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| Item No. | Classification: Open | Date: 10 March 2022 | Decision Taker: Southwark Brexit Panel |
| Report title: | | Brexit Panel Update | |
| Ward(s) or groups affected: | | All | |
| From: | | Councillor Alice Macdonald, Cabinet Member for Equalities, Neighbourhoods and Leisure | |

RECOMMENDATION

1. That the Southwark Brexit Panel note the report.

BACKGROUND INFORMATION

2. This is the eleventh report produced for the Southwark cross-party Brexit Panel, established in 2018 to discuss the steps that the council should take to respond to the impact of the UK leaving the EU on the borough and our residents.
3. Over a year has passed since the UK officially left the European Union (EU), at which point the UK exited the EU customs union and single market and ceased to adhere to the EU's principle of free movement of people. The UK's departure at midnight on 31 December 2020 ushered in a new partnership arrangement with EU, which the UK continues to adjust to.
4. In January 2021, a report was submitted to Cabinet (Impact of Brexit on Southwark – Progress Report, 19.01.2021) setting out the UK's new relationship with the EU from 1 January 2021 as well as progress on ongoing local work in preparing for, and adjusting to, the UK's departure.
5. The report concluded that of paramount importance would be the impact of Brexit on our communities and businesses, and these two broad areas of concern were the focus at the meeting of the cross-party Brexit Panel on 28 January 2021. Specifically, the report recommended that the council should:
 - continue to push hard in its efforts to promote the EU Settlement Scheme (EUSS) to EU nationals residing in Southwark;
 - explore how we can make best use of the Brexit funding to mitigate the impact of Brexit on our residents, in particular the most vulnerable;
 - explore what opportunities the emerging UK Shared

Prosperity Fund, as a replacement for EU funding, presents for Southwark;

- and gather intelligence on the impact the new trade arrangements are having on our businesses, to inform our ongoing engagement and support.
6. The above areas of concern have remained the focus of the Brexit Panel through 2021 and into 2022, on which this report provides an update.

KEY ISSUES FOR CONSIDERATION

7. European Union Settlement Scheme (EUSS)

8. Seven months have now passed since the EUSS application deadline of 30 June 2021. The scheme enables eligible EU, EEA and Swiss citizens to obtain a UK immigration status.
9. Government data released at the time showed that 68,700 Southwark residents had applied to the EUSS by the deadline. The latest EUSS statistical release shows that, as of 31 December 2021, 69,000 applications had been processed, with 33,000 receiving settled status and 31,860 receiving pre-settled status.
10. Because of large differences between figures on applications and grants of status and official estimates of the number of EU citizens living in Southwark, it is not possible to know how many of our EU citizens were eligible for the EUSS and failed to apply by the 30 June 2021 deadline.
11. Late applications to the EUSS are still accepted where an applicant can show they have 'reasonable grounds', such as:
- where a parent, guardian or Local Authority has failed to apply on behalf of a child;
 - where a person has or had a serious medical condition, which meant they were unable to apply by the relevant deadline;
 - where someone is a victim of modern slavery or is in an abusive relationship;
 - where someone is isolated, vulnerable or did not have the digital skills to access the application process;
 - where a person was unable to apply by the relevant deadline for compelling practical or compassionate reasons – including in light of the coronavirus pandemic
 - where someone is in receipt of welfare benefits.
12. Nationally, the scheme has received more than 6.3 million applications, with the Home Office having concluded over 6 million applications as of 1 February 2022. We await data on late applications to the EUSS at a local authority level. It is understood

that this data will be made available in the May 2022 statistical release.

