

# Report of the Assistant Director, Policy, Programmes and Change to the meeting of Corporate Overview and Scrutiny to be held on Thursday 6 October 2016.

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## Subject:

EU referendum response plan

## Summary statement:

This report sets out the Council's approach to identifying the implications of the EU referendum vote, and the proposed plan for action.

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Sam Plum  
Assistant Director of  
Policy Programmes and Change

**Portfolio:**

**Corporate**

Report Contact: John O'Hare  
Phone: (01274) 438973  
E-mail: [john.ohare@bradford.gov.uk](mailto:john.ohare@bradford.gov.uk)

**Overview & Scrutiny Area:**

**Corporate**



## **1. SUMMARY**

- 1.1 This report sets out the Council's approach to identifying the implications of the EU referendum vote, and the proposed plan for action.

## **2. BACKGROUND**

- 2.1 At the heart of democracy is the principle that the outcome of a referendum or election is respected, by those who voted as part of the majority result and by those who did not. The decision of the British people to leave the European Union should be respected.
- 2.2 The Council and partner organisations will continue to provide community leadership and will deliver clear messages to emphasise our values as a tolerant, resilient and respectful district. We will continue to work with partners to drive the local economy with a focus on inclusive growth to create prosperity and opportunity for all.
- 2.3 Although many of the consequences of the referendum vote are not fully known, it is important that the Council, working closely with partners, seeks to identify risks and manage them, make the most of new opportunities, and communicate key messages to stakeholders at a time of great uncertainty.
- 2.4 The 23 June referendum on the UK's membership of the EU resulted nationally in 52% of voters in favour of leaving the EU, with 48% voting to remain. In the Bradford district 54% of residents who voted in the referendum voted to leave the EU, with 46% voting to remain.
- 2.5 There were significant variations in voting patterns nationally, and also at a local level with an analysis of Bradford voting by ward largely mirroring national trends. This has highlighted difference of opinion across different social groups.
- 2.6 Until the UK's exit deal with the EU has been made clear, it is not known how existing businesses will be affected in the longer term, and this period of uncertainty will impact on existing businesses' investment decisions. Similarly there is likely to be an impact on future foreign direct investment decisions from companies seeking a foothold in the UK, where access to the common market is a major factor in investment decisions.
- 2.7 The European Structural and Investment Funds programme (ESIF) runs from 2014-20. The Leeds City Region has been allocated £303m for the programme (at Feb 2016 sterling prices). Activity to be supported includes NEET reduction, business support, local/neighbourhood economic development, sustainable urban development, rural economic support, flooding and flood defence and investment in major capital schemes, including broadband provision and transport. The Government has guaranteed funding for projects contracted by the Autumn Statement.



- 2.8 As the government progresses the legislative implications of leaving the EU there is an opportunity for Bradford to influence the direction of travel through conversations direct with government and lobbying through Leeds City Region and Key Cities. There is a real opportunity for power, resources and control to be devolved beyond Westminster, the Local Government Association has a key role to play in negotiating the exit plan.
- 2.9 The government is faced with a huge task in terms of the transition from existing legislation and arrangements to life outside of the EU. This has potential impacts on civil servants' capacity to carry out business as usual activity whilst navigating through such a significant period of change. Similarly, the implementation of new legislation at a local level, when known, will likely impact on existing staff resource and activity.
- 2.10 At Full Council on 12 July, two motions were carried in respect of the EU referendum. The first motion resolved:
- To make appropriate arrangements to scrutinise progress towards leaving the EU and its impact on Bradford.
  - To prioritise actions to support minority communities facing an uncertain future and an increase of racist incidents.
  - To ask the Chief Executive to prepare proposals for these resolutions and submit them to Corporate Overview and Scrutiny Committee for review and the Executive for approval.

The second resolution tasked the Leader and Chief Executive with:

- Making an assessment of the social and economic impacts that the EU referendum might bring and how the work of the Council and partners might change to accommodate these.
- Looking at how we can strengthen our links across the globe to put Bradford and West Yorkshire in a good position when it comes to our trading decisions.
- Writing to country-specific groups across the district to reiterate that they are welcome in Bradford.

