will be more competitive but it is not clear if this will offset the import pressure caused by a weakening of sterling.

The Scottish Food & Drink sector is the joint largest Scottish export sector to the EU, with a high

[25]The Scottish Government. Growth Sector Statistics. 2015
[26] Fraser of Allander Institute. 2016.

level of integration within the single market.[27] It has been forecast that here will be almost 1,000 less people employed within the Scottish Food & Drinks industry in the ten year period following leaving the EU and in the event of a ““Hard Brexit””, as many as 1,500 jobs could be at risk.[28]

However, a survey of Scottish food manufacturers conducted by the Bank of Scotland from September 2016 found that the sector is looking to increase total employment by 14,000 in the next five years. The survey also found that the sector believed that on average the turnover of the sector would increase by 24% within the next five years.

Despite negative projections, there exists a feeling confidence within some in the Food & Drink sector that Brexit will not have an adverse impact, with a feeling of opportunity for potential new markets. A recent survey of the sector found that 50% of food and drink businesses raised growth estimates as a result of the referendum.[29]. Given the international appeal of many of the products of the industry, there is optimism amongst some in the sector that new markets can be unlocked as a result of leaving the EU.

Life Sciences:

In 2014, there were approximately 16,900 people directly employed within the Life Sciences sector in Scotland, with approximately 1,000 people employed within the sector in Aberdeen City & Shire, representing 5.9% of total Scottish employment within the sector.[30]

The loss of EU research funding provides a large threat to Scotland’s life sciences sector.

EU nationals comprise 17% of researchers and academics in higher education in the UK, compounded with the future guarantee of EU research funding, pose a direct risk to the sector.

Financial & Business Services:

In 2014, there were 226,700 people in employment within Financial & Business Services in Scotland. In Aberdeen City and Aberdeenshire in 2014, there were 27,300 people employed within the Financial and Business Services sector, representing 12.0% of total Scottish employment within these sectors in 2014. In 2015, 7.8% of Aberdeen City employment was within these sectors.[31]

This sector has a high level of integration within the EU. Loss of access to the EU single market will have a large negative impact to these services industries. The Financial sector also employs large numbers of skilled foreign staff and the question of access to this potential labour force is negatively impacted by leaving the EU.

Creative Industries:

In 2014, there were approximately 71,800 people in Scotland directly employed within Creative Industries. In Aberdeen City, direct employment within the Creative Industries sector in 2014 was approximately 4,600, with employment in Aberdeen City and Aberdeenshire within this sector at approximately 6,300, representing 8.8% of the total Scottish workforce within these industries.[32] In 2014, GVA from Arts, Entertainment and Recreation industries in Aberdeen City and Aberdeenshire

[27] Fraser of Allander Institute. 2016.
[28] Fraser of Allander Institute. 2016.
[29] The Scotsman. Scots Food and Drinks Sector Unshaken by Brexit. September 2016.
[30] The Scottish Government. 2015
[31] The Scottish Government. 2015
[32] The Scottish Government. 2015

was worth £250.5 million.[33] Restrictions in the freedom of movement have been identified by the sectors has having a potentially large impact. Long-standing skill shortages already exist within the sector, with the loss of EU labour, particularly EU students, being identified by sector officials as a major challenge.[34] A skills-gap has been projected to impact the sector in the future as a result of leaving the EU. Losing access to EU funding has also been projected to be a significant challenge for the sector moving forward.[35]
<u>Sustainable Tourism:</u> In 2014, there were 196,000 employed within Sustainable Tourism industries in Scotland. In Aberdeen City and Aberdeenshire, there were 18,000 people directly employed within the Sustainable Tourism industries, representing 9.2% of the total Scottish workforce within these sectors.[36] In 2015, there were approximately 246,535 people employed within Sustainable Tourism industries. Employment within Sustainable Tourism in Aberdeen City in 2015 was approximately 13,650.[37] In the short-term, the devaluation of the pound benefits the tourism industry, which actually saw a spike in visitor numbers in Scotland following the EU referendum, due in part to advantageous exchange rates and 'staycations'. The ability to attract and retain overseas staff has been identified as a large threat to the sector. There is also a fear that the UK may have suffered a decline in its attractiveness as a destination as a result of leaving the EU. It is feared that economic decline and barriers may deter tourism from Europe.[38]

[33] The Socottish Government. Scottish Annual Business Statistics. 2014..
[34] Goldfinch Entertainment. How Will Brexit Affect out UK Creative Industries? June 2016.
[35] Goldfinch Entertainment. How Will Brexit Affect out UK Creative Industries? June 2016.
[36] The Scottish Government. 2015
[37] The Scottish Government: Businesses in Scotland, 2015.
[38] The Guardian. Brexit and Tourism: We Have Devalued the Union Jack as a Tourism Brand. August 2016.

