

Item No. N/a	Classification: Open	Date: 5 July 2018	Decision Taker: Cabinet Member for Finance, Performance and Brexit
Report title:		Establishment of a Southwark Brexit Panel	
Ward(s) or groups affected:		All	
From:		Director of Communities	

RECOMMENDATIONS

1. That the cabinet member for finance, performance and Brexit agree to establish a cross party Member-led 'Brexit Panel' to lead and co-ordinate research on the likely impact on council services and residents as a result of the United Kingdom (U.K.) leaving the European Union (EU).
2. That the Brexit Panel be established with the membership and terms of reference as set out in Appendix 1 of the report.

BACKGROUND INFORMATION

3. On 23rd June 2016 the U.K. voted in the EU referendum on whether the U.K should 'remain' in the EU or 'leave'. 52% of those that took part in the referendum voted to leave the E.U. The Government triggered Article 50 of the Lisbon Treaty on 29 March 2017 thus initiating the start of EU and U.K. negotiations. The timeline for negotiations is two years as stated in the Treaty and the deadline to leave the EU is 29 March 2019.
4. In Southwark over 72% of the residents who took part in the referendum voted to remain in the EU. Southwark is home to 41,000 non-Irish EU citizens, whose status in the UK following the departure from the EU is unclear. Providing certainty to those citizens and ensuring their rights are protected is a priority for the council. With 9 months left of the negotiations there are many areas of concern which have not yet been addressed by the Government.
5. The Local Government Association has been leading the way in representing the voice for local government and some local authorities are taking a range of actions to assess the impact of Brexit on their communities. Many local authorities fear a huge funding gap following the loss of current EU funding streams to local government. However the LGA has expressed concern that local government's voice has been noticeably absent in national discussions about the impact of Brexit.

Issues identified by the Communities and Local Government Committee

6. Four key areas of concern have been identified by the Communities and Local Government Committee that local authorities should consider:

1. Replacement of EU funding streams

- The Government has a manifesto commitment to deliver a UK Shared Prosperity Fund which is aimed to be easier to access for local areas. In the Industrial Strategy the Government has committed to consult publicly on the detailed design of the fund this year.
- The Committee has noted a lack of clarity and progress on providing details of how this fund will be administered and operated. Government will be consulting on the detailed design of the fund this year but it remains unclear when this consultation will occur.
- The Government is considering how the £3 billion of funding available for preparing for Brexit can be best spent. To date none of this funding has been made available to local government.
- Local authorities do not have the capacity and resources needed in order to implement, enforce and advise on legislative changes as a result of Brexit. The Housing, Communities and Local Government Committee enquired whether this money will be distributed to local authorities to assist them in supporting a "smooth and orderly Exit."
- The LGA has warned that the housing crisis will worsen in England unless the Government guarantees it will match the amount lent by the European Investment Bank. The EIB offers cheaper long-term finance than commercial lenders and has granted loans of €13.5 billion in the U.K. in the last 18 months, including a €1 billion loan to build more than 20,000 affordable homes in areas around the U.K.
- The LGA have said that the Government must provide assurances that equivalent lending alternatives will be made available to councils and SMEs after Britain leaves the EU, as well as allowing councils to build more homes by lifting the housing borrowing cap and permitting them to use receipts from council house sales to tenants.

2. Changes in the EU workforce and a post-Brexit skills gap

- The Government has guaranteed the rights of EU nationals living in the UK, which means those living here before the UK's withdrawal can continue to do so. However the Committee has expressed concern that the process for this is unclear and asked that the Home Secretary provide clarity on this.
- The Migration Advisory Committee (MAC) has been commissioned by Government. The MAC Committee will consider a range of options to address any skills shortages arising from EU Exit and will report back to Government by September 2018.
- In giving evidence to the Communities and Local Government Committee on Brexit and Local Government,

Len Duvall AM stated that the MAC focused too heavily on short-term issues. The Committee has asked MHCLG how Government plans to assist local government in putting in place long-term skills strategies as they attempt to address the changes brought on by Brexit.

3. Retaining, amending and repealing EU legislation

- Local government will need to respond to regulatory and legislative changes. Government has made an additional £3 billion of funding available over the next two years so that departments and the Devolved Administrations can continue, to prepare effectively for Brexit.

