ITEM No …7………..

REPORT TO: **POLICY AND RESOURCES COMMITTEE - 12 FEBRUARY 2018**

REPORT ON: **BREXIT - UPDATE AND IMPLICATIONS**

REPORT BY: **CHIEF EXECUTIVE**

REPORT NO: **28-2018**

1. PURPOSE OF REPORT

This report gives members an update on the Brexit process, including negotiations, possible impacts and issues for local government.

2. RECOMMENDATIONS

It is recommended that Committee:-

(i) notes the briefing attached to this report;

(ii) remits the Head of Chief Executive's Services to convene the Brexit Advisory Team to monitor progress, develop strategy and continue to report to members.

3. FINANCIAL IMPLICATIONS

None.

4. BACKGROUND

4.1 The briefing attached to this report provides members with updates on the following:-

- Negotiations between the UK Government and the EU
- Brexit Bills in the UK Parliament
- The impact of Brexit in general
- Issues for local government in general
- Brexit implications for Dundee City Council

4.2 The briefing concludes by recommending that a Brexit Advisory Team is tasked to advise on a strategy to mitigate the impact of Brexit on Dundee and take advantage of any opportunities which may arise. The proposed remit of the team is set out in full in the briefing, but can be summarised as follows:

- Continue to monitor developments on Brexit
- Ensure the Council keeps informed of, and influences, the work of those representing local government
- Consider the impact of the ending of EU funding
- Monitor the impact on Council finances
- Consider the impact on the local economy
- Consider the impact on the Council workforce as well as local businesses
- Work with partners to develop a deeper understanding of the impact of Brexit on them

5. POLICY IMPLICATIONS

This report has been screened for any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6. CONSULTATIONS

The Council Management Team has been consulted in the preparation of this report and agrees with its contents.

7. BACKGROUND PAPERS

None.

David R Martin
Chief Executive

DATE: 31 January 2018

Chief Executive's Services

BREXIT BRIEFING: AS AT 31 JANUARY 2018

This briefing gives an update on:

- Negotiations between the UK Government and the EU
- Brexit Bills in the UK Parliament
- The impact of Brexit
- Issues for Local Government
- Implications for Dundee City Council

1. NEGOTIATIONS BETWEEN THE UK GOVERNMENT AND THE EU

1.1 Phase One Talks

Negotiations began in June 2017 when the Chief Negotiators, David Davis and Michel Barnier, met for their first formal talks. These focussed on agreeing the timing, structure, terms of reference and initial priorities of the negotiations. The EU proposed starting with three priority areas - citizens' rights, a financial settlement and the Republic of Ireland/Northern Ireland border - moving on to the UK's future relationship with the EU if "sufficient progress" was made in these three areas.

Negotiations have continued on four-week cycles throughout the first phase and it was agreed at a summit of EU leaders in December 2017 that sufficient progress had been made on the three priority areas (although some of the detail has still to be clarified) for talks to move on to the next stage. These will include discussions on a transition deal to cover a period of around two years after Brexit, and the "framework for the future relationship" - preliminary discussions about a future trade deal. A final withdrawal treaty and transition deal will have to be ratified by the EU nations and the UK Parliament before the UK leaves in March 2019.

The remaining 27 countries appear united in a determination to see the process of negotiations through without weakening the EU - or appearing to suggest that a country will be better off leaving - and the work of the European Council, Commission and European Parliament appears to be closely co-ordinated.

On 29 January, EU Ministers met to agree their negotiating position on the transition period that will follow the UK's departure. They propose this should run from Brexit in March 2019 until 31 December 2020 and say that:

- All EU rules and regulations - including changes adopted after March 2019 - should apply in the UK during the transition period.

- There can be no 'cherry picking' on the single market, so free movement should continue.

- The UK will not be involved in EU decision-making.

- Work should continue on finding a solution to the Northern Ireland border question.

1.2 The Three Priority Areas

1.2.1 Citizens' Rights

The rights of the three million EU citizens living in the UK, and the million Britons living in the EU, will be protected post-Brexit, according to the deal reached between the UK Government and the EU in December 2017.

A joint document said both EU Citizens and UK nationals can continue "to live, work or study as they currently do under the same conditions as under Union law". The document confirms that EU and UK citizens have free movement of rights until the day the UK withdraws from the EU. This, in effect, is the cut-off date for EU citizens moving to the UK. Anyone who arrives before Brexit day will have the right to stay. Those who are yet to be granted permanent residency in the UK will have their rights protected, so they can still acquire it after withdrawal. The latest deal also includes rights for relatives who do not live in the UK to join them in the future. These rights extend to future spouses or partners of EU citizens.

EU citizens living in the UK will have their rights enshrined in UK law and enforced by British courts, though the European Court of Justice will have jurisdiction over EU citizens' rights for eight years after withdrawal day. EU citizens in the UK will have equal access to social security, health care, education and employment. But they - and UK citizens in the EU - lose their rights to residency if they are out of the country for five or more years.

The process for giving EU citizens residency rights in the UK will be under a new procedure, referred to as "settled status". The document says the administrative process "will be transparent, smooth and streamlined". The cost is less clear, with reports stating it will be "free of charge" or "for a charge not exceeding that imposed on nationals for the issuing of similar". Criminal background checks can be carried out "on all applicants", but the process should have a "proportionate approach". Those who already have residency rights in the UK will have their document "converted" free of charge, but will be subject to identity, criminality and security checks.

The chair of 'the 3 million', a campaign group representing EU citizens living in the UK, expressed concerns about the deal. He said: "Our rights should not have an expiry date. More worryingly, there is still no clarity around the registration criteria for these rights. There are a huge number of people still in the dark about whether they will qualify or not."

UK citizens who move elsewhere in the EU before Brexit day will have the right to stay in that country. However, after the UK withdraws, the freedom of movement principles will not be the same for UK citizens living in the EU as for EU citizens living in Britain. The only way to keep this freedom of movement would be to apply for a passport in the European country in which they are currently residing.

1.2.2 The Financial 'Divorce' Settlement

In her Florence speech in September, the Prime Minister said that "the UK will honour commitments we have made during the period of our membership". Negotiations have focused on exactly what that means in practice - in particular, the extent to which it includes money that has already been committed to projects in the long-term budget but not yet spent, including big infrastructure projects that won't start until after the UK leaves. There are also pensions and contingent liabilities such as loans to other countries to consider. The agreement reached in December did not include a specific figure but Downing Street sources suggest the settlement will be between £35bn and £39bn, including budget contributions during a two year transition period after March 2019, while some have suggested it may be up to £44bn.