### **3. OTHER CONSIDERATIONS**

- 3.1 A team of Council officers is providing an on-going focus on the potential and actual implications following the referendum, working closely with partners across the public, private and voluntary and community sectors. Detailed and specific risks and opportunities are being identified and managed, with risks mitigated on an on-going basis. A regular update is being provided to the Corporate Management Team and Executive on developing risks and opportunities, local intelligence and key activity.
- 3.2 Risks and opportunities are being addressed around the following themes:
- Economy
  - Infrastructure and housing
  - Labour market and migration
  - EU funding
  - Council finances
  - Community relations



Appendix 1 provides further detail.

### **Economy**

- 3.3 Bradford is economically outward-looking and globally connected, with a growing culture of entrepreneurialism. That will not change as a result of the UK leaving the EU. Current economic indicators reveal a more positive picture of the national economy than was initially expected immediately after the referendum. To make the most of economic opportunities and manage the risks associated with leaving the EU we will support businesses and work with partners to continue to drive economic growth.
- 3.4 There is an increased risk to foreign-owned firms who are located in the district who currently have access to the EU market. Until the UK's exit deal with the EU has been made clear, it is not known how these companies will be affected in the longer term, and there is a risk that this period of uncertainty will impact on existing businesses' investment decisions. There is also likely to be an impact on future foreign direct investment decisions from companies seeking a foothold in the UK, where access to the single market would be a major factor in investment decisions.
- 3.5 Contact has been made with several businesses who have expressed concerns about the potential future impacts on their trade and expansion. Specific concerns raised by a high tech manufacturing company in the district include the impact on their expansion plans into Europe, the value of future exports, the stability of supply chains from within the EU and the recruitment of staff from within the EU.
- 3.6 West & North Yorkshire Chamber of Commerce and its national body, the British Chambers of Commerce, have called on government and the Bank of England to deliver stability of markets, clarity on the political timetable for transition, and firm action to reassure business confidence and certainty. The Chamber wants to see the best possible trade terms with the EU, certainty for businesses regarding the residency rights of their EU workers and a future immigration policy that allows businesses to meet demonstrable skills needs from the EU. The Chamber believes it is business as usual in the short and medium term, but that on-going uncertainty may hamper economic growth and development.
- 3.7 The position within West Yorkshire appears to be buoyant currently, with the West Yorkshire Combined Authority Trade and Investment team receiving a high volume of enquiries in the post-referendum period.
- 3.8 Indeed a weakened sterling could provide an opportunity for Bradford companies to maximise export opportunities. A Social Enterprise focused on recycling and the re-use of IT materials has seen their income increase by around 20% as much of the materials they recycle are exported overseas.
- 3.9 We will support businesses and the local economy in Bradford by:
- Continuing to market the district as an attractive place for investors, and raise the profile of Bradford District (via the Great Exhibition for the North bid for example).



- Gathering intelligence at a local level on potential and actual business impacts.
- Enhancing the account management of key businesses.
- Working with partners through existing networks to ensure that businesses are provided with advice and support. Engagement will be conducted through well-established channels such as the Chamber of Commerce, Invest in Bradford networks and the Property Forum.
- Participate in the LEP standing task force to deal with major potential relocations and redundancies.
- Work with the LEP, UKTI and the Department for International Trade to maximise global trade opportunities.
- Identify and profile businesses with export links outside the EU as case studies to stimulate growth.

### **Infrastructure and Housing**

- 3.10 The long term impacts on the housing market are not known, although there is potential for house prices to fall in the short term. Combined with the lowering of interest rates this could make housing more affordable for many people, but could also make new housing developments more difficult to deliver, impacting on the availability of new homes.
- 3.11 The government needs to reassure and commit to the delivery of major infrastructure projects such as HS2, Northern Powerhouse Rail and the electrification of the Calder Valley line.
- 3.12 Locally we need to build on our successes working with the private sector to ensure the delivery of projects.
- 3.13 We will address issues around infrastructure and housing by:
- Identifying key areas of critical investment at risk, lobby for UK funded programmes, including as part of the Leeds City Region, and work with partners to identify alternative investment mechanisms.
  - Gathering intelligence through conversations with developers and addressing issues when identified.
  - Considering the impact on the programmes of Registered Housing Providers.

