

Item No. 5.	Classification: Open	Date: 26 November 2020	Meeting Name: Southwark Brexit Panel
Report title:		Brexit Update	
Ward(s) or groups affected:		All	
From:		Councillor Stephanie Cryan, Cabinet Member for Jobs, Culture and Skills	

RECOMMENDATION

1. That the Southwark Brexit Panel note the report.

BACKGROUND INFORMATION

2. The purpose of this paper is to provide an update to the Southwark Brexit Panel on the latest information relating to Brexit and its impact on Southwark.
3. The work of the Southwark Brexit Panel to date can be found [here.](http://moderngov.southwark.gov.uk/ieListMeetings.aspx?Committeeld=475)
<http://moderngov.southwark.gov.uk/ieListMeetings.aspx?Committeeld=475>
4. As is well documented, on 23 June 2016 the UK voted in the EU referendum to leave the EU by a margin of 52% to 48%. In Southwark over 72% of the residents who took part in the referendum voted to remain in the EU.
5. Following the triggering of Article 50 of the Lisbon Treaty (i.e. the process of withdrawal by the UK from the EU) in March 2017, a lengthy period followed as the UK sought to negotiate a withdrawal agreement with the EU. After numerous extensions and delays, a final extension to the Article 50 period was granted to 31 January 2020.
6. On 19 December, Parliament finally passed the EU Withdrawal Bill which set out the arrangements for the UK's withdrawal from the EU. The Bill passed the third reading in Parliament on 9 January 2020.
7. The UK formally left the EU at midnight on 31 January 2020.

KEY ISSUES FOR CONSIDERATION

Transition Period

8. A core part of the Withdrawal Agreement with the EU was that there is a “transition or implementation period”. The purpose of the transition was to enable negotiations to take place and determine what the future relationship between the UK and the EU would look like, including agreement of a future trade deal. This period began when the UK left the EU and will end on 31 December 2020. During the transition period, the UK continues to follow most of EU law in much the same way as it did before. However, it no longer has representation and voting rights in the EU institutions.
9. Key areas of critical importance for Southwark as we emerge from the transition period:
 - Preserving the rights of EU nationals living and working in Southwark
 - Avoiding a ‘no deal’ Brexit and ensuring a trading relationship with the EU that does not negatively impact Southwark businesses
 - Greater clarity on funding arrangements for local government post-Brexit and specifically on the proposed Shared Prosperity Fund, which has become even more crucial for local economies as a result of the Covid-19 pandemic
 - Ensuring local government views are taken into account in the review of relevant EU laws, for example on procurement and work place rights
 - Exploring opportunities to further the devolution agenda, for example to ensure the provision of the employment and skills support needed in our local economy post-Brexit (and as a result of the impact of COVID-19).
10. In the meantime, the Internal Market Bill currently before parliament has set out the Government’s intentions for managing the economy once outside the EU.

Brexit Negotiations and Impact on Business

11. At the time of writing, the EU-UK negotiations on a future trading relationship were ongoing. By prohibiting any extension to the transition period in the Withdrawal Agreement Bill, a no deal Brexit is again a reality as a future trade deal is still not agreed.
12. Although Government ministers say they remain optimistic a deal will be reached, at the moment it is not known what a deal will look like or if there will even be a deal. Certainly the indications are that if a trade deal is struck, it will likely be lighter than what was envisaged two years ago.

13. In the meantime, businesses have been told to prepare for 'no-deal' in the eventuality that an agreement is not reached. Unfortunately, there is little guidance from Government on exactly how businesses should prepare for a no deal scenario. In the absence of clarity of information from Government, local authorities are collectively finding it difficult to advise businesses accordingly. However, the council will continue to monitor the situation and engage with businesses as appropriate.

The Impact of Brexit on Southwark's Communities

14. The council implemented a comprehensive Brexit communications plan to ensure our residents were aware of and prepared for any changes that affect them, particularly in relation to the EU settlement scheme. Our communications focused on ensuring our EU residents and staff know they are welcome here and that we want them to stay, and sharing information about the support available to them. We used all the council's channels including social media, Southwark Life magazine, local advertising and our website to help increase awareness. Our EU settled status web page received 50,000 page views, and we saw excellent take up of the registrar's free EU settled status support service.
15. Government data published last year showed an increase in awareness about the scheme, and action being taken. The latest data shows that the number of Southwark residents who had applied for EU settled status is now 44,890. Of these, 3250 are under 18 and 650 are 65 and over. While we do not hold data on the exact number and ages of our EU citizens, we had estimated there are 41,000 EU citizens in Southwark based on 2011 Census data, so it appears that a vast majority of EU citizens in the borough have applied.
16. The council's updated communications plan in January 2020 included a renewed focus on promoting the EU Settled Status scheme, ensuring our residents feel welcome and know what to do to stay. Although implementation of this strategy was impacted by the COVID-19, we have nevertheless continued to promote these messages via our channels, target support and advice, and work with the VCS, wherever possible.
17. The EU Settlement service has been suspended since March. Opportunities to restart the service have proved challenging as customers requiring support with the verification process impacted on COVID-19 preventative action, i.e. to take the photo and scan the face with the machine required proximity of closer than a meter to the customer while the customer isn't wearing a face covering. For reasons of customer and staff safety, the decision was taken not to resume the service for the time being.
18. The Policy and Resources Strategy 2019-20, approved by cabinet in February 2019, recommended that a £2m risk reserve be set aside to ensure council services are protected from the impact of Brexit and a further £300,000 commitment was added to the base budget to cover ongoing operational pressures in the form of a Brexit fund. Ongoing delays to the

Brexit date and the Covid-19 pandemic has meant that calls on these funds have yet to be realised. However, now the end of the transition period imminent, it is timely to consider prioritisation of these funds as determined by potential demands on our services and in our local communities.

Shared Prosperity Fund

19. In 2017 the Government announced that the Shared Prosperity Fund (SPF) would be the UK's successor to EU structural funds. However, at the time of writing, there is still very little information about how the Shared Prosperity Fund will work. It is recognised that the ongoing impact of COVID-19 on local economies could affect the development of the SPF.

Brexit Risk and Managing Impact

20. 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. As a result, the plan to manage the impact of Brexit has been incorporated into the council's broader Economic Renewal Plan.

APPENDICES

No.	Title
None	

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Economic Renewal Plan	Chief Executive Office 160 Tooley Street, London, SE1 2QH	Danny Edwards 0207 525 5105
https://www.southwark.gov.uk/business/economic-renewal-plan		

AUDIT TRAIL

Lead Officer	Eleanor Kelly, Chief Executive Officer	
Report Author	Danny Edwards, Head of Economy	
Version	Final	
Dated	17 November 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	17 November 2020	