1.2.3 The Irish Border

Much attention has focused recently on the Irish border issue. The EU appeared to suggest that a way to avoid a 'hard' border between the Republic of Ireland and Northern Ireland would be for Northern Ireland to remain in the single market and customs union, but David Davis MP has insisted he wouldn't accept a solution - effectively a border within the UK - which damages the constitutional and economic integrity of the UK. The UK Government and the EU want to maintain the free flow of goods, without border checks that they fear could threaten a return to The Troubles, but the UK Government relies on support from the Democratic Unionist Party, which does not want Northern Ireland to be treated differently to the rest of the UK after Brexit.

The document agreed in December says any future deal must protect "North-South co-operation" and hold to the UK's "guarantee of avoiding a hard border". The agreement says "no new regulatory barriers" will be allowed between Northern Ireland and the rest of the UK, and that Northern Ireland's businesses will continue to have "unfettered access" to the UK internal market - a passage thought to have been added to meet Democratic Unionist Party concerns. But it also sets out a fallback position if the UK fails to agree a trade deal. This could prove controversial because it says there will continue to be "full alignment" between the EU and Northern Ireland on some elements of cross-border trade, as set out in the Good Friday Agreement.

2. BREXIT BILLS IN THE UK PARLIAMENT

2.1 The Queen's Speech

The Queen's Speech on 21 June 2017 was dominated by Brexit. There were eight bills on the process of withdrawing from the EU:

- European Union (Withdrawal) Bill (sometimes called the Great Repeal Bill) - to repeal the 1972 European Communities Act and convert EU law into UK law.
- Customs Bill - to ensure the UK has a stand-alone customs regime on exit.
- Trade Bill - to put in place a legal framework to allow Britain to strike trade deals with countries around the world.
- Immigration Bill - to enable the government to end the free movement of EU nationals into the UK.
- Fisheries Bill - to enable the UK to control access to its waters and set UK fishing quotas.
- Agriculture Bill - to support UK farmers and protect the natural environment after the UK leaves the Common Agricultural Policy.
- Nuclear Safeguards Bill - to establish a nuclear safeguards regime as the UK leaves the EU and Euratom.
- International Sanctions Bill - to ensure that the UK continues to play a central role in negotiating global sanctions to counter threats of terrorism, conflict and the proliferation of nuclear weapons and to return decision-making powers on sanctions to the UK.

2.2 The 'Great Repeal Bill'

The most important of these is the European Union (Withdrawal) Bill. This repeals the European Communities Act, which says that EU law is supreme to the UK's and transposes EU legislation into UK domestic law. It will affect thousands of laws, on everything from workers' rights to the environment, and will end the jurisdiction of the European Court of Justice. It has been described as "one of the largest legislative projects ever undertaken in the UK", with "major swathes of the statute book" needing to be examined to see how they will work after Brexit. The first line of the Bill says simply: "The European Communities Act 1972 is repealed on exit day." But the legislation also brings EU law into UK law, to create continuity. The Bill passed its Second Reading in the House of Commons on 11 September and its Third Reading on 17 January. The Government was defeated on an amendment which guarantees Parliament a vote on the final deal before we leave the EU. The Bill is now be considered by the House of Lords. Their Constitution Committee has suggested the EU Withdrawal Bill has fundamental flaws and requires amendments.

The Bill includes a clause: "The charter of fundamental rights is not part of domestic law on or after exit day." This will be fiercely opposed by opposition parties. Labour made the incorporation of the charter one of the six tests they will apply when the party decides whether to vote for the Bill. The Liberal Democrats have also made it a key demand. The government have always said that they believe the charter, which interprets existing EU rights rather than creating new ones, will no longer be necessary when Britain leaves the EU, and an amendment to include the Charter in UK law after Brexit was defeated when the Withdrawal Bill was being debated in the House of Commons.

The Prime Minister has committed to write the date of the UK's departure from the EU into law. Amendments to the Bill will spell out that membership will end at midnight Brussels time (11pm in the UK) on 29 March 2019, although there have been suggestions that this could be changed depending on progress with negotiations.

2.3 Political Debate

Both Scottish and Welsh First Ministers have said that their governments will not give the Withdrawal Bill legislative consent unless there are major changes. By convention, Legislative Consent Motions are required when Westminster legislates on devolved matters or to change the scope of devolved powers. However, according to the Supreme Court, this convention is not legally enforceable, operating only as a political constraint, although any resulting constitutional clash over powers may encourage further moves towards independence.

Ian Blackford, the SNP's Leader at Westminster, said: "The UK Government needs to provide clarity over the repatriation of powers currently with the EU which should go to the devolved nations. People in Scotland deserve a commitment from the UK Government to categorically rule out the threat of a Westminster power grab of devolved powers at any time as a result of the Repeal Bill and the UK Government should give a cast iron guarantee that devolved powers will be increased."

Sir Keir Starmer, the shadow Brexit secretary, said: "Labour has always been clear that Brexit cannot lead to any rolling back of rights and protections. We need effective legislation that protects British workers and consumers, enshrines equality laws, enforces environmental standards and devolves powers across the country. The Government's Repeal Bill falls short on all counts. The Bill proposes sweeping new powers for ministers that are fundamentally undemocratic, unaccountable and unacceptable. It fails to guarantee crucial rights will be enforced; it omits the EU Charter of fundamental rights and it does nothing to ensure that British standards and rights keep pace with our EU partners. Unless the Bill is significantly improved in all these areas, Labour will vote it down in the House of Commons". Labour has said the Bill lacks effective oversight, accountability and clear enforcement mechanisms - "without remedies, key rights such as workplace rights or environmental standards could become unenforceable". Labour also say it does not ensure effective involvement of devolved administrations, and without this, the Bill is a "significant power grab for Whitehall and fails to capitalise on the potential for further devolution of power".

The political background has shifted considerably since the general election. The Prime Minister framed the election as a way of "strengthening her hand" ahead of the negotiations with the EU and of ensuring stability. However, despite the Conservative Party increasing its share of the vote (partly by attracting those who were not traditional Conservative voters but had voted Leave in the referendum) they did not increase their number of seats and the result was a hung Parliament, with the Government relying on the support of Northern Ireland's Democratic Unionist Party.

Brexit continues to cause tensions within the two main Westminster parties, as well as between them. One of the Queen's speech amendments, tabled by Labour MP Chuka Umunna, called on the government to seek to stay within the EU's customs union and single market as part of the Brexit process. 49 Labour MPs voted for it, but Jeremy Corbyn has said a Labour Government would take the UK out of the single market although it has yet to decide on membership at the customs union - he said he wants tariff - free access to the European market. Anna Soubry, a former Conservative minister, is co-chairing an all-party parliamentary group on EU relations with Chuka Umunna, to co-ordinate opposition to a hard Brexit in Parliament.

