

Open Report on behalf of Richard Wills, Executive Director of Environment and Economy

Report to:	Overview and Scrutiny Management Board
Date:	27 July 2017
Subject:	Working Group into the UK's Exit from the European Union

Summary:

Lincolnshire County Council previously established a Working Group to consider the impact of the UK's exit from the European Union on the County Council and on Lincolnshire more generally. This report provides an update on the progress that the Working Group made and it recommends that the Working Group is re-established with a cross-council remit.

Actions Required:

The Overview and Scrutiny Management Board is asked to:

1. Re-establish the Working Group on the UK's exit from the European Union with a new membership consisting of one member from each Scrutiny Committee;
2. Authorise the Working Group on the UK's exit from the European Union to meet more than three times during the Brexit negotiation period;
3. Request that the Working Group on the UK's exit from the European Union reports back to the Overview and Scrutiny Management Board after each meeting.

1. Background

In late 2016 the Council created a Working Group on the impact of the UK's exit from the European Union (EU).

Although the Working Group only met twice, it conducted a significant amount of work. The Working Group monitored the announcements about Brexit coming from Whitehall and considered how they might impact on Lincolnshire; surveyed senior managers about the potential implications of Brexit on their service; gave evidence to a parliamentary committee on Brexit; and analysed recent migration patterns in Lincolnshire.

Government committee on Brexit's visit to Lincolnshire

The parliamentary committee on the UK's exit from the EU visited Boston on Thursday 2nd February 2017, and Lincolnshire County Council (LCC) was invited to join other organisations (Boston Borough Council, Greater Lincolnshire Local Enterprise Partnership (GLLEP), NHS, Police, etc) for a short meeting with the committee and their researchers.

Cllr Mrs M J Overton MBE attended that meeting, accompanied by Justin Brown, Commissioner for Economic Growth. Cllr Mrs Overton made points to the committee about the fast rise in the migrant population of Lincolnshire, cost of translation services, and potential pressure on adult social care and school services. She also suggested that better community cohesion programmes, mechanisation and new employment support policies could effectively address some of the risks that migration policies could bring to those employers who rely on migrant labour.

Interim recommendations of the Working Group

Shortly before the County Council elections – and subsequent general election - the Working Group made the following recommendations to Group Leaders:

1. Between 12% and 14% of businesses in Lincolnshire trade internationally. Any new international trade deals will take a long time to agree. ***It is recommended that LCC writes to Department for International Trade urging them to work quickly to agree the fine detail of trade agreements.*** Whilst this is unlikely to make a difference to the pace at which Department for International Trade (DIT) are working, it will show businesses in Lincolnshire that the County Council is business focused.

Officers continue to discuss priorities with the Department for International Trade and whilst DIT's motivation is nationally focused, they recognise the importance of helping local partners to achieve their own objectives for international trade. For example, in Lincolnshire, DIT has committed an extra £1m over a three year period to increase the number of exporters and the Foreign and Commonwealth Office has allocated Lincolnshire County Council to help to promote trade opportunities with China.

2. The Working Group's analysis has shown that businesses and local government are encouraged by the possibility that restrictive legislation will be reduced once the UK exits the EU. Procurement, personnel, and legislation concerning data have particularly been identified. Both subjects are extremely complex, and ***it is recommended that we seek more detailed advice on procurement, personnel and legislative considerations.***

As the Repeal Bill was only recently tabled in parliament there has been little concrete information on how, and whether, the legislation will change. Officers continue to monitor this issue.

3. The Working Group's survey of senior managers showed that the level of information to help us to assess the detailed impact of Brexit on local authority services is limited. A few other local authorities are starting to explore the impact of Brexit in the way that we have, but we expect that the Local Government Association has started to do some work in this regard. ***It is recommended that we approach the Local Government Association and explore ways that their work on assessing the impact of Brexit on local government could help us to understand the local impact.***

A telephone conference has been held with the Local Government Association's representatives in Brussels. They are currently occupied with making local government's voice heard in the Brexit negotiations rather than interpreting the outcome of them but they recognise the need to do both.