Potential Impacts on Aberdeen City Council

B. Workforce Impact

The government has confirmed that the proposed Great Repeal Bill will 'convert existing EU law into domestic law, wherever practical'[39]. If this is the case then it is increasingly likely that employment laws will remain largely untouched in the short to medium term as per the previous guidance.

With approximately 3.5% of the current Council workforce from the EU, and with the government stating that there are no plans to repatriate current employees, the short term effect on the workforce is still predicted to be minimal. In the medium to long term EU nationals may choose to return to their countries of origin. As such, consideration should be given to workforce planning in service areas with high ratios of EU nationals.

The government has announced that there will be a pan UK approach to immigration[40] with speculation that this will take the form of a work permit scheme.[41] The impact of this in terms of workforce planning for the Council may be a reduced labour pool to recruit from. This would be due to the inability for those from out with the UK to move to the area and apply for posts, instead being required to apply from abroad and awaiting the offer of an actual job. Given the limited number of Council posts likely to be granted a work permit this route is unlikely to address recruitment concerns.

C. Legal implications

The EU referendum result has no immediate impact on UK or Scottish legislation: the law remains as it was on 23 June 2016. On withdrawal from the EU, under Article 50 the UK would no longer be formally required to comply with EU law and could repeal or amend domestic laws that give effect to EU law. Any new deal with the EU might involve agreeing to continue to respect EU laws.

There has been debate about whether, as a matter of UK constitutional law, the UK Government is able to issue a declaration under Article 50 – triggering withdrawal from the European Union without reference to Parliament. It was held in the recent High Court case of R(Miller) v Secretary of State for Existing in the European Union 2016 EWHC 2768 (Admin) that the UK Government does not have the legal authority to trigger Article 50 by exercise of the Crown's prerogative powers without first getting the approval of Parliament. The UK Government argued that the power to make and break treaties, including the treaties that made the UK a member of the EU, is part of the royal prerogative. The UK Government argued that Parliament must have intended that, when the European Communities Act 1972 was enacted, that the Crown would retain its prerogative power to effect a withdrawal from the Community Treaties. The general rule is that the prerogative powers cannot be used to change domestic law and the High Court agreed with the claimants that this rule prevents the Government from exercising Article 50 without Parliament authorising it to do so. Following this decision the UK Government are appealing to the UK Supreme Court and a date of 5th

[39] https://whitehall-admin.publishing.service.gov.uk/government/speeches/exiting-the-eu-next-steps-ministerial-statement-10-october-2016

[40] http://www.bbc.co.uk/news/uk-scotland-37720650

[41] http://www.bbc.co.uk/news/uk-politics-37271420

December has been set (which is before Council meets to consider this report). Therefore it is still not clear, at the time of writing, whether the UK Parliament needs to be consulted before the UK Government can trigger Article 50.

Triggering Article 50 starts the two year clock. There are only two possible outcomes that both lead to exit from the EU i) negotiating a deal within 2 years or ii) exit upon expiry of 2 years without a deal. Any extension to two years is within the gift of the EU. Notice once properly given cannot be revoked.

The EU bloc cannot negotiate a separate trade deal with one of its own members, hence the Commissioner's insistence that the UK must first leave. This suggests the issue is not that the EU will not negotiate with the UK prior to triggering Article 50…it cannot. It is also contrary to EU law for a member to negotiate its own trade deals with "outsiders"…there can be talks (about negotiation) but nothing can be concluded until after the UK has actually left the EU (i.e no negotiation whilst in the process of leaving the EU.)