There are disagreements within the Government on the UK's long term relationship with the EU, with not everyone agreeing how closely aligned the UK should stay to EU trade rules. There is reported to be a "clear divide" between ministers, with some like Chancellor Philip Hammond and Home Secretary Amber Rudd calling for the UK to stick closely to the EU's single market to preserve access for British firms, while others, like Foreign Secretary Boris Johnson and Secretary of State for Environment, Food and Rural Affairs, Michael Gove, want more divergence so the UK has more freedom to strike its own trade deals with other countries.

2.4 Devolution and the Repatriation of Powers

The Withdrawal Bill has intensified debate about the repatriation of EU competences and their impact on devolution. Brexit may mean "taking back control" over law-making but where is this control being taken back to? The Scottish Government argues that it has devolved responsibility for areas such as fisheries, agriculture and the environment so the powers that come back from Brussels should go to

Edinburgh. The Prime Minister has insisted that EU frameworks need to be replaced by UK frameworks to preserve the UK internal market and allow the UK Government to undertake international trade negotiations. This has been said by the Scottish Government to be an attempt to weaken the powers of the Scottish Parliament by expanding the areas where Westminster has exclusive competence and undermining the devolution settlement. The Scottish Government accepts the need for common UK frameworks to avoid barriers to trade and mobility, but there are differences over who decides what such frameworks would entail, who owns the process of overseeing their implementation and who wields the power should disputes emerge.

Mike Russell, the Scottish Government's Brexit Minister, has warned the Scottish Parliament could withhold consent for a swathe of legislation required to plug gaps in the statute book after EU law ceases to apply. In particular, he said the Scottish Government would not agree to the UK Government unilaterally creating post-Brexit laws covering agriculture, fisheries, environmental policy and justice in Scotland. He said all powers repatriated from Brussels in these areas have to be devolved to Holyrood. Scottish Government Ministers would then decide if it was "sensible or desirable" to agree a common UK framework with their counterparts in Whitehall.

Talks between ministers from the UK and devolved governments in December ended without an agreement. Mike Russell said the "difficult" summit had not settled the matter of what happens to powers returning from Brussels. But Scottish Secretary, David Mundell insisted talks were moving forward and he was "sure" a deal could be found, with "the majority of powers" which are being disputed actually heading to Holyrood.

3. THE IMPACT OF BREXIT ON THE ECONOMY

3.1 Overview

The Remain campaign made the economic consequences of Brexit the central element of their case, with most forecasters predicting that a Brexit vote would lead in the short-term to a fall in the exchange rate, turbulence in financial markets and a significant slowdown in growth. Credible analyses of long-term impact foresaw a significant reduction in Gross Domestic Product, although with considerable uncertainty about the magnitude of this impact.

In the short run, any damage was minimal. The pound did fall sharply against the dollar and euro but stabilised and recovered somewhat, although the pound fell again against the euro during the first phase of negotiations, and remains lower against the dollar and euro than it was before the referendum. The Bank of England cut interest rates and announced further quantitative easing which appears to have supported markets and business confidence. The UK economy has continued to grow and unemployment has fallen. However, longer-term predictions remain gloomier and more consistent with the economic consensus before the referendum. As expected, some financial sector jobs and investment are being relocated elsewhere in the EU and this seems likely to accelerate if progress on the negotiations suggest little prospect of a deal on continued access to the single market. Companies that rely on pan-European supply chains are making contingency plans to deal with trade barriers and border controls, and labour migration appears to have slowed.

What will be crucial over the coming period is the interaction between the economics of Brexit and the politics of the negotiations. If negotiations progress well - with a relatively early agreement on the broad terms of withdrawal, a constructive approach on both sides towards a longer-term relationship and an extended 'implementation' phase during which not much changes in respect of the UK's economic relationship with the EU countries - this would maintain confidence and give companies time to adjust, and any negative impacts would be spread over a longer period while at the same time the UK is pursuing economic relationships with non-EU countries. But if negotiations stall or break down while the Article 50 clock keeps ticking, there is a risk of an erosion in business and consumer confidence as fears of a 'cliff edge' Brexit grow.

Trade negotiations are lengthy, complex and often contentious and there seems little chance an ambitious agreement can be reached before March 2019. So, the UK Government is aiming to negotiate a transition agreement to govern UK-EU relations until a longer-term agreement is possible. Progress with longer-term negotiations will require the UK to make concessions which might include making further payments to the EU budget, agreeing that EU regulations will continue to apply in some areas and guaranteeing immigration rights for EU citizens offered jobs in the UK.

It has been estimated that reverting to World Trade Organisation membership without a special deal with the EU would reduce UK GDP by about 3% per year due to trade barriers.

A paper published by the Scottish Government on 15 January 2018 says that Scotland's economy could be £12.7bn a year worse off by 2030 (8.5% of EDP) if trade with the EU reverts to WTO terms. The document, titled 'Scotland's Place in Europe: People, Jobs and Investment' considers three scenarios, the other two being remaining within the single market and customs union or the UK securing a free trade agreement with the EU. It says the least damaging option would be to stay in the single market but all of the options will involve a cost to the Scottish economy compared with remaining in the EU.

3.2 Business Investment

A survey by the CBI in summer 2017 indicated that 40% of businesses say Brexit has affected their investment decisions, with 98% saying this impact has been negative. The CBI say there is a need for clarity and certainty on transition terms, and has published six principles to guide the UK Government's negotiations:

- Barrier free relationship with the EU.

- A clear plan for regulation that gives certainty in the short term and in the long-term balances influence, access and opportunity.

- A migration system which allows businesses to access the skills and labour they need to deliver growth.

- A renewed focus on global economic relationships with the business community at their heart.

- An approach that protects the social and economic benefits of EU funding.

- A smooth exit from the EU, avoiding a cliff edge that causes disruption.

In a joint letter sent to David Davis in late October, Britain's five biggest business lobbying groups - the Institute of Directors, CBI, British Chambers of Commerce, Federation of Small Businesses and the EEF manufacturing body - warned the UK risks losing jobs and investment unless there is an urgent Brexit transition deal. They said there has been growing anxiety among businesses at a lack of progress in the negotiations, and it is important that the Brexit transition period matches as closely as possible current trading arrangements with the EU. The letter says an agreement on a transition "is needed as soon as possible, as companies are preparing to make serious decisions at the start of 2018, which will have consequences for jobs and investment in the UK.

