

Leaders' Committee

Exiting the EU - Update on Local Engagement

Item no: 4

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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 engage with boroughs, chief executives and relevant professional networks to support local preparatory activity and promote the exchange of local insights and practice.
3. Contingency planning is being taken forward under the auspices of the statutory London Resilience Forum, at the request of Government.
4. The Ministry of Housing, Communities and Local Government has initiated an information sharing network, with regional Hubs, to facilitate information flow between central government and local councils. London Councils is supporting the collation and exchange of information within London and is seeking to manage the demands on London boroughs by aligning this exercise with the information that is being collated for contingency planning purposes.
5. Leaders' Committee considered a report on preparations for leaving the EU at its meeting in December 2018. The Executive considered an update on progress at their meeting on 15 January 2019. Members were keen to see a more extensive update on progress, which is provided below.

Contingency Planning

6. Local authority contingency planning at a pan-London level is being co-ordinated through the Local Authorities' Panel (LAP), which is chaired by John Barradell, Chief Executive of the City of London. This initiative is operating under the auspices of the statutory London Resilience Forum and working through the Forum's Brexit Contingency Planning Group.
7. The London Resilience Forum is using a risk-based approach, and the Forum's Brexit Contingency Planning Group has set out an approach which covers key areas of risk, including:
 - Business Continuity – supplies / workforce / technical/regulatory/specific
 - Staff welfare
 - Border disruption
 - Critical sectors – health / food / fuel / transport / energy / water

8. A wide range of sectors are represented on the Forum, including London local government, and are contributing to the overall London assessment. Individual London local authorities have stepped up their work to assess the potential impacts of Brexit in the short, medium and long terms.
9. Each authority has nominated an officer as a point of contact on Brexit and they have been asked to provide regular reports which are feeding into the overall assessment. Potential disruptive impacts that have already been identified by local authorities relate to:
 - Supply chain disruption
 - Workforce issues due to EU nationals leaving the UK, impacting on local authorities' ability to maintain critical services
 - Increased numbers of vulnerable people in the community
 - Disruption to the export of waste to EU countries
10. The current focus of contingency planning is on the potential impact of a short-notice no-deal Brexit. That is, the potential impact of no agreement being reached on the Withdrawal Agreement between the UK and the EU, leading to immediate third country status for the UK on 29th March 2019. Potential impacts are currently being assessed, including the impacts in relation to:
 - Health
 - The economy
 - The environment
 - Wider society

The latter point encompasses knock-on impacts of any border disruption – potentially leading to delays in supplies of fresh foods, medical supplies or fuel - with further potential knock-on impacts on transport, as well as broader business continuity.
11. Community cohesion has been identified as an area which might be impacted, with potential protest activity and increased tension within communities. To help manage this, the London Prevent Network has put in place arrangements to monitor the impacts on communities and to collate overall assessments (working with the MPS).
12. The resilience capabilities and tools that have been established for broader purposes will be utilised to tackle identified risks, such as processes for providing humanitarian support or co-ordinating mutual aid.
13. Plans are being developed to scale up the Forum's co-ordination and assessment activity as further clarity emerges about the UK's future relationship with the EU. This may require

the establishment of a formal Strategic Co-ordination Group, with a key role for London local government and a more regular rhythm of reporting from boroughs and other partners.

Pan London Information Sharing

14. The Ministry of Housing, Communities and Local Government (MHCLG) has initiated a national information sharing network, with regional 'Hubs', to facilitate information flow between central government and local councils. The focus is on gathering and organising up to date intelligence and information on the issues of most concern across each region, emerging risks, threats and behaviours, and on any significant localised impacts.
15. John O'Brien, Chief Executive of London Councils, is working with John Barradell, Chair of the London Resilience Local Authorities' Panel to manage the demands on London boroughs by aligning this initiative with the information collation that is required for contingency planning purposes. Borough Brexit contacts will be asked to feed into a unified data gathering exercise and this will be aggregated into a single product to streamline the flow of information between central government and London local authorities.

The data will capture borough intelligence on the short- and medium-term impacts/ action taken/ barriers in relation to:

- Council services and the workforce
 - o Adult Social Care
 - o Children's social workers
 - o Nursery/Early years workers
- Council Tax Payments
- Supply Chain Impacts
- Homelessness approaches
- Business Confidence
- Community Tension
- Key Contingency Planning Metrics

16. John O'Brien has agreed to be the London chief executive lead in respect of liaison with MHCLG about their information sharing network. The Secretary of State was due to have an initial meeting with the regional lead Chief Executives on 24 January 2019 and a verbal

update will be provided to Leaders' Committee. It is hoped that there will be regular opportunities to share information across the nine regional networks.

17. London Councils hopes to make additional use of the exercise to support the collection and dissemination of good practice across boroughs in relation to Brexit preparations and communications with businesses and residents.
18. London Councils continues to support borough Heads of Communications in relation to communicating with the public on settled status and has facilitated engagement between the network and the Home Office. This is being supported by further information, key lines and signposting to good practice.
19. London Councils is working to support the development of additional preparatory arrangements within key London local government service areas. At the time of drafting this report, initial discussions had taken place with:
 - Directors of Children's Services (ALDCS)
 - Directors' discussions have focussed on a range of resilience issues, including social care and education workforce issues. Directors are conscious that a number of boroughs have already, or would be, undertaking local risk assessments and were open to plans for a workshop to inform a more systematic consideration of the issues and potential mitigation.
 - London Care Services has also initiated discussions with a focus on the contingency plans and mitigations that service providers have in place to limit the impact of leaving the EU on their ability to deliver residential care services for boroughs.
 - Environment Directors (LEDNet)
 - LEDNet members and Waste Disposal Authorities are considering Brexit impacts.
 - There is potential for increased difficulty and cost in the disposal of waste in the event of a no deal Brexit, but waste disposal authorities do not anticipate, day one impacts. Where authorities have Refuse Derived Fuel and/ or recycling that is exported, their contractors are currently looking for new UK destinations for that waste. There is a potential impact on recycling performance, if – due to the difficulty of finding a UK-based processor – recycling has to be treated as residual waste.