### **Labour market and migration**

- 3.14 EU workers are employed in significant numbers in some sectors, including health and social care and hospitality. It is not known if many will leave the UK or decide not to relocate here.
- 3.15 There may be a shift to come in terms of numbers of international students choosing to study in the UK and Bradford. The numbers of EU students at the University of Bradford have recently been growing. However the balance in terms of student profile towards non EU international students protects the University of Bradford from significant risk.
- 3.16 At this stage it is not known how the UK leaving the EU will impact on migration patterns and demand on public services.



- 3.17 We will work to address issues in terms of the labour market by:
- Liaising with other public sector partners to see what information is available regarding the roles of the EU workforce across different organisations.
  - Monitoring and using intelligence to assess changes to migration patterns and population demographics to support service planning such as demand on school places.

### **EU funding**

3.18 The Leeds City Region receives support from the EU in the form of grants as part of the European Structural and Investment Funds (ESIF) programme. The University secures financial support for research and development through programmes such as Horizon 2020. The LEADER South Pennines programme covers parts of the district. The Council has also supported development activity by drawing down transnational funding streams from the EU. The ESIF initiative with a locality focus is Community Led Local Development (CLLD), this is focused on the 20% most deprived LSOAs in City, Great Horton and Manningham wards and the 20% most deprived LSOAs in the three Keighley wards.

- 3.19 We will ensure there is a focus on securing funding by:
- Identifying key areas of critical investment risk, lobbying for UK funded programmes, including as part of the Leeds City Region, and work with partners to identify alternative investment mechanisms.
  - Maintaining dialogue with civil servants regarding specific projects to secure delivery.
  - Collaborating via the Leeds City Region through the European Officers group.
  - Working with Community Led Local Development partners to identify viable approaches to those programmes.
  - Lobbying through the Local Government Association, Leeds City Region and Key Cities, to make the most of opportunities for power, resources and control to be devolved beyond Westminster.

### **Council Finances**

3.20 Current economic forecasts are more positive than had been predicted immediately after the referendum. If the national economy was to change course, a weakening local economy would lead to an increase in unemployment, with greater numbers of welfare claimants and impacts on Council Tax and Business Rates income flows.

3.21 The Treasury may decide to rein in public spending, including local government, putting additional pressure on Council budgets, although as yet it has not signalled a greater deepening of austerity measures.

3.22 Inflation is currently extremely low. If there were to be shifts in the prospects of the national economy, higher inflation is likely to be one outcome, that would in turn reduce household spending power. This may reduce flows of fees, charges and to some extent taxation to the Council. It will also reduce in real terms the spending power of the Council.





3.23 We will deal with potential impacts on Council finances by monitoring national and local factors which may have consequences for Council budgets.

### **Community Relations**

3.24 Bradford is a city and district which is rightly and proudly described as being built on immigration. From the 19<sup>th</sup> century onwards Bradford's wealth was built on the contribution of migrants, from across the UK and the world, many of whom brought their industrial and commercial innovation with them. Bradford is also a City of Sanctuary and has always welcomed people fleeing persecution from all over the globe regardless of race, ethnicity or religion.

3.25 The referendum has highlighted divisions nationally across different social groups, with significant variations in voting patterns across wards. But Bradford is a multicultural, modern city. Over the years its citizens have rejected divisive messages, built on intolerance, prejudice or hatred, with integrity, dignity and unity.

3.26 The Council, its partner organisations, the voluntary sector and other community groups will continue working to bring people from different backgrounds together, increasing understanding within and between communities. We will continue to support communities by providing clear messages to emphasise our values, and that speak to the concerns of all our district's citizens. It is this approach that has helped build, and will sustain, our tolerant, resilient and respectful society in Bradford District.

3.27 The Council has written to all of the community of interest groups it supports and explained that the Leader would be willing to meet with them at appropriate events. As a result the Council for Mosques asked the Leader to speak at the recent remembering Srebrenica event.

3.28 Nationally there has been an increase in recorded hate crimes since the referendum, but Bradford has seen no such increase. There is anecdotal evidence of an increase in racial abuse to Bradford citizens, particularly those of European or South Asian heritage.

