

Please keep your contributions as **brief and succinct as possible**, capturing headline information only on no more than three sides. An opportunity to provide a full assessment for your policy area will follow. If you can see challenges overlapping with other policy areas please flag these up.

**Cabinet Minister Subject Area:** Minister for Social Services and Public Health

**Portfolio Co-ordinator Contact:** Tracey Breheny (SRO)

**Subject Area Contact:** (Information redacted section 40)

**Policy or operational area/dossier:** Substance misuse, mental health.

<p><b>1. Headline outcomes sought</b></p>	<p><b><i>[Include key “asks”. What outcomes would you like to see for this area generally or from the EU/UK negotiations?]</i></b></p> <p>Certainty around European Social Fund (ESF) during 2014-2020 – ideally guarantees of continued availability until the end of this round of EU funding as planned pre-referendum.</p> <p><u>Wider considerations (most likely flagged via other portfolios):</u>            Certainty around EU-funded programmes such as Erasmus that enable and fund learner exchanges and intra-European projects including travel and work experience for people from disadvantaged backgrounds (especially young people).</p> <p>Certainty around the position of EU citizens currently employed in healthcare and social care, and in roles developing and delivering related support programmes and projects (such as mentors).</p>
<p><b>2. Red line issues and top priorities</b></p>	<p><b><i>[What are your key issues or red lines and why?]</i></b></p> <p>Uncertainty around ESF (and other EU funding in other portfolios) promotes uncertainty among stakeholders around the delivery of programmes and projects where EU funds provide significant support (and where delivery would have to be reduced or cease if these funds are not replaced from other sources). In respect to the Substance Misuse/Mental Health ESF Out-of-Work Service, this would affect around 7300 unemployed or economically inactive people (aged 25+) or young people (aged 16-24) who are in the NEET category, and have a history of substance misuse (including alcohol) and / or mental health concerns. The ESF funds 75% of the costs in West Wales and the Valleys and 50% of the costs in East Wales. Without this, the service would not be delivered, with a significant impact on the NHS and domestically funded care provision.</p>
<p><b>3. Current international and EU legislative base (summary)</b></p>	<p><b><i>[Please state which legislation Welsh Government policy in your area is dependent upon – <u>max 50 words</u>]</i></b></p> <p><b><i>[Scoping the full legislative consequences of Brexit will be</i></b></p>

	<p><b><i>a huge and longer term piece of work. Only key legislative base required and first cut assessment of complexity involved.]</i></b></p> <ul style="list-style-type: none"> <li>• EU regulations pertaining to the European Social Fund</li> <li>• EU regulations pertaining to public procurement</li> <li>• State Aid regulations</li> <li>• Welsh Ministers' powers / GOWA</li> </ul>
<p><b>4. Key issues for domestic legislation post-Brexit.</b></p>	<p><b><i>[To understand the scale of the issue, what will be the impact/loss of EU legislative base to the delivery of Welsh Government policy in your area and headline risk assessment e.g. "Primary legislation required." – <u>max 50 words]</u></i></b></p> <ul style="list-style-type: none"> <li>• ESF regulations, public procurement regulations – likely to affect primary legislation as these have been implemented by the UK as a members state</li> </ul> <p><u>Wider considerations (most likely flagged via other portfolios):</u></p> <ul style="list-style-type: none"> <li>• State Aid – primary or devolved; depends if UK wants to regulate markets and how; and on powers for Welsh Ministers</li> </ul>
<p><b>5. Key devolution considerations</b></p>	<p><b><i>[The starting assumption is that powers repatriated to the UK under Brexit will, if within devolved competence, automatically be devolved to Wales. What is "devolved" for this purpose will be assessed by reference to the Wales Bill (in particular, the proposed reservations to the Assembly's powers) once it becomes an Act. Are there uncertainties, risks or opportunities flowing from this? Consider what would be the potential risks associated with regulatory issues or cross-border issues or the level of implementation challenge involved?]</i></b></p> <p><u>Wider considerations (most likely flagged via other portfolios) around Uncertainties / risks / opportunities:</u></p> <ul style="list-style-type: none"> <li>• Do Welsh Ministers wish to regulate markets, and if so, how? If so, what are the costs and how will they be funded?</li> <li>• How will public procurement be regulated if at all?</li> <li>• How will any repatriated and subsequently devolved / reserved powers in respect to market regulation and public procurement be implemented, enforced, and funded?</li> <li>• If not, what are the implications of deregulated markets and public procurement on the Welsh economy especially employment and opportunities for smaller and medium sized economic operators (as providers of much of the employment in Wales)?</li> </ul>
<p><b>6. Sector/area vulnerability and/or potential</b></p>	<p><b><i>[What are the Risks and Opportunities e.g. financial, regulatory, social, community, institutional impacts or perceived impacts?]</i></b>  <b><i>[Are there knock-on effects for other sectors and policy/delivery areas? – for housing, poverty programmes?]</i></b></p> <p>See above. Links between economic development, education,</p>

	<p>employment, infrastructure, social mobility, poverty, community safety, and health (including mental health and substance misuse / alcohol) are well researched and documented. Therefore, whether / how EU funding and regulations are replaced, will have subsequent implications for poverty and health, including substance misuse and mental health, in Wales, and it is important to assess the likely costs or gains of those impacts. A reduction in employment is likely to increase demand for example for social and employability support which to a large extent is funded via the ESF in Wales; and increasing poverty is likely to place further pressure on public resources (housing support, poverty programmes, employability and training programmes, healthcare, substance misuse and community safety programmes. Private sector provision alone, without public investment, is unlikely to provide a viable market. An increase in employment can have positive impacts but these will be dependent on the type of employment (i.e. atypical or permanent) and pay levels (i.e. minimum wage, living wage, or above).</p>
<p><b>7. Other critical considerations</b></p>	<p><b><i>[Any other key issues which would be of significance in our negotiations with the UK Government]</i></b></p> <ul style="list-style-type: none"> <li>• How will the UK Government replace EU funding in Wales if such funding were no longer available?</li> <li>• How will opportunities for young people, often from disadvantaged backgrounds, to participate in intra-European projects (student exchange, learner exchanges) and intra-European work experience and employment opportunities, be replaced if free movement is curtailed and funding (for example via Erasmus) is no longer available?</li> </ul>
<p><b>8. Key public messages</b></p>	<p><b><i>[Lines to take, including key points to help push for the inclusion of our “asks”. Please make reference to existing FM and Ministerial lines where relevant. ]</i></b></p> <p>To do everything in our power to replace every penny of EU funding Wales might lose.</p>

**All contributions must be sent to (Information redacted section 40) by 18:00 22 July 2016**

**Lead Director:** Joanna Jordan

**Author:** (Information redacted section 40)

**Date:** 21 July 2016

**For any further advice or assistance, please contact either of the following EU Policy contacts:**

**(Information redacted section 40)**