

Brexit

Economy and Skills Overview and Scrutiny Committee

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Presentation will cover:

1. Background and activity to date
2. Report findings – summary of key areas of concern
3. Next steps – resilience planning

Background and activity to date

- Set up a Brexit Advisory Group soon after referendum result in 2016
- Established Brexit Commission and moved responsibility into Deputy Leaders portfolio
- Commission has sought wider geographical representation including WMCA, WM LEP's, Chamber of Commerce, Universities
- Commissioned West Midlands Economic Forum to undertake an analysis of Brexit research and impact on West Midlands
- Draft report completed by 30 November 2018
- Key areas of interest and concern identified

Key areas of concern

1. Trade

The impact of the conclusion to the Brexit process, notably customs arrangements, tariffs, regulation, freight and borders, on the regional economy, particularly advanced manufacturing given its high servitisation component.

2. Infrastructure & Investment

The impact of Brexit on continued investment into transport infrastructure, broadband, housing and business investment, given the need to sustain international competitiveness.

3. Key Employment Sectors

Key sectors which are particularly vulnerable to Brexit, including automotive plus those in the wider supply chain. Health and social care are also sectors of concern with 1 in 10 nurses being EU nationals, as well as the broader impact of a general economic downturn/compression in growth.

4. Productivity and Skills

The recruitment and retention of skills, especially maintaining access to technical, proficient labour, such as currently provided by EU nationals and addressing skills shortages

5. Just in Time Impacts

Implications may lead to the need to stockpile goods such as food and medicines. Further implications for energy. The impact on current supply chains and the impact of longer lead times, for example in the manufacturing sector.

Key areas of concern (con't)

6. Fiscal, Financial & Economic

The potential, up to 13%, compression on the regional economy from Brexit, possibly leading to an increase in pressure on LA services. The impact of volatile interest rates and markets and their impact on servicing debts.

7. Business Adaptability

The preparedness of business to deal with the Brexit outcome (especially SMEs which make up 95% of enterprises in the WMCA area) notably the need to increase awareness of the new conditionalities linked to trading with Europe, potentially under WTO auspices.

8. EU Funding

Birmingham alone has benefitted from over £1billion in EU funding and the loss of this resource will have an impact on key priorities for local government such as jobs and skills and inclusive growth. New UK Shared Prosperity Fund critical to filling this funding gap.

9. Security

Need to increase awareness of adherence to international treaty obligations and trading regime requirements to ensure compliance. Further local implications associated with public demonstrations and potential disorder or unrest

10. Data Sharing

The impact of Brexit on current collaborative arrangements between EU and regional institutions on knowledge transfer and data sharing platforms. This may have implications for issues such as counter-terrorism, but also industries such as medicines and healthcare.

11. Public Service resilience

Implications on key services: workforce, trading standards, regulation, procurement, state aid etc

Brexit Commission – Next steps

- Examine exposure, risks, consequences to the Council and the City in the areas of concern identified
 - Examine resilience and preparedness in conjunction with WMCA and West Midlands Resilience Forum
 - Agree work streams and develop work programme containing agreed actions with identified 'leads'
 - Develop further report – if required
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- December 2018 – Cabinet
 - January 2019 – Full Council

Questions?