

## Southwark Brexit Panel Report

### Introduction

On 23rd June 2016 the UK voted in the EU referendum on whether the UK should 'remain' in the EU or 'leave'. 52% of those that took part in the referendum voted to leave the EU. The Government triggered Article 50 of the Lisbon Treaty on 29 March 2017, initiating the start of EU and UK negotiations. The timeline for negotiations was two years as stated in the Treaty meaning the deadline to leave the EU is 29 March 2019.

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. As it stands, there is not yet an agreement on the terms by which the UK will leave the EU, the nature of the future trading agreement or any transition period to those new trade arrangements. This creates significant uncertainty for Southwark residents, businesses, voluntary and community organisations and public services.

The Local Government Association (LGA) 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. While the responsibility for negotiating and preparing for the UK's exit from the EU sits with central government, local authorities also have a responsibility to prepare for the change locally, working with residents, businesses and other partners, to mitigate against any negative and potentially far reaching impacts of Brexit. 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.

Southwark Council has taken a number of steps to prepare for the impact of the UK leaving the EU on the borough and our residents. The council 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. Following the local elections in May 2018, the Leader of the Council created a cabinet member portfolio with responsibility for Brexit. The Cabinet Member for Finance, Performance and Brexit, Cllr Victoria Mills, established the Southwark Brexit Panel on 9 July 2018 to enable a cross party group of councillors to examine the impact of Brexit in Southwark.

### Southwark Brexit Panel remit

The panel was set up as a time limited, task focused group to assess the impacts of the UK leaving the EU on Southwark, including identifying risks and challenges as well as any opportunities emerging from Brexit that Southwark can mitigate and maximise respectively.

The group was tasked with carrying out a review of the impacts of the UK exiting the EU by looking at a number of areas and variables. The panel agreed to hold evidence gathering sessions with a range of stakeholders, community groups and public service representatives 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. The panel is not a decision making body, but agreed to report back to Cabinet and make recommendations for decisions where relevant and appropriate.

The Southwark Brexit Panel was established with the following terms of reference:

1. To lead and co-ordinate research on the likely impact on council services and residents as a result of the United Kingdom (UK) leaving the European Union (EU).
2. 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.
3. 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 membership of the Southwark Brexit panel is:

- Councillor Victoria Mills (Chair)
- Councillor James Coldwell
- Councillor Maria Linforth-Hall
- Councillor Margy Newens
- Councillor David Noakes
- Councillor Kieron Williams

### **Southwark Brexit Panel Meetings**

The Southwark Brexit Panel held three meetings between July and October 2018 to gather evidence from a range of stakeholders in the borough to assess the potential impact of Brexit on residents, businesses, public services, community groups and others. A list of the evidence sessions is detailed below.

#### **Tuesday 17<sup>th</sup> July – Business and Employment**

The Southwark Brexit Panel was keen to hear evidence from local businesses and employers, who are understandably concerned about the potential impact Brexit could have on the local economy. As a central London borough, Southwark is likely to experience significant effects of the UK's departure from the EU. London's economy is three times more reliant on EU citizens than the rest of the UK and key sectors of our local economy, such as hospitality, social care, and creative and digital industries, have a significant EU workforce. EU citizens also make up a significant proportion of the local public sector workforce.

The national economic context is also important. The UK is currently experiencing a prolonged period of low economic growth, with low levels of productivity, GDP and wage

growth over the last ten years. While London's economy has performed well compared to other areas and employment levels have remained high, the overall effect of poor economic performance has been to limit the ability of government to invest in public services, to increase the costs of living for some households, and to limit business investment.

The uncertainty created by Brexit is already having an impact on the economy and affecting business confidence, leading to delays in recruitment and investment. The UK has seen increased Pound volatility and a 14% fall in the value of the Pound Sterling against the Euro since May 2016, leading to increasing prices for consumers. Significantly for London's economy, migration from the rest of the EU has fallen, exacerbating pre-existing skills gaps. Medium-term risks of Brexit include continuation in the slow rate of growth for the UK economy, increased trade costs, reduced Foreign Direct Investment (FDI) and increased skills gaps.