4. Negotiations over Brexit and the implementation of post EU policy need to be considered during the 2-year period of negotiation following the triggering of Article 50 and potentially beyond. The Working Group had two recommendations in this regard. Firstly, ***it is recommended that each committee's work programme for 2017/2018 and beyond includes consideration of the impact of Brexit on that committee's work area.*** And secondly ***it is recommended that the Working Group on the UK's exit from the European Union continues to meet three times per year throughout the period of negotiation following the triggering of Article 50.*** This will enable Group Leaders to receive advice from a "whole council" perspective.

Looking ahead

Brexit will dominate the parliamentary agenda for the next two years and beyond. It will have a significant impact on the way that the country, local authorities, and businesses operate. From an LCC perspective, Brexit should be considered at four levels:

1. **National policy and negotiations** – it is highly unlikely that LCC will be able to influence the major negotiating positions of the UK government and the European Union. However, we do need to understand what is being proposed and what impact it will have on the services that LCC commissions and on the wider Lincolnshire economy. Without that understanding there is little chance of us being able to respond and adapt effectively. There is one area where LCC might have a role in influencing (future agricultural policies) where LCC may be able to help the farming and food production community to make representations via the Greater Lincolnshire Forum for Agriculture and Horticulture.

A recent report by City, Cardiff, and Sussex universities has suggested that there will be a significant negative impact on national food security, and on areas that produce food (e.g. Lincolnshire which produces roughly a quarter of the nation's food supply) if the agricultural and food policies which follow Brexit are not successful. Similar reports have identified other sectors, like paper

manufacturing and the service sector, which will be impacted. It is important that LCC understands the importance of reports like these, testing their findings with industry, and helping industry and local communities to respond accordingly.

2. **Turning policy into operation** – once the policy positions have been agreed between UK government and the European Commission then the operational detail of these policies will be developed. UK government is already discussing the operational detail of, for example, the National Productivity Investment Fund which is proposed as a replacement for EU regeneration funding. It is important that LCC makes strong representations on how the operational detail of agreed government policies can be developed in a way which is beneficial to our county.
3. **Responding proactively to new policies and legislation** – the survey that the Working Group conducted with senior managers identified that issues such as workforce recruitment, procurement rules, and data protection (this is not an exhaustive list) are all likely to be affected by the UK's exit from the European Union. Issues like these will affect the way that all of the Council's services are commissioned and delivered. If LCC is simply reactive to new rules and circumstances then it is likely that the benefits of any action we might take will be slow to come to fruition. It is important that we analyse issues as they start to emerge, gaining an understanding of how they will affect our services, and identifying how we might need to respond.
4. **Understanding the impact of Brexit on Lincolnshire** – the impact of Brexit will not only be on those services that LCC delivers. It will also be on communities, businesses, and other services. Migration changes are one example of the possible impact, but others are possible too. These might include trade patterns or changes to environmental legislation.

Assuming that the impact of Brexit should be considered at these four levels, then the natural conclusion is that LCC needs to consider the impact of Brexit regularly, and on a cross council basis.

Re-instating the Working Group on the UK's exit from the European Union will enable the Council to consider these issues. However, in order to achieve the requirement of taking a cross-council view it would be preferable to move from populating the Working Group on a semi-voluntary basis and instead to ask each of the Council's scrutiny committees to nominate a representative. Ideally the Working Group will be comprised of councillors with useful sector/issue knowledge and from across the whole of the county. It may be useful to identify substitutes so that there is a continuity of knowledge across the Working Group. In order to achieve the requirement of considering the impact on a regular basis it would be useful for the Working Group to meet at least three times per year and to feed its findings back to the Overview and Scrutiny Management Board.

2. Conclusion

The UK's exit from the European Union will have a substantial impact. By re-instating the Working Group on the UK's exit from the European Union LCC will be taking action to monitor these impacts and to recommend appropriate responses.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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