Looking ahead, the Scottish Chambers of Commerce have argued for an expanded trade mission and trade fairs programme with more generous government support to boost exports, build links with key trading partners and underpin trade deals. The Federation of Small Businesses in Scotland has said their 'wish list' is:

- A transitional arrangement of at least three years
- Easy access to the EU single market
- Easy access to European labour and skills
- A more flexible immigration system
- Ensure Scotland remains an attractive place to do business
- Post-Brexit EU funding spent on Scottish priorities

3.3 Specific Sectors

Issues for specific sectors include:

- <u>Social Care</u> - will be significantly affected by Brexit, with 80,000 EU nationals working in social care in the UK. Recent press coverage has focused on a high number of nurses leaving the NHS.

- <u>Summer fruit sector</u> - experienced its worst recruitment shortage since 2004. The National Farmers Union indicated that there was a 17% shortfall in migrant workers in May, leaving some farms critically short of pickers. The sector requires about 80,000 seasonal workers to harvest fruit and vegetables and virtually all come from Eastern Europe. The shortfall in May 2016, before the referendum, was 4%.

- Universities - the Russell Group, representing 22 of the UK's top Universities, have issued a list of ten demands they say need to be met to protect the UK's academic sector. This includes the need to change the plan to make every EU citizen apply for new "settled status" and instead grant automatic right to remain to thousands of people already permanently resident in the UK, transferring permanent residency status to settled status automatically. EU students starting at UK universities in 2017/18 and 2018/19 should be given the chance to stay for five years post-degree and to achieve settled status. They also indicate a need to continue to recognise UK and EU qualifications post Brexit and to create an efficient system for processing applications for work and study visas which place minimum burden on applicants. It has been reported that more than 1,300 academics from EU countries have left UK universities in the past year. The Russell Group suggest that the key priorities for the Government in negotiations with the EU should be:

    - Ensuring UK universities can continue to recruit and retain talented staff and students from across the EU and more widely, without bureaucratic visa burdens.

    - Securing a good deal for future UK participation in the Erasmus+ programme.

    - Ensuring the UK can continue to have full access to and influence over Horizon 2020 and future EU research and innovation programmes, with a focus on excellence.

  It was revealed in January 2018 that UK participation in the Horizon 2020 programme (which covers research and innovation) has already been impacted as a result of the referendum, with possible implications for Britain's academic leadership in the EU. UK-led consortia projects in 2017 amounted to £805 million, a drop of half a billion euros compared with 2016.

- Cities - a report by the Centre for Cities looked at the impact of a hard Brexit and soft Brexit on 61 UK cities (including Dundee, Aberdeen, Edinburgh and Glasgow). The report indicated that, on average, GVA from UK cities would be 1.2% lower under a soft Brexit and 2.3% lower under a hard Brexit. Aberdeen is the worst affected city in the UK, seeing a decline in GVA of 3.7% under a hard Brexit, although it is also regarded as one of the most resilient cities and therefore most able to recover. Cities with the highest level of Private Sector Knowledge Intensive employment (including financial sector, hence the higher level of impact on Aberdeen and Edinburgh) are most likely to be negatively impacted upon. However, while less affluent cities with a stronger reliance on public sector employment (such as Dundee) will be less harshly affected by Brexit (Dundee figures are 2.1% reduction in GVA under a hard Brexit, 42nd out of 61 in the table of cities) they are also most likely to struggle to respond to the economic shock of Brexit. The study recommends that national government should offer support to cities to adapt to changes in the UK's international trading relationships, and that cities need to combine this insight with local knowledge to restructure approaches to local economic development. Less knowledge-intensive sectors, such as food and drink, are predicted to see less significant decreases in GVA or indeed increases in GVA, as demand shifts towards the domestic market as imports become more expensive. To mitigate the impact, there are a variety of ways cities may be able to help businesses to adapt and diversify their export activity: from providing information on changes to tariffs, procedures and regulations to helping to facilitate local trade networks and missions. The report says it is critical that policy is informed by the challenges and opportunities facing local businesses and communities, and by evidence on what types of policy are most effective in supporting local economic growth.

- Aviation - The General Secretary of the British Airline Pilots' Association, Brian Strutton, has urged the UK Government to come to an agreement with Brussels on access to the EU's Open Skies framework post-Brexit. Fresh concerns for the aviation industry were raised in mid-December when the European Commission said that as of 29 March 2019, the operating licences granted to airlines by the UK Civil Aviation Authority will no longer apply. In response, Mr Strutton said "Here it is in black and white from the EU Commission: UK flights to the EU will be grounded in March 2019 should no agreement be reached. We need the UK Government to sort air traffic rights now. No deal is not an option.

3.4 Future Funding for Regeneration and Development

Discussions have focused on the future of regeneration/development funding currently received from the EU:

- UK Government: The Conservative election manifesto stated “we will use the structural fund money that comes back to the UK following Brexit to create a United Kingdom Shared Prosperity Fund, specifically designed to reduce inequalities between communities across our four nations. We will consult widely on the design of the fund, including with the devolved administrations, local authorities, businesses and public bodies. The UK Shared Prosperity Fund will be cheap to administer, low in bureaucracy and targeted where it is needed most.” The Government also stated an objective of balancing local areas’ economies via its Industrial Strategy.

- Local Government Association: the Local Government Association produced a document “Beyond Brexit: Future of Funding” in July 2017. It highlights that local areas will need €8.4bn of funding that they were due to receive from the EU between 2014-2020 to be replaced after Brexit. The document suggests a need for Council leaders to work with the government to avoid defaulting into a silo approach, creating 'like for like' replacement funds for existing schemes which are often bogged down in bureaucracy. There is a chance to be innovative and address need in a more structured and targeted way. The LGA’s document outlines a number of basic principles for the replacement aid:

    - Opportunity for it to be different and better.
    - Successor funding for local growth needs to be at least equivalent to existing EU investment.
    - Maximum integration with other funding schemes is required.
    - Funding should be distributed over a long, stable period - currently the EU funding programmes last seven years.
    - Funding needs to be easier to access and manage.
    - Space for experimental and creative approaches.
    - Needs to be more accountable to people and place, with more devolution at a local level.

- The Treasury Guarantee: In the August 2016 Autumn Statement, the UK Government announced a Treasury Guarantee indicating that any EU funding in place before Brexit would still be honoured by the Treasury, allowing UK partners to still be involved in the bidding process for EU funds. This includes Structural Funds such as ERDF and ESF administered by the Scottish Government and a host of transnational programmes such as Horizon 2020 (research and innovation funding), INTERREG programmes (inter-regional co-operation) etc. A recent report indicates that Scotland receives €55 per head of population from Horizon 2020 compared to the UK average of €44 per head. The UK is one of the largest recipients of research funding from the EU and this support is essential for UK science and innovation.