Southwark is committed to building a strong local economy in the borough; supporting and growing local businesses, creating jobs and providing opportunities for local residents to fulfil their potential. This evidence session provided an opportunity to explore the potential risks (or opportunities) arising from Brexit for the local economy, including staff recruitment and retention, tariffs and barriers to trade, and changes to population. The evidence gathered in this session consistently demonstrated the damage inflicted by the prospect of leaving the European Union that is already being felt, and highlighted the multiple risks going forward in all areas discussed; the evidence failed to identify any known benefits of leaving the European Union, leading the panel to conclude that Southwark and London's economy would be stronger if the UK were to remain in the EU.

#### Evidence session: Business and Employment

The Southwark Brexit panel took evidence from the following individuals:

Nadia Broccardo – Team London Bridge

Nic Durston & Laura Griffiths – South Bank Employers' Group and South Bank Business Improvement District

Richard Kalmar – Chamber of Commerce

Richard Brown – Centre for London

A further evidence session on business and employment took place on Wednesday 3<sup>rd</sup> October:

Lorna Gavin – Chair of Southwark Business Forum

A summary of the issues raised in the evidence session is provided below:

- There is a high representation of EU workforce in London, which means Brexit is likely to impact business and employment in the capital more than other areas.
- There is a lack of direction from central government which is causing challenges for businesses because uncertainty makes it difficult for them to plan ahead.
- Particular sectors that were highlighted included hospitality, construction, social care tech and IT. Concerns were raised around the shortage of labour in the property and

development sector. There may be challenges in recruiting local people to take up these positions leaving employment gaps.

- While larger businesses may be putting contingency plans in place, SMEs in particular may need additional support, as they feel powerless to plan.
- Businesses highlighted difficulties in recruiting staff in some sectors that will be exacerbated by Brexit, nursing, hospitality, construction and social care.
- Employers highlighted concerns around the potential impact of Brexit on employment and skills for local residents, as well as information sharing and police resourcing.
- The importance of promoting tourism in London was raised, as other issues such as lack of affordable housing and the high cost of living, alongside Brexit, could act as a deterrent for employees staying in or moving to London.
- A strong theme coming out of the Southwark Business Forum was the importance of championing inclusion and diversity as a rebuttal to hate crimes and hostility.
- Businesses generally are in agreement that they are unable to predict what will happen and are hoping to minimise any surprises.
- An additional consideration in Southwark is the impact of Brexit on Latin American businesses – the Latin Quarter has almost 200 small businesses and Brexit has created insecurity for many of those businesses and their employees, many of whom have EU passports.
- There was a strong emphasis on the role the migrant workforce in Southwark plays in contributing to the local economy and the need to provide certainty for EU citizens working in the borough.

### **Wednesday 19<sup>th</sup> September – Education and Healthcare**

Health and education are two sectors that are likely to be significantly affected by Brexit, in terms of workforce, demand, funding and direct and indirect impacts on services. This evidence session provided an opportunity for the panel to hear evidence from experts in higher education and health, including the NHS and public health. All expert witnesses highlighted real risks that they see arising from Brexit and suggested that preparations for the UK's departure from the EU are primarily, if not exclusively, about managing and mitigating the impacts of the negative effects of Brexit. The evidence from health experts was particularly stark in relation to the potential of a 'no deal' Brexit, which would pose significant risks to the NHS and wider health services, including social care. Health experts also suggested that the uncertainty of the current situation, in the absence of an agreed withdrawal deal, will make it difficult for the NHS to adequately prepare for Brexit in time for the UK's impending departure.