In terms of specific areas of law, the following is worth noting:

- The law on **State Aid**, governing when public funds and resources can be used to support commercial enterprises, is entirely EU-based. If the UK withdraws from the EU then it will no longer be bound by the EU State Aid regime. The UK may wish to create domestic rules on State Aid and any new deal with the EU may involve agreement by the UK to respect the EU State Aid regime.
- A new EU General **Data Protection** Regulation (GDPR) was finalised in May 2016. The Brexit vote does not mean that preparations for its introduction will stop. The UK is unlikely to leave the EU before the GDPR comes into force on 25 May 2018. The GDPR's terms will still be relevant to the UK. Firstly, the GDPR requires non-EU organisations to comply with the GDPR's terms when processing the personal data of EU citizens for the purposes of offering goods and services (or monitoring activities). Secondly, assuming the UK will want to make it easy for personal data to be transferred from the EU to the UK, the UK will likely need to adopt the GDPR or similar that the EU will recognise as giving adequate protection to personal data.
- Many of the UK's **consumer protection** rules come from the EU, including large parts of the Consumer Rights Act 2015. Subject to any future UK-EU trade deal, a post-Brexit UK will have greater flexibility to modify or repeal national consumer protection legislation. However, change in those areas is not inevitable. There are several areas where the UK has gone further than the minimum requirements of EU law.
- **Workforce** and **procurement** legislation is dealt with in other sections of this report.

At the time of writing this report, there is further speculation on whether the UK remains inside the single market after it has left the EU. An organisation, "British Influence", has indicated that it will seek a formal judicial review of the Government's position, stating that there is no provision in the European Economic Area Agreement for UK membership to lapse if the UK withdraws from the EU.

D. Procurement Regulations and Supply Chain Implications

As stated in the August report to Council, prior to triggering Article 50 and during the 2 year period which follows, there should be no change to EU or domestic law including financial thresholds that govern whether a contract is required to be published in the Official Journal of the European Union (OJEU). The Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016 (all statutory guidance; utilities/concession regulations) still apply and are in full force. Contracting authorities need to continue to comply with the rules and bidders can continue to enforce their existing rights. Although the value of sterling has dropped against the Euro, the exchange rate for procurement purposes is fixed and not due for revision until 1st January 2018.

Beyond actual exit from the EU, an unequivocal assurance has been given by the Prime Minister that all EU legislation enshrined (and gold plated) into domestic legislation continues to apply and will apply post Brexit.

If, at this time, the UK government does not join the EEA, then the World Trade Organisation's Agreement on Government Procurement is likely to apply by default. The principles within the Public Procurement Regulations are internationally accepted and therefore the procurement regime is unlikely to change substantially. The WTO's Agreement on Government Procurement (GPA) is already compatible with basic treaty principles and sets out many of the basic procurement principles such as the rules on technical specifications and advertisement. Many other jurisdictions which are not part of the WTO have similar rules. WTO rules restrict the circumstances in which countries can discriminate in favour of each other in trade - otherwise, they must apply to each other the tariffs they apply against the rest of the world.

Procurement reform is likely to be a low priority in the broader political and legislative agenda. Rather than de-skilling procurement, this is likely to make procurement more vital and more demanding as European and global trading requirements will have to be absorbed. The principles of equal treatment/non discrimination, transparency and mutual recognition are unlikely to be absent from any new regime to follow.

Officers are continuing to monitor, and participate, in Brexit research and analysis. Some examples, with particular relevance to procurement, are:-

i. **<u>Chartered Institute of Procurement and Supply (CIPS)</u>**

The head of procurement law at Pinsent Masons reported to the CIPS annual conference that it is "business as usual"[42] now, post Article 50 and post Brexit. The main points were:

- Buyers wanting to stay ahead of the Brexit curve should familiarise themselves with other regulatory environments including the World Trade Organisation agreements; and
- "Whatever agreement is reached, we will have a regime for ensuring value for money is delivered for the public purse... The names of certain things might change but ultimately the demand for consistency and transparency and non-

[42] https://www.cips.org/supply-management/news/2016/september/the-law-is-the-law-no-sudden-changes-to-public-procurement-post-brexit/

discrimination will probably remain in some guise."

A "Health Check" has been produced by CIPS to help firms navigate their way in the post Brexit procurement world i.e. assess risks, prioritise resources.

ii. CIPFA[43]

As well as reiterating the anticipated position on procurement as set out above, Cipfa have commented that "Buy local" protectionist measures will not be possible (without infringing WTO rules) post Brexit in terms of reserving contracts to domestic/regional enterprises only.