4. Representation of local government in the Brexit negotiations and beyond

- The previous Secretary of State for Housing, Communities and Local Government (Sajid Javid) has hosted EU Exit roundtables and attended regional 'Brexit sounding boards' facilitated by the Local Government Association.
- The Housing, Communities and Local Government Committee have requested to formalise the structure by which Government engages with local government on Brexit, mirroring that of the devolved administrations.

Southwark and Brexit

7. Southwark appointed a Brexit Officer to look at how leaving the EU would impact the local economy and the legal status of Southwark's 41,000 non-Irish EU nationals. Stephen Douglass, Director of Communities was appointed to this role.
8. Following the local elections in May 2018, the Leader of the Council created a cabinet member portfolio with responsibility for Brexit (cabinet member for finance, performance and Brexit).

KEY ISSUES FOR CONSIDERATION

9. The cabinet member for finance, performance and Brexit seeks to establish a cross party Brexit Panel to enable the council to delve into the local concerns and emerging opportunities from Brexit and also to identify how the council can best represent the borough in the Brexit negotiations and beyond for the most positive outcomes.
10. It is proposed that the Southwark Brexit Panel assess the impacts of the UK leaving the EU on Southwark. A key part of assessing the impacts will be to identify risks and challenges as well as any opportunities emerging from Brexit that Southwark can mitigate and maximise respectively.

11. The Panel will hold evidence sessions and scope out the scale of the task ahead for the Council. The panel will take evidence from local businesses and employers, cultural, education and arts bodies as well as community and voluntary sector groups to consider how the council can meet its Council Plan commitment to protect all local residents from the effects of Brexit and promote Southwark's diversity and cultural richness in the heart of London.
12. The Brexit Panel will feed into the work of the Southwark Brexit Officer's remit and the findings of the panel will be reported to the Cabinet for consideration.
13. It is anticipated that the panel will hold evidence sessions between July 2018 and March 2019 when the UK is due to exit the EU. It has become apparent that after March 2019 there will be a transition period, therefore the work of the Panel may continue to develop once Brexit negotiations are over.

Policy implications

14. There are no specific policy implications arising from the establishment of the Brexit Panel. The findings of the panel may impact on future policy and will be identified when the findings are reported to cabinet for consideration.

Community impact statement

15. Brexit as an issue is of national importance and the impact locally will be significant. As a result, it is important that Southwark Council effectively scopes the potential impact of Brexit for Southwark's residents, businesses and on our diversity. By assessing the potential consequences of Brexit the Council can then anticipate and prepare its case in advance to Government.

Resource implications

16. The work required will be undertaken by Councillors and officers, and will be met from existing resources.

Legal implications

17. There are no specific legal implications.

Financial implications

18. See comments of the strategic director of finance and governance, paragraph 25.

Consultation

19. Consultation on the establishment of the 'Brexit Panel' has taken place with the Leader of the Opposition Group.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

20. This report asks the portfolio holder for Southwark Council to look at the likely effects of the U.K. leaving the European Union on its services and residents; and to establishment of a cross party Member-led 'Brexit Panel' to lead and co-ordinate this research.
21. Local authorities in England have "general power of competence" giving councils the power to do any thing that individuals generally may do. Councils also retain their subsidiary power under section 111 Local Government Act 1972 to do anything calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
22. The 'Brexit Panel' would not be a committee of the council for the purposes of the Local Government Act 1972.
23. The public sector equality duty in section 149 Equality Act 2010. This requires the council, and the decision, in the exercise of all its functions, to have due regard to the need to
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
24. The duty will apply throughout the development of the social regeneration policy framework.