#### Evidence session: Education

The Southwark Brexit panel took evidence from:  
Professor Patrick Bailey – Deputy Vice Chancellor, London South Bank University

A summary of the issues raised in the evidence session is provided below:

- Professor Bailey raised significant concerns that LSBU has around the impact of Brexit on EU students in higher education, in terms of attracting new students and uncertainty for existing students who are unsure about their future.
- Students and staff in the EU felt unwelcome after the referendum vote, the university needed to provide emotional support to offset this indirect impact.
- There are concerns that Brexit will make it more difficult to attract and retain staff, as well as concerns of EU funding, which funds research that is crucial for universities.
- Universities are concerned that it will be harder to take part in international research bids if the UK is not part of the EU. This is particularly difficult for universities which are already facing financial challenges.
- Concerns were also raised about the direct and indirect consequences on student fees, and the potential impact of an economic downturn following Brexit which would negatively affect local businesses and therefore workforce and employment opportunities.
- Universities in the UK value the richness of diversity from the EU, including staff and students, as well as programmes such as Erasmus, and are concerned about losing that.
- UK and EU students are currently recorded in the same way and no distinction is made between the two, therefore universities are unlikely to have accurate figures on how many EU students they have.
- All of the work that LSBU has done has been around mitigated the negative impacts of Brexit; they do not see any positive opportunities from the UK leaving the EU.

#### Evidence session: Healthcare

The Southwark Brexit panel took evidence from the following individuals:

Caroline Gilmartin – Director of Integrated Commissioning, NHS Southwark Clinical Commissioning Group (CCG)

Ross Graves – Managing Director, NHS Southwark Clinical Commissioning Group

Professor Kevin Fenton – Strategic Director of Place and Wellbeing

Mark Dayan – Policy and Public Affairs Analyst Nuffield Trust

The Panel also received written evidence from Dr Matthew Patrick, CEO South London and Maudsley (SLAM) NHS Foundation Trust

A summary of the issues raised in the evidence session is provided below:

- A wide range of concerns were raised about the potential impact of Brexit on health services, including the NHS, public health and social care.
- Health services are a key consideration for Southwark and Brexit, as the borough has world class health institutions. Expert witnesses highlighted that it was impossible to know the full extent of the impact of Brexit on those services.
- For the NHS, emergency preparedness is a priority along with resilience. Health professionals raised concerns that there is not enough time for the NHS to properly plan, which could have an impact on patient safety particularly in the case of a no deal Brexit.

- Particular concerns were raised about the prospect of the UK leaving the EU with no deal, which could have significant consequences for the supply of medicines and regulation.
- The UK health service has a significant proportion of EU workforce, particularly in London, which has led to concerns about vacancies being unfilled, especially in the social care sector. Attracting more people into social care would require improved pay and working conditions, which seems unlikely in the context of the current financial constraints on local authority budgets.
- The emotional impact of Brexit on health staff was significant and the NHS ran a campaign about the importance of EU staff to help mitigate that impact.
- Health professionals emphasised that the impact of Brexit on health in the UK must be seen in the context of austerity, and an already strained NHS service dealing with more complex conditions and an ageing population.
- The UK currently benefits from professional networks and collaborative EU organisations for their research, information sharing and expertise. There is a risk that public health legislation in the UK will fail to keep up with EU legislation following Brexit.
- A potential indirect consequence of Brexit if there is an economic downturn would be an increase in economic inequalities which lead to health inequalities, which would drive up demand on services. Reciprocal healthcare for UK citizens living in the EU in the event of a 'no deal Brexit' is also unclear.
- Witnesses emphasised the need for health to be prioritised in the EU negotiations to protect those who are most vulnerable in society, but warned that it will not be possible to mitigate effectively against the impacts of Brexit with ongoing cuts to local government and public health grants.

### **Wednesday 3<sup>rd</sup> October – EU citizens and local public services**

This evidence session offered an opportunity for the panel to take evidence on the potential impact of Brexit on EU citizens living in the borough, as well as local public services and community and voluntary organisations. The government has made a number of commitments to EU citizens living in the UK about their future rights to live and work here. The Home Office are developing an EU settlement scheme to embed these rights. As a borough with a large number of EU citizens, this is significant for our residents and their communities. The panel is clear that protecting the rights of EU citizens should be a priority for central government and should form a key component of the withdrawal agreement. There are risks associated with EU citizens, particularly vulnerable citizens, failing or being unable to access the settlement scheme. This could lead to residents being left without clear citizenship status, with considerable costs to the individual and local services.