13. It is not yet known when the Home Office will stop accepting applications to the EUSS. However, it is expected that Home Office funding for EUSS support will come to end in March 2022. If so, this may create a funding gap for organisations supporting residents with applications to the EUSS after March 2022, if still accepted then.
14. In addition to first-time applications to the EUSS, a significant proportion of the EU nationals who have already been granted pre-settled status will need to apply for settled status, once they meet the requirements, so that they can continue living in the UK. It is not yet known what will happen to EU nationals who do not secure settled status before their pre-settled status expires, so consideration needs to be given to ensuring that EU nationals living in the borough are aware of the need to re-apply.
15. **Supporting our residents with applications to the EUSS**
16. The Policy and Resources Strategy 2019-20, approved by cabinet in February 2019, recommended that a £300,000 commitment be added to the base budget in the form of a Brexit Fund, to support work to mitigate the impact of Brexit on our communities.
17. Acting on learnings from discussions with Community Southwark and from a subsequent Voluntary Community Sector survey, it was decided in early 2021 that the council should explore using some of the fund to provide additional support to advice providers operating in Southwark supporting EU citizens to apply to the EUSS. The council approached a number of VCS organisations providing EUSS support to EU clients to ascertain the level of demand they were seeing and whether they believed current demand in the borough was being met. This was followed up by invitations to four such organisations to submit expressions of interest.
18. On 24 May 2021, the Cabinet member for Finance, Business and Jobs approved a total of £73,917 of funding to four Southwark-based advice providers to provide additional support to EU citizens with their applications to the EUSS between March and September 2021.
19. Reporting from this period showed that, across the four organisations, 855 clients had been supported with applications to the EUSS. It also revealed significant demand for continued support.
20. To continue meeting the demand, all four providers requested further funding. On 15 December 2021 the Cabinet Member for

Equalities, Neighbourhoods and Leisure approved a further £67,256 to the four providers, to continue supporting EU citizens with late and unresolved applications to the EUSS up until March 2022.

21. Interim reporting has revealed that demand for support isn't decreasing, with cases becoming more complex and higher levels of vulnerability being presented. Key issues raised by the providers to date include:

- language barriers and digital illiteracy, which are significant barriers to EUSS completion;
- clients lacking documentary evidence to prove residence;
- clients with mental health and substance abuse issues, which adds to the challenge of collecting documentary evidence;
- clients requiring assistance with re-application to the EUSS where an initial application was made incorrectly without support and has been refused;
- enquiries from residents not entitled to apply to the EUSS and resulting confusion surrounding their right to work;
- clients often waiting long periods for a decision from the Home Office, leaving them unable to seek employment.

22. The above reporting aligns with what has been observed across the other London boroughs. In contribution to this report, London Councils notes:

- *Late applications, which are being made to the scheme have, in some instances, been reported to be more complex, requiring additional advice and casework support. This work, to support late applications, and largely vulnerable applicants, has continued across London. This has focused on, but is not limited to, assisting older residents, children in care and those with limited digital access.*
- *Digital access and inclusivity have been a continuing and evolving challenge for residents across communities. Londoners who have limited access to digital skills and tools have needed further support in making or supporting applications.*
- *Challenges for applicants, however, are not reserved to digital access, as some residents with pre-settled status have reported barriers when applying for settled status as well as for family members wishing to join EEA residents in the UK.*

23. **The ongoing impact of Brexit on businesses in the capital**

24. London Councils continues to monitor the Brexit negotiations and its possible implications for Londoners. Contributing to this report,

London Councils notes the following.

- *Partly driven by Brexit, the London Chamber's latest quarterly skills review continues to show London firms struggling to access the skills they need. Of those who sought to recruit, 59% still faced difficulties (down from 66% in Q3 2021). Nearly half (48%) of London businesses said that not being able to meet skills and or labour needs has had an impact on their business, rising to 76% of larger companies.*
- *Further, the joint London Councils / London Chamber survey of over 1,500 business leaders show two-fifths have felt a negative impact on their business growth as a result of the UK leaving the European Union (40%), but a small minority (7%) have seen a positive impact.*

25. Regarding the first point above, developing and maintaining a high quality local skills offer that is responsive to both learner and employer needs is a key objective of the Southwark Skills Strategy, adopted in 2017. The strategy, delivered in partnership with local employers and training and education providers, as well as others, seeks to ensure the local workforce is equipped with the skills to respond to changes in employer demands, including those that arise from Brexit. Work includes supporting routes into employment for local residents in key sectors impacted by Brexit, including construction, health and hospitality.

26. **Engaging and supporting our businesses**

27. Our communications continue to focus on helping businesses adjust to the new trading arrangements, with our Brexit guidance webpages continuing to direct businesses to the following key sources of advice and guidance.