- Current Multi-Annual Financial Framework: In December 2017, the UK and EU Commission issued a joint report outlining the mains of agreement from the first phase of negotiations on Brexit. This included a commitment by the UK to continue to pay into the current Multi-annual Financial Framework (MFF) until their closure. In practice, this means that Councils and other bodies should be able to continue to participate in the European Structural and Investment Funds (ESIF) and other key programmes such as ERASMUS+ and INTERREG until at least 2020, with UK beneficiaries continuing to respect all relevant Union legal provisions including co-financing. The report also states that UK participants and projects will be unaffected by the UK's withdrawal from the Union for "the entire lifetime of such projects."

4. ISSUES FOR LOCAL GOVERNMENT IN GENERAL

4.1 Involvement of Local Government

Discussion of constitutional issues post-Brexit has focused largely on the impact on the devolved nations, rather than the role of local government in meeting the challenges for their communities. But local government has for many years been actively engaged with the EU - setting up offices, accessing funding, encouraging investment, and working with sub national government across the EU on best practice. Individual Councils and groups of Councils will have their specific concerns about Brexit, but there are also many issues that are shared - for example, the uncertainty about EU citizens' rights and especially the future of EU nationals working in health and social care.

There has been concern expressed that local government's voice has not been heard in the Brexit negotiations and during discussions on the Withdrawal Bill. Andy Burnham, Mayor of Greater Manchester, said that the English regions "haven't been given any meaningful role" in the Brexit negotiations. The Public Sector Executive reported that county councils have criticised Whitehall's inability to engage with local government on how Brexit will affect their communities and businesses, and there are growing voices advocating a greater involvement of different parts of the UK in the negotiations, given that the details of the final UK-EU agreement will have different impacts on different areas.

But Lord Porter, Chair of the LEA believes that the UK's departure from the EU will allow for more flexible local government. He believes that Brexit will offer opportunities in two areas in particular; structural funding, and legislation which impacts on local government. On the successor programme to the structural funds, Lord Porter believes the UK Shared Prosperity Fund will give local areas a greater say on how to target regional aid, while avoiding the bureaucracy and delays of EU programmes. Regarding legislation, Lord Porter states that the processes around procurement in particular will be simplified, and a lighter-touch system would allow Councils to work with shorter timescales and lower administration costs.

There have been various inquiries and reports undertaken by the Scottish Parliament's Committees, both before and after the EU referendum, but until recently there has been little evidence-taking from representatives of local government regarding the impact Brexit will have on Scotland's Councils. The Scottish Parliament's Communities and Local Government Committee is now undertaking a consultation.

4.2 COSLA

4.2.1 <u>Reports to Leaders' Meetings</u>

There have been a series of reports to COSLA Leaders meetings.

A report in January 2017 advised that COSLA would be seeking a number of safeguards from the point of view of Scottish local government:

- Pressing for a Smith Commission or Constitutional Convention arrangement to deliberate on where returned EU powers should sit.

- Pushing for full consultation over EU rules and guidelines not explicitly covered by the Repeal Bill when future changes concern Council powers.

- Councils to retain the right to participate in EU projects that the UK will continue to support and pay into.

- Priority to be given to migrant workers needed to support Scotland's economy, with a particular emphasis on rural and remote areas along with highly skilled workers.

- Consideration to be given to community cohesion, with the UK and EU agreeing to citizens living either side prior to the EU Referendum being granted permanent residence.

- The new UK Industrial Strategy to be complemented with local economic development funding arrangements that have the same medium term certainty, strategic and bottom up elements currently provided by EU funds.

A further report agreed by COSLA leaders in February 2017 said that COSLA should push for:-

Constitutional Matters

- a formal consultative model that engages with Scottish Councils on repatriated powers.

- a statement of modern democratic values that recognises local self-governance and subsidiarity.

Trade, Procurement and State Aid

- a strong role for local government in the framing of new trade arrangements, to protect the right to deliver local public services, use procurement to support the local economy and protect the right to offer state aid to fragile and remote areas.

- a mechanism to avoid strains on the UK internal market and destructive competition between Councils and regions.

Community Cohesion and Citizens' Rights

- confirmation of the existing rights of EU visitors, workers and residents and those of Scottish people in the EU.

- maintenance of relationships between municipalities and institutions during and after separation from the EU.

- local government participation in any future variation to laws on citizens' rights and consumer protection.

Economy

- a strong and sustainable Industrial and Regional Development Strategy supported by a long-term funding programme.

- a look at the rates of support given to different parts of the economy to ensure equitable arrangements are in place.

- addressing difficulties inherent in the European Structural and Investment Funds, including complexity and bureaucracy.

- a migration policy which responds to regional and local variations to meet workforce requirements and overcome challenges of population loss.

- longer-term training programmes to address skills gaps.

Another report to COSLA Leaders in October 2017 discussed the need for formal governance arrangements covering areas of shared competency between Scottish Local Government and the UK Government following Brexit. The key points were:

- Unless acted on, Brexit will create a governance deficit for local authorities which are currently able to engage in the shaping of policy in areas that have shared competency with the EU through the Committee of the Regions. Along with the local authority associations for England, Wales and Northern Ireland, COSLA has raised this with Ministers from the Department for Exiting the European Union. The report said Ministers acknowledge the benefits that local government's influence has had on EU policy and legislation.

- The report says that the UK Government's current formal position - that local government has a chance to comment on consultation documents along with many other stakeholders - is not acceptable. Leaders need to be re-assured that the emerging UK Brexit-related law, funding arrangements and regulatory frameworks are developing with meaningful local authority consultation, input and preferably, consent.

- The model suggested by COSLA would allow local government to negotiate meaningfully with the UK Government - challenging infringements of subsidiarity as well as promoting a positive agenda of partnership across the spheres of government. Initially, this could be a structured set of regular meetings, with the working title 'UK Joint Local - Central Government Committee' or similar, underpinned by a Memorandum of Understanding with a longer-term aspiration for statutory underpinning.

- Similar issues will arise for matters devolved to Scotland, but COSLA's report says the solutions could be different and the key issue for COSLA would be joint working between Scottish and Local Government in the early stages of policy formulation before formal proposals are made.