The degree to which public services will be exposed to Brexit risks will vary depending on their reliance on EU citizens in their workforce, procurement and contracts, any increases in service costs and increases in demand. Analysis undertaken by local hospital trust Guys and St. Thomas's Trust found that there had been a 63% fall in net recruitment from the EU in the financial year 2016/17, which suggests that Brexit is already having an impact on staffing for local services. Alongside the potential impact on workforce, there are risks for public services associated with access to funding and capital and risks faced by those delivering contracts. As local government moves to a funding model whereby more of our income is

raised locally through taxation and economic growth, there are also risks to the council's income, and consequently viability, if the economy deteriorates.

#### Evidence session: Southwark Council's Response To Brexit

The Southwark Brexit panel took evidence from the following individuals:

Stephen Douglass – Director of Communities and Southwark Council Brexit Officer  
Julie Foy – Head of Human Resources, Southwark Council

The Panel also received a written briefing from Jay Stickland, Director of Adult Social Care at Southwark Council, on the implications Brexit may have on adult social care

#### Evidence session: Communities and EU Citizens Rights

The Southwark Brexit panel took evidence from the following individuals:

Patria Roman – Latin Elephant  
Carlos Naranjo – Director of the Latin American Chamber of Commerce  
Gordon McCullough – CEO of Community Southwark  
Sally Causer – Southwark Law Centre  
Ruth Budge – Southwark Law Centre

A summary of the issues raised in the evidence sessions is provided below:

- Southwark has a significant Latin American population and many Latin American residents in the borough have EU passports and therefore will be directly affected by Brexit in terms of their status to live and work in the UK. Elephant and Castle is a particular hub for Latin American businesses.
- According to expert witnesses, many Latin American residents work in cleaning services with 11% earning less than the National Living Wage and 70% earning less than the London Living Wage.
- Witnesses raised concerns about the vulnerability of some Latin American residents, particularly those who are unable to speak English, working in precarious conditions or with uncertain immigration status.
- EU citizens still face significant uncertainty about their rights and status following Brexit, particularly in the event of leaving the EU without a deal, and the process for the government's settled status scheme is still unclear.
- Like many areas, Southwark saw an increase in hate crime following the EU referendum result and witnesses highlighted the importance of continuing to monitor this.
- As well as EU citizens' rights, there is significant uncertainty about funding for the voluntary and community sector following Brexit. Some projects supporting vulnerable people are EU funded and the future of that funding beyond March 2019 is unclear. A high proportion of people working in the charitable sector in London are from the EE area.
- There are significant concerns around vulnerable groups whose rights will be affected by Brexit but who may not be aware of the steps they will need to take, including some

elderly and disabled people, those who do not speak English and children in care. Some people may struggle to navigate the process, including through digital and financial barriers, and legal aid will not usually be available to support those individuals.

- Southwark Council does not record the nationality of employees, but like most London local authorities the council workforce is likely to be significantly impacted by Brexit and the council has been taking steps to raise awareness amongst staff and working closely with trade unions.
- Community groups highlighted the importance of having the right information easily available for residents to inform and reassure people in this time of uncertainty.

### **Southwark and LGA London Brexit Sounding Board**

On 29 October 2018 Southwark hosted a London Brexit Sounding Board, in partnership with the Local Government Association (LGA) and Lewisham and Lambeth Councils. The Sounding Board offered an opportunity for the three local authorities, local businesses, public services and community representatives, to raise their concerns about Brexit directly with central government.

The focus of the Sounding Board was based around the key themes that were explored through the work of the Southwark Brexit Panel, including:

- Business and skills
- How we can up-skill our residents and continue to encourage growth
- Education and health - we have heard about huge negative impacts of Brexit - what can we do as local authorities to support our anchor institutions?
- How we can challenge our employers to make social care sector more attractive and continue to encourage growth
- How can local government and civil society protect our vulnerable residents, tackle hate crime and link up immigration and housing support

Political representatives from each of the three boroughs spoke at the event about the approach the local authorities have taken in responding to Brexit and the main issues that are likely to have a significant impact on the boroughs' residents, businesses and community groups.

