

Leaders' Committee

Exiting the EU - Update on Local Engagement

Item no: 6

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Summary: This paper provides an update on preparatory activity at a local and pan-London level in relation to identifying opportunities and mitigating risks for London local government as a result of the UK's planned exit from the EU.

Recommendations: Leaders' Committee is asked to note this report

Exiting the EU- Update on Local Engagement

1. This paper provides an update on preparatory activity at a local and pan-London level in relation to identifying opportunities and mitigating risks for London local government as a result of the UK's planned exit from the EU.
2. London Councils has been actively engaging with Government, the Mayor of London, and the LGA to ensure that London's particular needs in relation to exiting the EU are heard. We have also continued to make the case to Government for appropriate powers transferred from the EU to the UK to be devolved to local government.
3. Contingency planning is also being taken forward under the auspices of the statutory London Resilience Forum, at the request of Government.
4. The London Councils Executive Member for Business, Europe and Good Growth has identified the following areas of particular focus for London local government:-
 - securing the funding and flexibility that London needs through an equal, fully devolved UK Shared Prosperity Fund (UKSPF) and a new flexible public procurement that enables councils to promote growth and support businesses locally;
 - ensuring London maintains access to the skills needed for its economy and critical services to succeed in a post-Brexit UK economy;
 - supporting European Londoners in securing their continued rights to live in the UK and participate in local government elections.

Brexit Ministerial Local Government Delivery Board

5. The Secretary of State for Housing, Communities and Local Government announced the creation of a Brexit & Local Government Delivery Board at the LGA conference in July 2018. The Chair of London Councils (Cllr Peter John – Leader LB Southwark) and the London Councils Executive Member for Business, Europe and Good Growth (Cllr Clare Coghill) have been invited to join the Board. The Delivery Board also includes senior political representatives from the LGA, County Councils Network, District Councils Network, and the Core and Key Cities Groups. The Board provides a forum for consideration of the impact of exiting the EU with, or without a deal, on local government, including workforce, supply chains, and council services.
6. The Secretary of State focused discussion at the first substantial meeting of the Board in September around the potential implications for local government of exiting the EU without a deal. A number of issues and questions were highlighted by the local government representatives, including the arrangements for the proposed UK Shared

Prosperity Fund and the importance of devolved skills provision in London. The Board also considered the need for clarity in relation to eligibility of EU nationals in future elections and the need for adequate notice in relation to any changes in Environmental Health regulations (to allow for adequate preparations and training).

7. The Board was due to meet again on 28 November 2018 and a verbal update on any key issues that emerged will be provided to Leaders' Committee.

Local Preparations and Planning

8. London Councils has continued to liaise with boroughs to identify any learning or common issues arising from their managerial-level preparations for the consequences of exiting the EU. Boroughs have established a range of managerial responses, often building on existing risk management and contingency planning arrangements, to ensure that plans for mitigation can be deployed where appropriate. Boroughs have identified issues in relation to:

- Workforce – EU citizens underpin key services in London, including health and social care, construction, hospitality and tech, amongst many others. As a key employer in the capital and as a provider of statutory services, boroughs are concerned that future restrictions to EU migration could exacerbate existing skills shortages for the public sector and local businesses.
- Communities – Boroughs are planning to monitor the potential impact on community cohesion and many have plans in place to provide support to European residents throughout the EU settlement scheme process.
- Financial Impact – Loss of funding from the EU for employment, development and regeneration programmes could limit the impact of similar projects in future. Replacement funding from Government must be devolved locally and of at least equal in value to the current EU funding programme. Councils and businesses are concerned about any potential reduction in economic growth that could affect their revenue and inhibit local growth.
- Public Services – There are concerns over boroughs' ability to meet potentially increased demands or effectively deliver services that already suffer from skill shortages or a lack of investment as a result of the UK's exit from the EU. Increased border checks and controls may impact supply chains from the EU,

with specific concerns for local authorities over construction materials, food and medical supplies. There are also concerns regarding the potential for increased demand and the need for local authority support at London's international borders and ports.

Contingency Planning

9. The Government has published a number of technical notices to inform businesses and communities and guide planning and preparations for the implications of a no-deal scenario. During this time, the LGA has been working closely with Government to develop a better understanding of the potential impact of exiting the EU with or without a deal on councils across the UK. The LGA has highlighted the direct and secondary implications of exiting the EU without a deal for councils, including the impact that changes to importing and exporting, business regulation, workplace rights, and access to EU-funded programmes could have. More information from the LGA on how exiting the EU could affect councils across the UK can be found here:

<https://www.local.gov.uk/topics/european-and-international/brexit>

10. Contingency planning is also being taken forward under the auspices of the statutory London Resilience Forum, at the request of Government. Local authority input to this process is co-ordinated through the Local Authorities' Panel, which is chaired by John Barradell, Chief Executive of the City of London. The Panel has led on liaison with local authorities' in relation to preparedness for the short-term resilience related impacts of a no deal situation. This helped inform the London Resilience Forum's early assessment of issues and began to build a picture of what additional support might be required to further London boroughs' individual and collective preparedness for a range of immediate challenges that could emerge as a result of no deal. Priority areas for further contingency planning include areas of concern for local government such as supply chain disruption, delays at UK border ports, workforce issues and social impacts. The Forum is overseeing a risk based approach, which will evolve over time as further clarity emerges about the UK's future relationship with the EU.

Conclusion

11. It will be important that local insights into the anticipated place-based impacts and opportunities of exiting the EU continue to be identified in the months ahead. London Councils can support this through continued engagement with Government, the Mayor and LGA in the run-up to March 2019.
 12. Leaders' Committee is asked to note this report.
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Financial implications for London Councils

No immediate implications.

Legal implications for London Councils

None

Equalities implications for London Councils

None