Strategic Director of Finance and Governance

25. There are no financial implications arising directly from the creation of the Brexit Panel. Any specific costs arising from the administration of the panel will need to be met from within existing departmental budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Communities and Local Government Committee Minutes from oral evidence session on Brexit and Local Government and correspondence between the CLG Committee and the Secretary of State for Local Government – Links below		
Oral Evidence 19 March 2018	Parliament UK	

<p>Link: (copy and paste into browser) http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/housing-communities-and-local-government-committee/brexit-and-local-government/oral/80790.html</p>		
Background Papers	Held At	Contact
Letter from Chair of CLG to Secretary of State dated 18 December 2017	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Correspondence/Letter-from-the-Chair-to-SoS-(CLG)-relating-to-Brexit-and-Local-Government-18-December-2017.pdf</p>		
Letter from Secretary of State to Chair of CLG	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Correspondence/Letter-from-the-SoS-for-Housing-Communities-and-Local-Government-relating-to-Brexit-and-local-government-15-January-2018.pdf</p>		
Letter from Chair of CLG to Secretary of State dated 29 March 2018	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/2017-19-Correspondence/Letter-from-the-Chair-to-SoS-DCLG-regarding-Brexit-and-local-government-29-March-2018.pdf</p>		
Letter from Secretary of State to Chair of CLG dated 8 May 2018	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/2017-19-Correspondence/Letter-from-Secretary-of-State-relating-to-Brexit-and-local-government-8-May-2018.pdf</p>		
Letter from Chair of CLG to secretary of state dated 21 May 2018	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Correspondence/Letter-from-Chair-to-Secretary-of-State-regarding-Brexit-and-Local-Government-inquiry-21-May-2018.pdf</p>		
Letter from Secretary of State to Chair of CLG dated 14 June 2018	Parliament UK	
<p>Link: (copy and paste into browser) https://www.parliament.uk/documents/commons-committees/communities-and-local-government/2017-19-Correspondence/Letter-from-Secretary-of-State-for-HCLG-relating-to-Brexit-and-local-government-14-06-18.pdf</p>		
Letter from Chair of CLG to Secretary of State dated 27 June 2018	Parliament UK	

Link: (copy and paste into browser)

<https://www.parliament.uk/documents/commons-committees/communities-and-local-government/2017-19-Correspondence/Letter-to-Secretary-of-State-for-HCLG-relating-to-Brexit-and-Local-Government-27-06-18.pdf>

APPENDICES

No.	Title
Appendix 1	Proposed Membership and Terms of Reference of the Brexit Panel

AUDIT TRAIL

Lead Officer	Stephen Douglass, Director of Communities	
Report Author	Harjeet Sahota, Public Policy Affairs Officer	
Version	Final	
Dated	5 July 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 July 2018

APPENDIX 1

Brexit Panel Membership and Terms of Reference

The panel shall be known as the “Southwark Brexit Panel.” It is a time limited, task focussed group, established to carry out a review of the impacts of the UK exiting the EU by looking at a number of areas and variables. The Group is not a formal committee and is not a decision making body. The Group will report back to the Cabinet and make recommendations for decisions where relevant and appropriate.

Membership

1. The Group shall be a cross party panel with two Cabinet members (one of which will be the Cabinet Member for Finance, Performance and Brexit), two nominations from the Labour group and two nominations from the Liberal Democrats group.
2. The Group may as it sees fit invite other Members, representatives from other partner organisations, other public and private and third sector bodies to part take in the work of the group where necessary and relevant.
3. The Cabinet Member for Finance, Performance and Brexit will Chair the Panel

Note: No substitute members will be appointed to the group.

Terms of Reference

- To lead and co-ordinate research on the likely impact on council services and residents as a result of the United Kingdom (U.K.) leaving the European Union (EU).
- To gather evidence from local stakeholders to build a picture of the impact of Brexit in Southwark and use this evidence to inform the council’s response to Brexit.
- To make recommendations to Cabinet about actions the Council should consider taking to mitigate any possible impacts on its services and residents and share evidence gathered with relevant stakeholders.

The panel will identify and agree specific issues to consider in their first meeting.

Meetings of the Brexit Panel

1. Meetings shall take place on such dates as agreed by the Chair.

2. The ordinary place of meetings of the panel shall be Council Offices, 160 Tooley Street, London SE1 2QH unless otherwise specified.
3. In the absence of the Chair the Group will elect a person to Chair the meeting.
4. Any member of the Council who is not a Member of the Brexit Panel may attend the meetings of the Panel, but he/she shall not take part in the consideration or discussion of any business, save by leave of the Chair.
5. Meetings of the Panel will be held in public.
6. Relevant officers will provide all the necessary support to enable the work of the Panel including Constitutional Services who will prepare and despatch agendas, clerk the meetings and draft a record of the proceedings.