In November 2017, COSLA Leaders approved reports on Migration policy - making the case that a reduction in migration to Scotland will adversely impact on local authorities, and seeking to ensure that we leave the EU with a migration policy that suits Scotland's needs - and on Replacement and Opting into EU Funds Post-Brexit **-** agreeing that COSLA and Local Government Officers should seek to optimise remaining funds in existing EU programmes, agreeing key principles pertaining to replacement of existing EU programmes by domestic funding, and agreeing key principles for discussion with the UK and Scottish Governments on potential ‘opt in’ to some EU Programmes post Brexit.

4.2.2 Information from Councils

COSLA has held back from asking Councils for information on the local impact of Brexit as there was still not enough known enough about the likely scenarios, but has also acknowledged a need to start some information gathering to help shape measures to mitigate the impact of Brexit. So, COSLA has begun working with local authorities, professional organisations and academics to gather evidence on how Brexit might reduce in-migration to Scotland, which potentially has an adverse effect in relation to the issues arising from an ageing population and the skills needed in key sectors of the economy. The Scottish Parliament’s European Committee has warned that around 180,000 European Union nationals in Scotland are experiencing "imposed uncertainty" as a result of the Brexit decision, and a fall in their numbers, if they decide to depart the UK, would undermine Scotland’s economy. COSLA has also emphasised the importance of local leadership in ensuring social cohesion.

4.3 Other Local Government Bodies

4.3.1 SLAED

The Scottish Local Authorities Economic Development Association has restructured its current thematic groups to reflect the Brexit situation. The existing EU thematic group has largely focused on EU funding compliance particularly in relation to employability programmes. A new EU Policy Group has been created which will have a significant focus on Brexit and its impact. The first meeting of this group is scheduled for 31 January. Dundee City Council will be represented.

Each local authority in Scotland has been asked to complete a funding template that indicates how they could potentially spend the remaining European Structural Funds awarded to Scotland before the end of the current programmes in 2023. A revised timetable has been published by the Scottish Government:

- From now: discussions with lead partners on performance and phase 2
- From now: discussions with lead partners on lessons learned
- Early 2018: confirm extensions and changes to existing operations
- Managing Authority Approvals Process: 6-weekly cycle (14 December)
- March 2018: invite new SI and Operation applications
- June 2018: offers of grant issued and progress monitor
- September 2018: review progress and final call for operations
- December 2018: offers of grant issued.

4.3.2 East of Scotland European Consortium (ESEC)

ESEC was established in 1991 to represent the European interests of local authorities in the east of Scotland - Aberdeen, Angus, Dundee, Falkirk, Fife, Perth and Kinross, and Stirling Councils. ESEC employs a European Policy Officer. This role could prove more important than ever, helping secure what funding we can from Europe and using our collective voice to lobby for change and to address our needs.

ESEC's response to the consultation by the Scottish Parliament's Communities and Local Government Committee says:

"For the programme period 2007-2013, our members were involved in the delivery of projects which totalled upwards of £380 million. The uncertainty caused by Brexit to the current European Structural and Investment Funds has impacted on existing or planned projects. We require clarification on the UK Shared Prosperity Fund, which will replace the European Regional Development Fund, the European Social Fund and the Scottish Rural Development Programme. Local authorities must also be involved in the co-design of this replacement financial framework. We also call on the UK Government to commit to continued participation of the key transnational programmes INTERREG, Erasmus+ and Horizon 2020. Departure from the EU will have a significant impact on policies which originate from EU legislation. We urge the government to consider transferring some of these powers to local authorities, on the principle that local authorities are responsible for local and socio-economic development. This should be done in discussion with all tiers of government, in order to assess all options and ultimately come to a consensus on any revised governance models, based on the principles of effectiveness and subsidiarity. By its very nature, EU funding is designed to focus on innovation and added value. With this in mind, the government needs to consider what future programmes they will develop to support the activity previously delivered by the EU."

ESEC point out that Scottish local authorities are responsible for the delivery of one third of the European Structural and Investment Fund (ESIF) 2014-2020 in Scotland. The multi-annual framework of seven years which extends beyond parliamentary terms is crucial in allowing Councils to design, develop and deliver projects which respond to the needs of communities. ESEC argue that the UK Shared Prosperity Fund, which will replace ESIF, must follow the same multi-annual principle to allow organisations the time to develop high-quality, highly-effective projects. EU structural funds support economic development, job creation and training. This investment will be critical to offset any potential damage to the local economy caused by the uncertainty around future international trade agreements and access to the labour market. The replacement funding must be able to effectively address market failure and promote economic development in the areas of infrastructure provision, business growth, innovation and employability.

Participation in transnational funding programmes such as INTERREG and Erasmus+ is a source of innovative learning for councils in Scotland, as we co-develop projects with other local authorities in Europe and exchange best practice. This in turn positively impacts our service provision in terms of efficiency and cost-effectiveness.

- For the 2007-2013 INTERREG programmes, 152 projects involving Scottish partners were developed, worth a total of €47 million to Scottish organisations. As of June 2017, 85 projects with Scottish partners have been approved, worth a total of €43 million. Scottish councils have been very successful in the INTERREG and URBACT programmes, developing niche expertise and strong networks. If local authorities are unable to continue to co-operate with this kind of programme it will severely limit opportunities for this innovative approach to problem-solving in the future. Even though INTERREG is part of the ERDF programme, it is uniquely transnational in its model, and therefore cannot be replaced by the proposed UK Shared Prosperity Fund, which will likely be domestic in nature.

- Our area's colleges and universities are also fully engaged with EU transnational funding programmes such as INTERREG, Erasmus+ and Horizon 2020. The loss of access to these programmes would be damaging to education and research in Scotland. Furthermore, these institutions rely on free movement for their students and researchers.

- Since 2014, local nurseries, schools, universities, community groups and sports clubs have received upwards of €11 million in Erasmus+ funding, which has enriched their education by providing exposure to other cultures and innovative vocational experiences.

4.3.3 European Movement

The European Movement in Scotland has called on Scotland's cities to make an 'Open To Europe' Declaration', showing leadership as well as working to mitigate the damage to Scotland as the Brexit process takes place. Edinburgh City Council did so in a motion passed by its Corporate Policy and Strategy Committee in October 2017.

5. BREXIT IMPLICATIONS FOR DUNDEE CITY COUNCIL

5.1 Research to date

5.1.1 Workforce and Employment

Shortly after the referendum, Dundee City Council reviewed data available on the number of EU nationals in the city and employed by the Council. Data was sourced from the most recent Census in 2011, although the figures will have changed since then. At that time, Dundee City had a population of 147,268 with 4% born in Non UK EU nation countries (5,522 people). The make-up of the 5,522 Non UK EU nationals is approximately 50% from EU Member countries and 50% from EU Accession countries. Their age profile differs significantly when compared to the rest of the Dundee population as follows - 0-15 years 8% (16%), 16-24 years 31% (16%), 25-34 years 32% (13%), 35-49 years 16% (20%), 50-64 years 6% (18%) and 65+ years 7% (17%). The gender balance is the same - 52% male and 48% female. At 4%, Dundee has a relatively low level of EU nationals in comparison to the larger cities - Edinburgh 20.5%, Glasgow 12.9% and Aberdeen 10%.