They also state that WTO rules on subsidies are, by comparison, less draconian and provide for a dispute-settlement procedure. One obvious advantage of the WTO system, from the UK government's perspective, is that it would be for the UK government to take a view as to whether or not a proposed subsidy measure would be consistent with WTO rules – rather than having to apply to the WTO or some other third party for clearance before the implementation of the measure.

E. Finance Implications

It appears that the UK economy has got over the initial shock of the Brexit decision, though there is still a great deal of uncertainty as to what it will mean for the future. The value of sterling remains lower and the internationally recognised "Big 3" credit agencies have retained the sovereign rating at negative outlook.

Implications for the Council

Generally, in the immediate term the impact will be insignificant. The EU referendum and its immediate consequences coincided with the Council taking the step to seek its own credit rating, and the lowering of the UK's sovereign rating will have had a knock on impact on the rating secured by the Council. That said the Aa2 rating that we were awarded was sufficient to then enable the successful launch of the £370m Bond.

In issuing the Bond, additional "change of status" clauses were added to cover the event of Scottish independence. Whilst this may have been an issue raised by the investors in any case it was, possibly, a consequence of the Brexit decision having heightened speculation over a further independence referendum.

With the value of sterling falling sharply exports become cheaper and imports more expensive. The Council is not exposed directly to either of these markets to any great level. However it does impact on our supply chain. For example, suppliers buying goods from Europe which we in turn buy from the supplier. These costs are likely to increase if there is a sustained period of low sterling value in a floating exchange (FX) environment depending on how the suppliers have hedged against sterling in the FX market.

[43] http://cjc.cipfa.org.uk/news/view.asp?content=19311

Share prices will not directly impact on the Council, but would potentially impact on the North East of Scotland Pension Fund. After early falls in share values the FTSE100 has rallied and due to its more international nature, assisted by the reduction in interest rates and the fall in sterling value, is at the time of writing some 10% above the levels prior to the EU referendum. The more UK-centric FTSE250 is however some 5% lower over the same period.

Access to Liquidity

The Council accesses liquidity (cash) from a number of sources to enable us to cash flow our finances through a number of mechanisms. Primarily, we have over recent years strengthened the Balance Sheet and the level of reserves and provisions which provides us with immediate access, and control of, cash.

However, we also rely on the ability to raise capital financing through PWLB and this could be impacted upon by the reduction in the UK's sovereign credit rating. Generally speaking as your credit rating moves down your cost of borrowing, conversely, goes up. This will potentially lead to an increase in the price of borrowing from the UK Government. That said, the measures taken by the Bank of England appear to have stabilised the PWLB borrowing rates and Capita's current forecasts are for slightly lower rates on shorter term money over the next 2 years with a gentle rise in borrowing costs after that.

The sovereign credit rating being changed to negative watch could potentially impact on the Council, by making liquidity more difficult to purchase and more costly to access than we have experienced recently. However, the intervention measures that the Bank of England has put in place and the cut in base rates has reduced liquidity costs in the short term.

Potentially this would also have implications for the capital programme. If the cost of borrowing increases the Council may need to consider deferring or stopping capital projects going forward.
In the short term, the bond issue has reduced our requirement for liquidity, due to receipts from the Bond providing us with liquidity until we incur the related expenditure on the capital projects. From this perspective, the Bond receipts are projected to be fully utilised within 2 years.

The availability of funding in the housing rental market has improved as a direct result of the referendum vote. This is due to the greater degree of certainty in respect of housing need and demand as demonstrated in the massive under supply of all tenures in Scotland and the UK as a whole. This was demonstrated in the Places for People bond issue of (£400m) which was twelve times oversubscribed.

Demand pressures

The impact of Brexit on demand for council services is unpredictable and may complicate the management of spending reductions in the coming years. The longer term impact on demand will depend on how well the local economy fares.

Medium Term (2 to 5 years)

Looking at the medium term it becomes more difficult to predict what impact this may have on the Council.

Potentially the vote to leave the EU means that the UK no longer makes contributions to the EU budget, offering choices on the pace of deficit reduction. However, any deal made to continue to trade with EU countries may still involve some contribution to the EU, similar to the Norwegian or Swiss models. The availability of any reduction in contributions to the EU budget to support Local Government funding will be a matter for the UK and Scottish Governments, but the scope will be affected by any impact on the general economy and the level of tax receipts. This will impact the Council directly but the nature of that impact is unknown at this stage.