- The government's transition page, where businesses and their employees can get a tailored list of actions for adjusting to our new relationship with the EU.
- The London Business Hub's EU Post-Transition Business Resource Hub, which pulls together everything businesses need know about the UK-EU agreement, providing guides on the various aspects and hosting resources and events to support businesses to adapt. Data obtained from the London Business Hub team shows that 23 Southwark businesses have participated in their Brexit support programmes.

28. Data obtained from our website team reveals that since the end of the transition period, visits to our Brexit guidance webpages have declined, from an average of 24 per month between January to June 2021, to an average of 13 per month in between July and

December 2021, suggesting a reduced need for Brexit-related support from our Business community.

29. Our regular business e-newsletter, the Southwark Business Update, now reaches over 12,000 businesses and is periodically used to keep Southwark businesses updated on Brexit related matters, bringing to their attention any new and relevant information, guidance or resources that may help them adjust to our new relationship with the EU.
30. **The UK Shared Prosperity Fund as a replacement for EU funding**
31. The UK no longer has access to European Structural and Investment (ESI) funding. Its successor is the UK government's Shared Prosperity Fund (UKSPF), and the government has stated its intention to at least match ESI funding levels.
32. To help local areas prepare for the introduction of the UKSPF and to inform its development, over the course of 2021/22 the Government is providing £220m of funding to local areas to pilot new programmes and approaches, through its UK Community Renewal Fund (UKCRF).
33. The government identified 100 places that would be prioritised for funding through the UKCRF, which excluded all of the London boroughs. All places were eligible to apply to the UKCRF and being a priority place did not guarantee funding; however, exclusion from the priority list put London at a significant disadvantage. Accordingly, it was decided that Southwark along with many other boroughs would not put forward a bid, via its lead authority the Greater London Authority.
34. The 100 priority places were identified using an 'index of economic resilience', which drew criticism from London Councils in its analysis of the UKCRF, with the process for allocating funding seen as a significant step back in decentralization. In its concluding remarks, London Councils stated: "Devolution must be an integral part of the UK's economic recovery, with local areas defining their own funding priorities", and that moving forward, "London's share of the UK Shared Prosperity Fund must be at least equal to that seen under European Structural and Investment Funds."
35. On 2 February 2022, the government issued pre-launch guidance on the UKSPF. It will provide, the government states, £2.6 billion of new funding up to March 2025, "with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition" recognizing that "even the most affluent parts of the UK contain pockets of deprivation and need support"

36. In England, the fund will primarily operate over strategic geographies, with the GLA once again acting as the lead authority for the London boroughs. The Department for Levelling Up, Housing and Communities will oversee the Fund at the UK level.
37. The UKSPF investment priorities are as follows:
- Communities and place – (1) *Investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects.* (2) *Investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built environment and innovative approaches to crime prevention.*
 - Local businesses – (1) *Creating jobs and boosting community cohesion.* (2) *Promoting networking and collaboration.* (3) *Increasing private sector investment in growth-enhancing activities.*
 - People and skills – (1) *Boosting core skills and support adults to progress in work.* (2) *Supporting disadvantaged people to access the skills they need.* (3) *Supporting local areas to fund local skills needs and supplement local adult skills provision.* (4) *Reducing levels of economic inactivity and supporting those furthest from the labour market.*
 - Multiply – *To meet the UK Government’s priority of enhancing adult numeracy, each area will be required to invest a ring-fenced amount of the Fund in local Multiply interventions. (To be managed by the Department for Education)*
38. Further information on the fund is expected in late Spring 2022, at which time the government will commission each place to develop a local investment plan for approval. In the interim, local authorities are advised to start preparing for the launch of the UKCRF, by giving consideration to potential objectives and investment priorities, as well as appropriate partnerships.

Policy framework implications

39. Once Brexit became a reality and we entered the transition period, it was appropriate to consider how the council’s approach to managing the impact of Brexit evolved to better take into account the opportunities and threats posed by the emerging future relationship with the EU. This focus was sharpened as a result of the COVID-19 pandemic and the huge impact on the local economy, including on our residents, businesses and on the council itself. Accordingly, the plan to manage the impact of Brexit, originally set out in the council’s Brexit Risk register, has been

incorporated into the council's broader Economic Renewal Plan.