Data on the numbers of EU nationals employed by the Council requires further work. Currently this is gathered at the recruitment stage and is not mandatory, so over 15% of our employees chose not to respond to the "country of birth" question and 14% chose not to respond to the "nationality" question. Of those who did give information, 102 employees indicated that they were born in countries within the EU but outwith the UK. This equates to approximately 2% of our employees who have answered these questions. Even if we estimated that the city wide percentage of 4% Non UK EU nationals applied to those who have not answered this question, the total number would remain relatively low. Any recruitment difficulty would be unlikely to have a major impact on the Council's ability to deliver services overall, albeit it may have an effect on very specialist roles or if these employees were concentrated in particular sections of the workforce.

In terms of the recruitment needs of businesses in the city, it is anticipated that the construction, care, academic and tourism and hospitality sectors, which depend to a greater extent on Non UK EU workers, may face particular challenges. Over time, and with appropriate training, this may provide opportunities for indigenous workers and unemployed people, but in the short term it may present recruitment challenges and lead to skills gaps. Any recruitment restrictions facing the academic sector would prove detrimental to the global competitiveness and reputation of the city's academic institutions and their ability to attract the highest quality staff.

5.1.2 Funding

Dundee City Council (and other organisations in the city) benefit from a wide range of EU funding from key programmes such as ERDF, ESF, INTERREG and Horizon 2020. Failure to replace these would have a significant impact on services, research and development, policy development and learning from best practice. Dundee City Council delivers a range of employability, financial inclusion and business support projects using ERDF/ESF, alongside recent approvals related to Smart Cities and low carbon.

Funding secured by Dundee City Council in the 2014-2020 programme currently stands at almost £6.9 million over the nine currently approved projects (Business Gateway, Employability Pipeline, Smart Cities Data Platform, Smart Cities Safety Centre, Smart Cities Mobility, Smart Cities Waste, Low Carbon Travel and Transport, Low Carbon Infrastructure and Social Innovation).

A process has been identified by the Scottish Government to allow us to extend existing projects beyond the current timeframe of the end of 2018 and to submit new project ideas that could run between January 2019 and 2023 (called phase 2). We are currently working on the extensions of our employability pipeline and business gateway and new applications within the Smart Cities framework. We are also considering our options to apply for funding through Phase 2 for both the employability pipeline and business gateway - that could secure ERDF and ESF until perhaps 2022.

The City Council has also participated in a range of transnational programmes funded by Europe such as Intelligent Energy Europe, URBACT, INTERREG North Sea, INTERREG Europe etc. Currently the Council is the lead partner in one INTERREG North Sea project called Create Converge. The total cost of the project is €3,244,829 with grant of €187,500 coming to Dundee City Council.

The current ERDF programme runs until 2020, and with the UK Government committing to pay into the current multi-annual financial framework until it expires in 2020, it will be possible to extend or apply for new revenue projects that run to mid-2020 and capital projects that could, in theory, run until 2023.

In the previous programmes Dundee City Council was successful in securing a large number of grants and funding for projects in the city. Between 2005 and 2015 the City Council secured at least £11 million of grants through the Scottish ERDF and ESF programmes.

Dundee City Council has been working closely with other local authorities through the East of Scotland European Consortium to lobby the Scottish Government with regards to future access to funding - replacement activities for European funding through the UK and/or Scottish Government and potential continued buy-in to transnational EU programmes such as INTERREG, Horizon 2020 and Erasmus, through a similar process to Norway. The aim is to see some continuation of support for areas of need, key sectors and urban issues, to help redress economic and social imbalances. This could be delivered through UK and Scottish Government grant programmes. We support robust, yet less onerous, compliance, monitoring and audit procedures, commensurate with the amount of grant being delivered. There is also the potential for more of the money to be given to local authorities to decide on how it is spent in their own local area.

5.1.3 Procurement and Trade

There has been pressure on costs in supply chains in the aftermath of the referendum, attributed to the fall in the value of sterling and the increased cost of imports. Goods bought in euros or dollars have become more expensive for many manufacturers, as a result of the fall of sterling against these currencies. In 2016, Dundee City had 225 registered enterprises engaged in manufacturing, although it is unclear how many of these are dependent on overseas imports. In contrast, the fall in the value of sterling has provided a boost for exporters, and in the short term Dundee companies exporting goods overseas have benefited from this. The longer term impact on exporting will depend on the trade agreement reached during the Brexit negotiations. If the UK has to negotiate bilateral agreements or operate under World Trade Organisation rules, the competiveness of Dundee companies engaging in export activity may be detrimentally affected.

Through the recently submitted Tay Cities Deal, inward investment and international trade development have been identified as priority areas. The City Deal proposal includes a series of key asks of the Scottish Government and the national development agencies. Commitment from Scottish Enterprise/Scottish Development International to join the proposed Tay Cities Trade and Investment Partnership; agreement by Scottish Enterprise that products, services, and delivery approaches should be flexible, and co-created and co-developed with the Tay Cities partners to ensure the specific growth needs of businesses in this region can be met; and commitment by Scottish Enterprise that key sector teams will work more closely with local authority economic development teams to support the delivery of the Tay Cities Regional Economic Strategy by sharing market intelligence and prioritising resources accordingly.

5.1.4 Local Economy - Significant Sectors

A report by the Fraser of Allander Institute in 2016 modelled a number of Brexit scenarios and concluded that all would have negative but varying levels of impact. In percentage terms, the sector which includes mining, refined petroleum and onshore oil and gas activities faces the largest potential reductions in employment and output. Dundee is under-exposed to this sector with only 30 enterprises employing 320 people. In absolute terms, the largest reductions are for the “wholesale and retail trade; transportation and storage; accommodation, food services” sectors - the number of jobs in these sectors could be up to 25,000 lower across Scotland after around 10 years than would otherwise be the case. Wholesale, retail and repairs is the largest business sector in Dundee with 825 registered enterprises employing 12,150 people. There are also 340 Accommodation and Food Service enterprises in Dundee employing 4,080 employees and 90 Transportation and Storage businesses employing 1,770 people.