The Police and Crime Commissioner, Mark Burns-Williamson has recently said *"We need to acknowledge that recent local, national and international events have had an impact on our communities, but I want to offer reassurance that myself and West Yorkshire Police are committed to working together to tackle any hate crime related issues head on and will not be tolerated."*

3.29 We will continue to support the district in being more tolerant and inclusive by:

- Increasing the frequency of community tension monitoring. Regular meetings are held with representatives from the wider Bradford community and groups that have in the past expressed a specific interest in supporting during periods where we have faced challenges e.g. EDL demonstrations. Following the referendum decision we have been holding more frequent discussions and spending time focusing on this issue.
- Encouraging reporting of hate crime and providing reassurance to affected communities.



- Updating the hate crime strategy and to translate hate crime reporting posters into community languages, distributed via wardens to areas with large migrant communities.
  - Continuing to support the work of Bradford Hate Crime Alliance and the Post Brexit Community Support Action Plan they have developed with partners.
  - Monitoring social media and wider community feeling to help plan and manage appropriate responses.
  - Planning and liaison across agencies to deal with any proposed events and escalations.
  - Continuing with positive cohesion work via community of interest networks, including Central and East European groups to identify concerns and provide support.
  - Listening to the needs and concerns of poorer communities, and building stronger links and understanding between different communities.
  - Ensuring community relations are addressed as a part of our new equality objectives.
  - Promoting and participating in the #LoveBradford event on 15 September to celebrate love, peace and unity.
- 3.30 The Bradford approach has been developed in support of the LEP 12 point plan (see background document – link below), with collaboration on-going with authorities across the City Region to share approaches, learning, information and knowledge.

#### **Next steps**

- 3.31 Sharing learning and best practice with West Yorkshire colleagues.
- 3.32 Use of metrics to monitor and assess risks and identify actual impacts.
- 3.33 On-going analysis of local risks and opportunities, informed by local intelligence, and delivery of the action plan outlined above.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

- 4.1 The Council's approach to identifying risks and opportunities associated with the EU referendum will be met from existing resources. Where such risks are identified, especially in respect of the potential risk to investment through loss of EU funding, services will need to review their activities accordingly. The impact upon Council wide finances will be considered within the refresh of the medium term financial plan.

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1 The management of risks will follow our well-established risk management strategy, with risks logged, managed and mitigated via the corporate risk register, with regular reporting and monitoring to the Executive and Scrutiny Committees. Corporate Overview and Scrutiny Committee are considering the impact of the EU referendum and the Council's approach at their next meeting on 6 October 2016.

#### **6. LEGAL APPRAISAL**

- 6.1 The legal implications of the EU referendum decision may be significant, due to the impact of EU legislation on domestic law in the UK, particularly in the regulatory





sector. However, until Article 50 is invoked and the UK has formally left the EU there will be no change to the status of EU law within the UK and its effects on domestic law.

- 6.2 Any proposed exit strategy may address the relationship between EU law and domestic law and give a better indication of the longer term effects of the EU referendum decision.
- 6.3 Central government could choose to repeal domestic laws that were created by EU law, or they could simply choose to leave the domestic legislation in place, in which case there would be no immediate legal implications. However, even if all domestic laws were to remain unchanged, any future changes to EU law would not be reflected in domestic law unless, of course, the government chose to do so.
- 6.4 From a local government perspective, there is a potential for legal impact on policy areas subject to EU regulation, such as energy efficiency, waste disposal, trading standards, procurement processes – all areas where domestic legislation is based on EU law. The implications for any of these will not be clear until the government provides an indication of whether the current set of laws derived from EU law will remain or be subject to repeal or amendment.
- 6.5 Immigration policy is also likely to change and this may have legal implications for local government, particularly in relation to the status of EU nationals in the UK. As well as having a potential effect on eligibility to work, there may be implications for entitlement to benefits and to social housing or local authority assistance.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

In supporting all the people of the district, the Council will continue to consider and give due regard to any disproportionate impacts on particular protected characteristic groups as outlined in the Public Sector Equality Duty (Equality Act 2010). We will continue to put in place local mitigations on new policies and activities, to ensure no one is unnecessarily disadvantaged due to the EU referendum decision.