- There are also Brexit-related workforce issues associated with waste collection and disposal services.
- Directors of Adult Social Care (ADASS)
 - In order to look at the extent of the risk, in collaboration with Health Education England and Skills for Care, Directors have developed a range of scenarios and a Brexit dashboard which has been shared with the wider system.
 - In collaboration with the Healthy London Partnership they are running a Masterclass on the 26 February titled: Brexit - Implications of Brexit for London's health and care workforce. Speakers from Healthy London Partnership (HLP), London ADASS, Skills for Care and Health Education England (HEE) will examine the preparation and implications of Brexit on both the health and social care workforce and support discussions amongst workshop participations as to potential mitigations. The Brexit and European team at GLA will discuss the work they're doing with businesses across various sectors and their findings from a London wide viewpoint to help garner what the health and social care sector can learn from this.
 - ADASS work closely with the London Local Health Resilience Partnership (LHRP) and other key national and regional partners.
- Heads of Human Resources
 - The focus is on workforce issues, including sharing information on approaches to communications with staff and support for staff and their families in making Settled Status applications.
 - Boroughs have initiated a range of communications with staff about Settled Status, including:
 - Holding information-giving sessions with staff to give an overview of the application process and detailing how the organisation will support staff with their application.
 - Providing pro bono legal advice and staff network group.
 - Practical assistance with the application process (e.g. the use of an Android phone).
 - Working to ensure staff feel supported and that authorities can get messages to hard-to-reach groups, such as those without access

to technology and with lower literacy or English as a second language.

- The Prime Minister announced on 21 January 2019 that applicants for Settled Status will not have to pay the previously planned fee.

20. It is intended that the anticipated work with professional networks will focus on systematic mapping and preparation, including assessments of:

- Common workforce planning issues
- Mapping of dependencies on common contractors
- Developing potential guidance / mitigation for boroughs

21. London Councils has held an event to facilitate mutual learning between boroughs who are working to help prepare EU citizens to apply for Settled Status. London Councils has also been actively engaged with London boroughs involved in piloting the Settled Status application process for children in care and care leavers. Private feedback from the pilots is being used in engagement with the Home Office to evidence the need for boroughs to be adequately resourced to support their vulnerable EU residents. London Councils is working closely with the GLA and LGA on the issue.

22. We are currently in discussion with MHCLG officials about the allocation of the £35m funding that the Government has announced for distribution to local authorities in 2018/19 and 2019/20, to support Brexit preparations. In the interim, borough Treasurers have been asked to identify the costs to boroughs of preparing for Brexit. The information received to date suggests that:

- a. Risk management, preparations and planning are largely being managed within existing services budgets. This does not detract from the fact that significant amounts of officer -time have been diverted from other projects and programmes, which is likely to be unsustainable as the intensity of preparations ramps up. We will be pressing for a broad reflection of this as part of the proposals the Government is likely to issue in respect of funding for councils, as set out above.
- b. There are a number of risks related to workforce; property; economic downturn and the supply chain, which may lead to specific cost pressures in a range of areas:
 - i. Contracts and procurement – inflationary pressures

- ii. Salary costs – additional costs for temporary staff due to recruitment challenges, especially in health and social care
- iii. Loss of business rates if companies downsize
- iv. Loss of business rate growth due to companies freezing investment and expansion plans
- v. Increased costs related to any economic contraction (higher homelessness and housing costs, lower council tax income)
- vi. Increased waste and recycling costs, as many materials are currently exported to EU countries

c. Given the current levels of uncertainty about these future localised risks, it is difficult to quantify costs, however Treasurers are giving due consideration to making appropriate and prudent provisions.

23. London Councils has been actively engaging with Government, the Mayor of London, and the LGA to ensure that London's needs in relation to exiting the EU are heard.

- 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) sit on the MHCLG Ministerial Brexit & Local Government Delivery Board. The Executive Member has discussed the issues arising with representatives of other party groups. 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. The Board was due to meet on 24 January 2019 and a verbal update on key points will be given to Leaders' Committee in December 2018.

24. The Government's White Paper on the UK's future approach to immigration announced a consultation on a minimum salary requirement of £30,000 for all skilled migrants seeking five-year visas. The £30,000 minimum earnings rule already applies to non-EU workers in most Tier 2 visa cases but could also apply to migrants from the EU.

25. The Chair of London Councils has written to the Home Secretary, highlighting the challenges that would be presented by the £30,000 salary requirement for London's business, for housebuilding and for local government's ability to recruit skilled social care staff. There may be opportunities for London Councils and regional partners to collaborate over further influencing activity in relation to the proposed salary requirement.

Conclusion

26. It will be important that boroughs continue to plan and prepare for any anticipated place-based impacts and opportunities as a result of the UK exiting the EU.
 27. Information sharing mechanisms have been put in place to support both contingency planning and help the identification of emerging pan-London issues - allowing us to escalate medium-term concerns to Government and support the exchange of practice across boroughs. Pan-London preparations for specific service areas are also being initiated by London's professional networks.
 28. London Councils' influencing work will continue in the run-up to March 2019, working with the LGA and with formal engagement with the Government through the MHCLG Ministerial Brexit & Local Government Delivery Board.
 29. 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