As outlined elsewhere in this report, leaving the EU could potentially impact on a number of policy areas that have been effected through EU legislation e.g. waste collection and disposal, energy efficiency, trading standards, procurement and state aid. Largely speaking these have also been achieved via EU Legislation and Directives then being transposed directly into UK Law. Whilst it would be possible for the UK Government to then repeal some of these laws this seems unlikely in the short term, although some relaxation of such laws may provide financial benefits to Local Government. However, negotiations over future trade agreements might involve a continuing commitment to maintaining EU laws in these areas.

Longer Term

The impact in the longer term is very difficult to predict and over time the impact of other events affecting the global economy will make it difficult to attribute changes directly to Brexit. The impact on the Council over the longer term will be influenced mostly by the state of the general economy and the impact that has on the level of funding for Local Government and the cost of labour, goods and services.

Responding to the uncertainty

Precipitate action is unlikely to be wise when the levels of uncertainty are so high. To ensure that any action is thought through and proportionate, officers will continue to:

- establish the Council’s exposure to the different financial risks identified above and any others that are locally relevant;
- engage with local partners to understand how Brexit affects their risks and any shared risks;
- review risk appetite across the major categories of risk;
- review significant policies relevant to the management of these risks (e.g. investment policy) to ensure they are fit for purpose in the new environment;
- assess any impact of the risk assessment on the assumptions used to generate the medium term financial plan;
- report the emerging picture from this work to the Council and Audit, Risk & Scrutiny Committee on a regular basis; and
- update strategic and operational plans as decisions are made.

EU Funding
The table below outlines the EU grant secured for projects which will not be completed before the end of 2018. These projects were identified as being at risk however the UK and Scottish Governments have announced a guarantee that all UK projects which are approved before the UK officially leaves the EU will receive the funding which they were awarded. As such, all the projects listed below, and all future EU funded projects approved before the UK officially leaves the EU will have no additional financial risk attached to them as a result of Brexit.

The Projects, Partnerships and Funding team within Economic Development has secured in excess of twenty five million pounds of EU funding in the last five years, therefore it is important that we plan ahead for the future funding landscape to ensure that we can continue to enable project delivery through external funding in the future.

In attracting these sums of EU funding to enable project delivery it is important that the Council engages and cooperates with other EU regions to attract the funding. These networks are outlined within the previously approved External Funding Plan, and this will be revised in early 2017 to ensure that we continue to maximise the benefits of these partnerships in delivering on Council strategy.

It is also important to highlight that the External Funding team are not limited only to EU funds and have drawn in funding from a range on non-EU sources.

The team work within networks such as Scottish Local Authority Local Economic Development (SLAED), Scottish Lottery Officer Group (SLOG) and the Scottish Cities Alliance to ensure that officers are aware of all potential funds which may be of interest to the Council and the wider region.

Examples of some of the non-EU funds accessible to the Council include, but are not limited to:

Big Lottery Funding (Awards for All), Heritage Lottery Fund, Local Energy Challenge Fund, Innovate UK, Ministry of Defence (Armed Forces Day), Broadband Delivery UK (BDUK), Coastal Communities Fund, CARES (Renewable energy), Office of Low Emission Vehicles (OLEV), Fuel Cell Electric Vehicle Fleet Support scheme, Historic Scotland, Regeneration Capital Grant fund (Scotland), Resource Efficient Scotland.

In addition to accessing these funds the team have also secured approval from Committee to launch a Crowdfund Aberdeen platform which will be live by end of the year and will enable the team to offer much more support to external organisations seeking to gain funding to enable their projects to be delivered. This will be particularly helpful for community groups, and will streamline and vastly improve coordination of the support which the Council offers them

Project	Total Cost	EU Grant	End Date	Programme
Employability Pipeline	£2,140,000	£856,166	Dec 2018	ESF
CIVITAS	€3,816,460	€2,768,275	Sept 2020	Horizon 2020
New Bus Fuel	€30,820	€30,820	Jan 2017	Horizon 2020
FCH train	€49,145	€39,316	Sept 2018	Erasmus +
Poverty & Social	£1,290,900	£516,360	Dec 2018	ESF