Alongside the three local authorities, the Sounding Board included presentations from:

- Ministry of Housing, Communities and Local Government (Local Government EU Exit Team)
- Local Government Association (Eamon Lally, Principal Advisor)
- Greater London Authority (Alex Conway, Assistant Director for Brexit and European Programmes)

The Sounding Board also included three panel discussions on three key themes – details of the panellists are included below.

### **EU workforce, employment and skills**

- Neil Coyle MP for Bermondsey and Old Southwark (Chair)
- Cllr Kieron Williams – Southwark Council Cabinet Member for Jobs, Skills and Innovation
- Richard Brown – Centre for London



- Lorna Gavin – Chair Southwark Business Forum
- Nadia Broccardo – Team London Bridge
- Carlos Naranjo – Director of the Latin American Chamber of Commerce

### **Local public services**

- Cllr Victoria Mills (Chair)
- Florence Eshalomi AM – London Assembly Member for Southwark and Lambeth
- Mark Dayan – Nuffield Trust
- Allison Roche – Unison

### **EU residents' rights and communities**

- Helen Hayes MP for Dulwich and West Norwood (Chair)
- Ruth Budge – Immigration Lawyer Southwark Law Centre
- Aysha Anderson – Citizens Advice Lewisham
- Lucila Granada – Director of Latin American Women's Rights Service
- Stephen Douglass – Southwark Council Director of Communities and Brexit
- Cllr Kevin Bonavia – Lewisham Council Cabinet Member for Refugees, Democracy and Accountability

Key issues raised by the three local authorities, the LGA and the GLA included:

- Concerns around whether the government acknowledges the financial strain on local authorities and the impact this will have on their ability to adequately prepare for Brexit.
- Local government requires more practical advice on contingency planning, particularly in the case of a 'no deal' Brexit.
- Lack of clarity around future funding including the Shared Prosperity Fund and how this will be properly devolved to local government.
- Need for immediate clarity on settled status and the rights of EU citizens in the event of a Brexit deal or no deal, including confirmation about whether EU citizens will be able to vote and stand in elections in May 2019 in the case of no deal.
- The tone of central government's engagement with local authorities has changed in light of the prospect of a no deal Brexit – MHCLG appears to be concerned about whether councils are ready but in the current uncertainty the question is 'ready for what?'
- Concern that local authorities will have the burden of mitigating the impact of Brexit without any additional resource, at a time of already stretched budgets and increasing demand on services.

Key issues raised in the panel sessions are summarised below.

### **EU workforce, business and employment**

- Warnings that uncertainty is causing huge issues for businesses and it is unlikely to end in March 2018.
- Concerns that Brexit is slowing investment in construction and other sectors.

- London has significantly higher representation of EU workforce than the rest of the country – Brexit will have a huge impact on this.
- Suggestion that if Brexit goes ahead, local authorities should focus on investment in skills and further education provision, focusing on key sectors.
- Businesses require clarity from government about what they are being asked to prepare for – uncertainty makes it impossible to plan ahead.

### **Local public services**

- Brexit will have a significant impact on policing – the Met is already overstretched and there is no future plan for addressing the changing nature of crime and ensuring the police are adequately resourced. Security issues are also a concern.
- Panellists emphasised the sharp difference between a deal of some kind and leaving the EU without a deal, with much more serious consequences in the latter case.
- Headline issues in the case of no deal Brexit include a sharp economic shock, impact on supply and costs and additional pressures on the NHS, including through the uncertainty around reciprocal healthcare.
- There is significant concern around EU funding and the impact loss of funding could have on public services.
- Social care was particularly highlighted as a sector which cannot cope without EU migration.

### **EU rights and communities**

- Lack of clarity from central government has created huge uncertainty for EU citizens, which will particularly affect the most vulnerable people who may not be aware of their rights or the processes they will need to follow to apply for settled status.
- Groups particularly at risk of failing to secure settled status include elderly, victims of abuse, children in care, and people who will not have the documentation to be able to prove their right to remain.
- Voluntary and community groups are concerned about their capacity to support vulnerable people who will be impacted by Brexit, particularly in the context of potential loss of EU funding.
- Access to information is a complex area and there will be a need for targeted community work. For example many Latin American residents in Southwark who have EU passports may need support, particularly vulnerable individuals such as victims of trafficking or domestic abuse, where migration status could be used as a means of exploitation.
- Concerns about the impact of Brexit on social cohesion and the need to ensure that Southwark – and London – remains an open place.