### **7.2 SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications arising from this report.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

There are no gas emission impacts arising from this report.

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

Section 3.25 of this report identifies the positive steps which will be taken in order to maintain community safety and mitigate the risks associated with increased community tension.



## **7.5 HUMAN RIGHTS ACT**

There are no Human Rights Act impacts arising from this report.

## **7.6 TRADE UNION**

The Council's workforce is comprised of staff from different nationalities, including from EU countries who have the right to work here under EU legislation. Until the UK's exit deal with the EU is confirmed, it is not known how existing workers from EU countries will be affected in the long term. The Leader has said publically that staff who work for the Council who originate from other countries are welcome and needed. The Trade Unions will be kept up to date on any impacts on the workforce, as new arrangements become known.

## **7.7 WARD IMPLICATIONS**

The approach will look to identify and address issues across the whole district. As risks, issues and opportunities are identified at a local level, mitigating action will be taken such as the translating of hate crime reporting posters into community languages.

## **8. NOT FOR PUBLICATION DOCUMENTS**

None

## **9. OPTIONS**

9.1 Members are asked to comment on the proposed approach.

## **10. RECOMMENDATIONS**

10.1 To note the Council's approach to identifying risks and opportunities and the proposed plan for action.

## **11. APPENDICES**

Appendix 1 – Bradford key activity

## **12. BACKGROUND DOCUMENTS**

LEP 12 point plan [www.westyorks-ca.gov.uk/WorkArea/DownloadAsset.aspx?id=4294969969](http://www.westyorks-ca.gov.uk/WorkArea/DownloadAsset.aspx?id=4294969969)



Appendix 1

**Bradford Key activity following the EU referendum**

	<b>Immediate</b>	<b>Medium Term</b>	<b>Longer Term</b>
<b>Economy</b>	<ul style="list-style-type: none"> <li>Enhanced account management of key businesses, investors and developers.</li> <li>Provision of practical information and advice to local businesses, with on-going engagement through well-established channels.</li> <li>Intelligence gathering and analysis, including developer appetite via planning officers, detail on existing levels of European and international trade, and investment intelligence to share with UKTI.</li> <li>Continue to market the district as an attractive place for investors.</li> </ul>	<ul style="list-style-type: none"> <li>A LEP co-ordinated standing task force to deal with major potential relocations and redundancies.</li> <li>To work closely with businesses to take advantage of a weaker Sterling through export markets and tourism; support the sharing of best practice.</li> <li>On-going development and delivery of an inclusive economy, in which everyone can benefit from economic opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Close liaison across sectors which are potentially affected by loss of significant numbers of EU migrants – health and social care, retail/leisure/hospitality.</li> </ul>
<b>Community relations</b>	<ul style="list-style-type: none"> <li>Increased frequency of community tension monitoring.</li> <li>Reassurance and engagement with directly affected groups.</li> <li>Clear messages to emphasise Bradford as a tolerant, resilient and respectful district and a city of sanctuary.</li> <li>Analysis of intelligence to identify underlying issues with longer term plans to mitigate.</li> </ul>	<ul style="list-style-type: none"> <li>Multi-agency liaison and planning to identify and manage demonstrations and potential incidents.</li> <li>On-going development and delivery of an inclusive economy, in which everyone can benefit from economic opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Power, control and resources to be devolved to a more local level and enable a greater local input in decision making.</li> </ul>
<b>Funding and finance</b>	<ul style="list-style-type: none"> <li>Confirm status of current funding arrangements.</li> <li>Identify key areas of critical investment risk.</li> <li>Work closely with Community Led Local Development Partners.</li> <li>Collaboration via Leeds City Region networks.</li> </ul>	<ul style="list-style-type: none"> <li>Council and partners to lobby government to influence new governance and funding arrangements, including any redistribution of money currently going to the EU.</li> <li>Pro-active liaison with government on latest intelligence to influence national policy.</li> </ul>	<ul style="list-style-type: none"> <li>Identify and pursue new sources of funding.</li> </ul>