Inclusion				
Hytrec2	€1,579,662	€789,831	Oct 2021	INTERREG North Sea
Icope	€1,091,159	€545,579	Mar 2019	INTERREG North Sea
Heat Net	€1,014,142	€608,485	Mar 2020	INTERREG North West
ACE Retrofitting	€404,388	€242,632	Mar 2020	INTERREG North West
Use IT	€360,300	€180,150	Oct 2019	INTERREG North Sea
SCORE	€500,000	€250,000	Dec 2020	INTERREG North Sea
BEGIN	€600,000	€300,000	July 2020	INTERREG North Sea
Low Carbon Transport (ERDF)	£10,000	£4,000	Pre Dec 18	ERDF
Open Data (ERDF)	£215,000	£76,000	Pre Dec 18	ERDF
Smart Infrastructure (ERDF)	£1,249,351	£499,351	Pre Dec 18	ERDF
Warm Connected homes (ERDF)	£585,766	£234,306	Pre Dec 18	ERDF

F. Political

At the time of writing, the UK Government has maintained its commitment to trigger Article 50 by 31st March 2017. However, the High Court has ruled that this must be done with the agreement of Parliament and not through Royal Prerogative. The Government have appealed to the UK Surpreme Court and a date of 5th December has been set (which is before Council meets to consider this report). Scotland's Lord Advocate, James Wolffe QC, has made a submission to the Supreme Court detailing the Scottish Government's argument that the triggering of Article 50 requires an act of Parliament. Whether or not this appeal is successful it is likely that Parliament will support a motion or legislation to trigger Article 50. Meanwhile, the Scottish Government has appointed Mike Russell MSP as Minister for UK Negotiations on Scotland's Place in Europe.

Specifically regarding Scotland, the UK Government are currently ruling[44] out separate arrangements for Scotland on trade or immigration in any Brexit deal. Scottish Secretary, David Mundell, has suggested[45] that Brexit negotiations could deliver fundamental changes to the devolution settlement across the UK, meaning Scotland could see the return of powers over areas such as agriculture, fisheries, the environment and criminal justice.

6. IMPACT

[44] http://www.bbc.co.uk/news/uk-scotland-scotland-politics-38163052
[45] https://www.babinc.org/guardian-scotland-stands-gain-significant-powers-brexit-claims-minister/

Improving Customer Experience –
At this stage, the report is for information, but it demonstrates that active consideration is being given to the implications of a changing environment for delivery of services to our customers.

Improving Staff Experience –
At this stage, the report is for information, but it demonstrates that active consideration is being given to the implications of a changing environment for our staff.

Improving our use of Resources –
At this stage, the report is for information, but it demonstrates that active consideration is being given to the implications of a changing environment for our use of resources.

Corporate –
The implications for the delivery of the Council's strategic priorities will be fully considered.

Public –
There is significant public interest in the possible implications of the vote to leave the EU.

7. MANAGEMENT OF RISK

Any significant risks will be identified and managed as appropriate. The Council's Corporate Management Team have considered the nature of this report and risks are, and will continue to be, reflected within strategic and operational risk registers.

8. BACKGROUND PAPERS

- "Business as usual for procurement law after Brexit" - www.cips.org
- "The influence of EU membership on UK public services "Tr*eu*ble and Strife" an uneasy marriage?" - Cipfa
- "Brexit: Q&A" - Brodies
- "UK Economic Outlook" - PWC
- "The implications to Scotland of the UK's decision to leave the European Union" - SPICE
- "Brexit – Negative for London, but not a Disaster" - Oxford Economics
- "First Reactions to EU Referendum Outcome" - Fraser of Allander Business Survey
- "Brexit: The implications for Local Government" - APSE
- "Brexit and local government", Professor James Mitchell - LGiU Scotland
- "The Impact on Residential Development- Brexit Briefing" - Savills
- "To Boldly Go" - Continuity, Insurance and Risk
- "Brexit: EY impact diagnostics aid" - Ernst & Young
- "UK Unplugged? The Impacts of Brexit on Energy and Climate Policy" - Chatham House