### **Recommendations to cabinet**

#### **Southwark Council contingency planning and impact assessment**

1. Publish the Council's Brexit contingency planning, financial planning and risk register in January 2019 with a further update in February 2019 and again in March 2019. This

should include making sure contractors also have continuity plans in place and that the council is working closely with the GLA and other London Boroughs to ensure we have robust emergency planning in place especially in the event of no deal.

2. Continue to develop our understanding of the impact of Brexit on the council, our workforce, our services, our partners and our residents, and the council's role in helping them to prepare for Brexit.
3. Identify and assess the risks to public order associated with a no-deal Brexit and develop contingency plans accordingly to respond to and mitigate against those risks.

### **Southwark Council workforce**

4. Publish and review the work already undertaken about the potential impact on Southwark Council's workforce.
5. Cover the cost of applying for settled status for Southwark Council employees.
6. Request information from contractors on their workforce impact assessments.

### **Support for EU citizens**

7. The Council should cover the cost of applying for settled status for all children in its care.
8. Southwark Council should create a one-off fund that will make grants to voluntary and community groups to support vulnerable people through Brexit. This would ensure difficult to reach groups are supported to apply for settled status and any other difficulties emerging for EU citizens as a result of Brexit.
9. Collate information and resources being provided by other organisations about support for EU citizens, the settled status application process and other relevant information, and signpost to voluntary and community sector organisations offering support.
10. Identify vulnerable individuals and groups who may struggle with the settled status application process or be unaware of what they need to do, including older people (including in care homes or supported housing) and some people with disabilities, and work with voluntary and community groups to ensure those people are communicated with effectively.
11. Request clear guidance from central government about process for EU citizens during the transition period and in the event of no-deal.
12. Engage with partners and local businesses to encourage them to support their EU workers to apply for settled status – this could be through schools and health partners but also working through the Southwark Business Forum.

### **Communication**

13. Prepare a comprehensive communications plan looking at all avenues we have to engage with residents, including:
- Sharing information through direct mailings, council website, council publications, social media etc.;
  - Signposting to support and information available;
  - Clearly communicate the message that the council wants EU citizens living in Southwark to stay in the borough;
  - Identify organisations and partners who could communicate with residents about settled status process (e.g. NHS, GP surgeries, Job Centres) and encourage them to make information available.

### **Business, skills & local economy**

14. Review the information available on the council website for businesses (including new businesses starting up in the borough) to make it as easy as possible for businesses to understand their obligations and changes to regulations etc. This is important and helpful whether there are changes following Brexit or not.
15. Note the potential impact of Brexit on the local economy and job market, particularly in key sectors identified in the Brexit Panel evidence sessions – construction, hospitality, social care, and digital and creative. Consider how this could be linked-in to the current work being done on Labour Market Intelligence and vacancies by the Council.
16. Look to fast track work streams in the Council's Skills Strategy to help support local residents to be upskilled and fill potential gaps in the hospitality, health and social care and construction workforces.
17. The Council should publish a Tourism Strategy and Action Plan by autumn 2019 to ensure a sector that could remain strong during Brexit contributes to the local economy and job creation. This does not need to be limited to the direct link with Brexit but rather be a wider piece of work that seeks to promote the strong cultural offer in Southwark and whilst balancing the potential pressures tourism can place on our residential communities.

### **Making the case for Southwark**

18. The evidence gathered by the Brexit Panel overwhelmingly made the case that remaining in the EU would be beneficial for Southwark. The panel calls on cabinet to continue to press for the best outcome for Southwark and to strongly make the case, on behalf of the 72% of residents who voted to Remain and based on the clear evidence gathered by the panel, that Southwark would be better off if the UK were to remain in the EU.