If the Fraser of Allander forecasts are accurate, Dundee's employment in these sectors could be detrimentally impacted under all Brexit scenarios but particularly under a “Hard Brexit”. Dundee also has a disproportionately large public sector which accounts for 22,000 jobs (30% of total jobs in the city). The size of the sector means that small percentage changes can have a large effect on output and employment. Fraser of Allander suggests this sector will be affected by a reduction in public sector expenditure resulting from the Brexit-induced economic slowdown and so suffer a decline in both output and employment.

Tourism is an increasingly important sector for Dundee, anticipated to increase exponentially with the opening of the V&A in 2018. The sector currently employs 6,000 people in the city. In the short-term, the devaluation of the pound benefits the tourism industry, which actually saw a spike in visitor numbers in Scotland following the referendum, due in part to advantageous exchange rates and ‘staycations’. However, the ability to attract and retain overseas staff has been identified as a large threat to the sector. There is also a fear that the UK may have suffered a decline in its attractiveness as a destination as a result of leaving the EU.

Currently around 800,000 day and overnight visitors come to the city annually. In terms of business tourism, Dundee and Angus Convention Bureau reported that in 2015/2016 there were 225,000 delegate visits to the city contributing £12 million direct expenditure to the local economy. Specific figures on EU visitors are not available. However, V&A Dundee is expected to be a significant international attraction, so ensuring that EU visitors are able to travel freely to the UK post Brexit will be essential in terms of ensuring that maximum impact is derived from the investment made.

Dundee has established a growing reputation for its creative industries (including digital) with the sector accounting for 265 enterprises and 2,900 people in employment. A report by Goldfinch Entertainment in June 2016 looking at "How will Brexit affect our creative industries?" concluded that long-standing skill shortages already exist within the sector and the loss of EU labour, particularly EU students, is a major challenge. Losing access to EU funding has also been projected to be a significant challenge for the sector moving forward.

Life Sciences is another significant sector in Dundee. 20 enterprises employ 800 people but this does not take account of the thousands of sector staff employed through the University of Dundee and Wellcome Trust. The loss of EU research funding provides a large threat to Scotland’s life sciences sector. EU nationals comprise 17% of researchers and academics in higher education in the UK, while access to EU research funding is essential to the future prosperity of the sector and its global competitiveness.

Dundee is home to the Universities of Dundee and Abertay, both of which have a significant economic impact on the local/Scottish economy. The impact of Brexit on research grants could be significant. By 2016 Scottish universities had received over £250 million of funding from the EU’s 2014-2020 Horizon 2020 programme. During the previous 2007-2013 FP7 Programme, Dundee University was engaged in over 20 research projects, securing over £65 million of funding, which equated to 12% of the university’s research funding. Following the UK Government’s guarantee on continuing EU funding for projects approved before Brexit and subsequent decision to remain part of the current multi-annual financial agreement, UK universities will be able to continue to engage in projects funded by programmes such as Horizon 2020. However, there is a concern that other countries will be less willing to partner with UK organisations. The impact on research (let alone funding) will also be felt as collaboration and co-operation are often key to success. A recent study by the Fraser of Allander Institute for the University of Dundee identified that it supports over £740 million of turnover in Scottish businesses, supporting over 4,000 jobs across the region. 16% of academic staff and 23% of research-only staff in Scottish universities come from the EU - in Dundee this is over 350 staff - while close to 1,000 EU students are currently studying at undergraduate or postgraduate level at the University (including those engaged in the ERASMUS programme), spending around £5 million a year in the local economy.

The Fraser of Allander report considers three post Brexit models - a Norway model where UK retains access to the European Economic Area (EEA), a Switzerland model where UK is a member of the European Free Trade Association (EFTA) but not the EEA, and a scenario where UK has to operate under World Trade Organisation (WTO) Rules with some tariffs in place for trade with EU countries. The WTO scenario is expected to have the most profound economic impact on Scotland's economy with GDP expected to fall by 5.3%, exports expected to reduce by 11.3%, real wages expected to fall by 7.2% and employment expected to fall by 3.2%. The report suggests that the best way to mitigate the worst effects of Brexit would be to seek to retain as much barrier free access to the single market as possible.

5.1.5 Local Economy - General

Economic growth is easier to achieve against a backdrop of benign or stable conditions and it is anticipated that the uncertainty caused by Brexit may affect business confidence, investment decisions and willingness of businesses to explore exporting as a means of achieving growth. Uncertainty regarding Brexit and inflationary pressures may also impact on consumer confidence and spend on non-essentials. This may have a detrimental impact on the local retail and service sectors. It may also impact on domestic visitor numbers at a time when Dundee is seeking to grow its visitor economy. As mentioned above, Brexit may restrict access to labour in key sectors leading to skill gaps or wage cost pressures for businesses. Opportunities may become available for more local people but employability support may need to be increased to ensure that local jobseekers have the skills and resilience to access and sustain employment.

5.1.6 European Capital of Culture 2023

An early consequence of the decision to leave the EU was the decision to exclude the UK from participating in the European Capital of Culture 2023. Dundee was one of five cities to have submitted a bid and this decision means we have lost the potential opportunity to host a European-wide initiative with an estimated economic impact of £40m.

5.2 Proposal for a Brexit Advisory Team

While many uncertainties remain about the impact of Brexit, the clock is ticking towards March 2019. It is proposed that the Brexit Advisory Team is formalised to advise on a strategy to mitigate the impact of Brexit and take advantage of any opportunities which may arise. The remit for the team would be to:

- Continue to monitor political and legal developments regarding Brexit, particularly the progress of negotiations and progress with the Withdrawal Bill.
- Ensure that the Council keeps informed of, and influences, the work of COSLA and other professional bodies, in representing the interests of Scottish local government.
- Consider the impact of the ending of EU funding for services such as employability, social inclusion, regeneration and support for key business sectors.
- Monitor the impact on Council finances, including interest rates on borrowing and the value of the Pension Fund.
- Consider the impact on the local economy, including inward investment.
- Consider the impact on our own workforce and ability to deliver services (eg social care and early years) as well as the ability of local businesses to recruit the workers they need.
- Work with partners to develop a deeper understanding of the impact of Brexit on local businesses, universities etc.
- Provide ongoing briefings and reports for the Council Management Team and elected members.

The suggested core membership for the advisory team is:

- Andrea Calder, Head of Chief Executive’s Services
- Sandy Flight, Head of Corporate Finance
- Janet Robertson, Head of HR & Business Support
- Rory Young, Team Leader, Policy and Funding, City Development
- Diane Milne, Senior Policy Officer, City Development
- Tracey Russell, Financial Services and Investment Manager

Other officers would be involved as and when their specific expertise is required.

Chief Executive’s Services
January 2018