- Source: Fraser of Allander Institute: Long-term Economic Implications of Brexit. October 2016. (https://www.sbs.strath.ac.uk/economics/fraser/20161006/Long-term-Economic-Implications-of-Brexit.pdf).
- Source: The Scottish Government: Potential Implications of the UK Leaving the EU on Scotland's Long Run Economic Performance. August 2016. (http://www.gov.scot/Resource/0050/00504615.pdf).
- Source: The Scottish Parliament Information Centre: The Economic Implications of Brexit. October 2016. (http://www.parliament.scot/ResearchBriefingsAndFactsheets/S5/SB_16-77_The_Economic_Implications_of_Brexit.pdf).
- Source: Mackay Consultants. North East Scotland: Monthly Economic Report. September 2016.
- Source: EY. Scotland's Cities: Brexit and the challenges ahead. October 2016.
- Source: The Scottish Government: Businesses in Scotland, 2015. (http://www.gov.scot/Topics/Statistics/Browse/Business/Corporate).
- Source: International Public Policy Institute: Brexit and the Scottish Financial Services Sector. October 2016. (https://pure.strath.ac.uk/portal/files/61672478/Peat_Kelly_IPPI_2016_BREXIT_and_the_Scottish_financial_sector.pdf).
- Source: The Guardian. Cost of British grocery brands to rise due to fall in value of sterling. November 2016. (https://www.theguardian.com/business/2016/nov/08/british-grocery-brands-sterling-associated-british-foods-jordans-twinings).
- The Independent. Brexit: EU workers 'adding £7.3bn to Scottish economy'. November 2016. (http://www.independent.co.uk/news/uk/politics/brexit-eu-workers-scottish-economy-a7390331.html).
- Bloomberg. North Sea Oil Faces Worsening Investment Drought After Brexit. June 2016. (http://www.bloomberg.com/news/articles/2016-06-28/north-sea-oil-industry-faces-years-of-brexit-induced-turmoil).
- Renewable Energy World. Brexit: A Hard or Soft Landing for Renewables? August 2016. (http://www.renewableenergyworld.com/articles/ucg-content/2016/08/01/brexit-a-hard-or-soft-landing-for-renewables.html).
- Mongoose Energy. What Would Brexit Mean for UK Renewables? 2016. (http://mongooseenergy.coop/what-would-brexit-mean-for-uk-renewables-2/).
- Energy Voice. Brexit: Dark Days for the UK Energy Industry? July 2016. (https://www.energyvoice.com/opinion/114090/brexit-dark-days-uk-energy-industry/).
- The Scottish Government. Growth Sector Statistics. 2015 (http://www.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors).
- The Scotsman. Scots Food and Drinks Sector Unshaken by Brexit. September 2016. (http://www.scotsman.com/business/companies/farming/scots-food-and-drink-sector-unshaken-by-brexit-1-4223467).
- Goldfinch Entertainment. How Will Brexit Affect out UK Creative Industries? June 2016. (http://goldfinchentertainment.com/how-will-brexit-affect-our-uk-creative-industries/).
- The Guardian. Brexit and Tourism: We Have Devalued the Union Jack as a Tourism Brand. August 2016. (https://www.theguardian.com/small-business-network/2016/aug/03/brexit-british-tourism-industry-benefit-pound).
- Scottish Renewables. Renewables in Numbers. 2013. (https://www.scottishrenewables.com/sectors/renewables-in-numbers/).
- The Guardian. UK cuts to renewable energy make mockery of its Pledge at Paris climate talks. December 2015. (https://www.theguardian.com/environment/damian-carrington-blog/2015/dec/17/uk-cuts-renewable-energy-make-a-mockery-of-its-pledge-paris-climate-talks).

- Offshore Energy Today. Effects of Brexit on Oil & Gas Industry in UK. June 2016. (http://www.offshoreenergytoday.com/dw-effects-of-brexit-on-oil-gas-industry-in-uk/).
- The Scottish Government. Scottish Annual Business Statistics. 2014. (http://www.gov.scot/Topics/Statistics/Browse/Business/SABS).
- BBC News. Easyjet profits tumble after year of ‘challenges’. November 2016. (http://www.bbc.co.uk/news/business-37984549).
- International Business Times. UK aviation industry faces post-Brexit challenges despite likely increase of tourists. July 2016. (http://www.ibtimes.co.uk/uk-aviation-industry-faces-post-brexit-challenges-despite-likely-increase-tourists-1571363

9. REPORT AUTHOR DETAILS

Martin Murchie
Policy, Performance and Parliamentary Liaison Manager
Office of Chief Executive
01224 522008
mmurchie@aberdeencity.gov.uk