40. Ensuring the local workforce is equipped with the skills to respond to changes in employer demands, such as those arising from Brexit, is a key aim of the council's Skills Strategy. The strategy sets out our ambitions for a quality skills offer in Southwark, with resilience, ambition and employability at the heart of our plans to support a strong local economy so that residents and businesses are best equipped to deal with current and future challenges.

Community, equalities (including socio-economic) and health impacts

Community impact statement

41. As part of the expressions of interest submitted for the second phase of EUSS funding, the four organisations were asked to identify the categories of vulnerability of the clients they were seeking to support. These categories identified included:

- Homeless people, particularly rough sleepers
- People with physical or mental disabilities
- Looked after young people and those leaving care
- Victims of trafficking
- Victims of domestic abuse
- We will also provide consultancy support for more generalist agencies.
- Zambrano carers /third country nationals

The expressions of interest submitted confirm that all 4 organisations are continuing to focus on people with these categories of vulnerability.

Equalities (including socio-economic) impact statement

42. The public sector equality duty in section 149 Equality Act 2010 is relevant to this report. This requires the Council, in the exercise of all its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conducts prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The EUSS funding to support some of the most vulnerable residents of Southwark, including those who may be experiencing discrimination or poverty, with their applications to the EUSS and continue to lawfully live and work in the UK is considered to advance the purposes of the public sector equality duty.
43. It is expected that all clients of supported with their applications to the EUSS will fall into the protected characteristic of 'race'; in addition many

will also fall into other protected characteristics including 'age', 'gender', and 'disability.'

Health impact statement

44. It is anticipated that the services continuing to provide support to vulnerable residents with their applications to the EUSS will have an impact in terms of reducing clients' anxiety and uncertainty around their immigration status and therefore have a positive impact on their wellbeing. It will also enable them to continue to access health services in the UK.

Climate change implications

45. No particular climate change impacts have been identified.

Resource implications

46. The Policy and Resources Strategy 2019-20, approved by cabinet in February 2019, recommended that a £300,000 commitment be added to the base budget in corporate services in cost code CM114-66922 in the form of a Brexit Fund, to support work to mitigate the impact of Brexit on our communities. Following two rounds of funding to the four organisations providing EUSS support (see paragraphs 18 and 20), totaling £136,173, the Brexit Fund now stands at £163,827.

Legal implications

47. See supplementary advice from the Director of Law and Governance below.

Financial implications

48. There are no immediate financial implications arising from this report.
49. When any new requests are received from communities and businesses for funding, it will be subject to future reports.
50. Staffing and any other costs connected with this project to be contained within existing divisional revenue budgets.

Consultation

51. There are no requirements for consultation on any aspects of this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

52. There are no particular legal implications arising from this report; the

recommendations are only that the Panel note the updates set out in the body of the report.

Strategic Director of Finance and Governance (CE21/078)

- 53. The report is requesting Southwark Brexit Panel to note the report. Full details and background are contained within the main body of the report.
- 54. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
- 55. Staff related and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|---|
| Impact of Brexit on Southwark - Progress Report | Local Economy Team/Chief Executive's Office, Tooley Street | Matthew Rolfe Matthew.Rolfe@Southwark.gov.uk |
| https://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=7266 | | |
| Southwark Economic Renewal Plan | Local Economy Team/Chief Executive's Office, Tooley Street | Matthew Rolfe Matthew.Rolfe@Southwark.gov.uk |
| https://www.southwark.gov.uk/business/economic-renewal-plan | | |
| Southwark Skills Strategy | Local Economy Team/Chief Executive's Office, Tooley Street | Matthew Rolfe Matthew.Rolfe@Southwark.gov.uk |
| https://www.southwark.gov.uk/business/skills-strategy | | |

AUDIT TRAIL

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|---|--|--------------------------|
| Lead Officer | Danny Edwards, Head of Economy | |
| Report Author | Matthew Rolfe, Senior Strategy Officer | |
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| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Director of Law and Governance | Yes | Yes |
| Strategic Director of Finance and Governance | Yes | Yes |
| Cabinet Member | Yes | None |
| Date final report sent to Constitutional Team / Scrutiny Team | | 11 March 2022 |