

## BREXIT UPDATE

### Legal And Democratic Services Advisory Committee - 28 June 2018

Report of Chief Executive

Status For information

Key Decision No

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Portfolio Holder Cllr. Anna Firth

Contact Officer Margaret Carr, Ext. 7341

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#### Recommendation to Legal and Democratic Services Advisory Committee:

The contents of the report are noted.

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**Reason for recommendation:** Assessing the impact of Brexit on the Council is part of an on-going role for the Chairman of the Legal and Democratic Services Advisory Committee and supports Members in identifying any preparation that might be necessary to meet the challenges and opportunities ahead.

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#### Introduction and Background

- 1 This report updates Members on the latest events in relation to the UK Government's preparations for Brexit, the work of the LGA and on a short survey of Sevenoaks businesses.
- 2 Members will recall that this is the third update provided to this Committee on Brexit, in addition to a presentation from Professor Amelia Hadfield at the meeting on 23 January and a report to the meeting held on 20 March.
- 3 This report updates Members of the Legal and Democratic Advisory Services Committee on further activity since that meeting

#### Update on UK Government negotiations

- 4 The UK-EU negotiations are continuing ahead of the EU leaders' summit in June. The talks are focusing on three key topics: outstanding aspects of the withdrawal agreement, the Irish/Northern Irish border and UK-EU relations (including trade) post-Brexit. The Secretary of State, David Davis, in evidence to the Exiting the European Union Select Committee on 25 April, commented that MPs would receive details of the Withdrawal Agreement and have an opportunity to table amendments in advance of a "meaningful parliamentary vote". By October there would not be a legal text but there

would be a detailed politically binding agreement, with the aim of a formal trade treaty by March 2019.

- 5 On 18 April the Government lost a vote in the House of Lords in favour of an amendment to the EU (Withdrawal) Bill requiring ministers to report to Parliament “*outlining the steps*” it had taken to explore “*an arrangement which enables the UK to continue participating in a customs union with the European Union*”. The government has subsequently restated its commitment to leaving the EU’s customs union, stating “We will not be staying in the customs union or joining a customs union”.
- 6 The Government, who will probably seek to overturn the amendment, also lost a vote on a second amendment aimed at ensuring that existing protections from EU law cannot be changed - except by primary legislation - which would require any changes to go through both the Commons and the Lords. Final amendments were made to the Bill during the third reading in the House of Lords on 16 May. The Bill returned to the Commons for consideration of Lords amendments on 12 June as part of ping pong. A timeline is attached as Appendix 1.

### Local Government

- 7 Canterbury Christchurch University have postponed their planned research report into Borders and Customs and are instead pursuing a wider piece on the impact on local government from Brexit.
- 8 The LGA has set up a ‘Post-Brexit England Commission’ with the aim of presenting solutions to issues raised by Brexit for Local Government. It will be chaired by Mark Hawthorne, the leader of Gloucestershire County Council. The Commission aims to evaluate the role of Local Government in England in the period following the transition phase. It will principally investigate issues surrounding skills and productivity challenges, and infrastructure pressures. The findings will be published in Spring 2019.
- 9 On 23 March 2018 the Housing, Communities and Local Government Commons Select Committee published the latest set of oral evidence in the ongoing inquiry into Brexit and Local Government. Since then there has been a new Minister appointed to the Department (James Brokenshire MP). There are currently no further evidence sessions planned but SDC officers are monitoring the progress of the inquiry.

### Brexit Survey

- 10 At the meeting of the Legal and Democratic Services Advisory Committee on 20 March 2018 it was explained that a survey of Sevenoaks businesses would take place to seek their views on Brexit and what they perceived to be the challenges and opportunities ahead.
- 11 The Portfolio Holders for Legal and Democratic Services and for Economic Development and Communities both provided helpful input into the survey contents.

- 12 The survey was launched at the end of March, and distributed via realBusiness, the Council's e-bulletin for business in the district, which goes to over 930 subscribers. The bulletin was promoted by the Chamber of Commerce, and in particular by the twitter feed of the Economic Development team, which has 1,300 followers.
- 13 On 2 May 2018 the Council was the venue for the Chamber of Commerce monthly networking meeting. This event was used as a means of promoting participation in the survey; computers were set up in the Conference Room venue with a link to the survey, and delegates at the event were encouraged to spend a couple of minutes completing the survey.
- 14 The realBusiness bulletin typically has an "open" rate of about 27%; this edition was 30%. The total responses received to date is 14. Five of these came directly from the newsletter, and a further nine from the networking event.
- 15 The main results of the survey are as follows:
  - Three respondents import from the EU, and two export. Although there were no further comments on how these businesses felt they could be impacted, it is worth noting that on 28 March the House of Commons European Scrutiny Committee published a report on the VAT implications around Brexit. While the UK will remain part of the Single EU VAT area during the implementation period, there is no clarity on what will happen after. If no deal is reached, any goods exported to the EU by UK businesses will be treated as imports with VAT assessed by customs officials at the border. Goods imported to the UK will attract a VAT liability, potentially creating cash flow issues for smaller businesses. This could affect the continued viability of businesses to trade internationally.
  - Two respondents felt their workforce would be impacted (restrictions on movement within the EU for UK residents) and were concerned about a drop in business activity.
  - Five respondents hoped that there would be more of a voice for business as the main opportunity (but a similar number identified this as the main challenge).
  - The main challenges were anticipated to be understanding new regulations, and concern over uncertainty leading to a reduction in business.
  - The majority of respondents felt they neither agreed nor disagreed that their business stood to gain or was at risk from Brexit. There were, however, several comments on the fact that clarity from Government would be welcomed sooner rather than later
- 16 There is a degree of caution to be taken when extrapolating evidence from a relatively low response rate, but the level of responses in themselves could serve as an indication that businesses in Sevenoaks feel that until the precise

nature of the withdrawal agreement is known, and the subsequent trading arrangements, that there is no incentive to respond.

- 17 Both Houses of Parliament continue to work through the committee system on a number of Brexit-related issues; the latest of some of these include the launch on 26 April by the House of Commons Transport Committee of a call for evidence for a new Freight and Brexit inquiry. On 25 April, the EU Home Affairs Sub-Committee launched a call for evidence for its inquiry into 'Brexit: the proposed UK-EU security treaty', and on 6 June, the House of Commons Committee on Environment, Food and Rural Affairs published their report on The future for food, farming and the environment post-Brexit. The Government is expected to launch their White Paper on a proposed Agriculture Bill for consultation later this year.

## **Key Implications**

### Financial

There are no financial implications for this report

### Legal Implications and Risk Assessment Statement.

There are no legal implications for this report

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users

**Appendices**      Appendix A: Brexit Timeline

**Background Papers**      Report to Legal and Democratic Services Advisory Committee - January 2018:

<http://cds.sevenoaks.gov.uk/documents/s32939/06%20Brexit%20Committee%20Report%20January>

Report to Legal and Democratic Services Advisory Committee - March 2018:

<http://cds.sevenoaks.gov.uk/documents/s33721/08%20Brexit%20Update.pdf?J=1>

**Dr Pav Ramewal**  
**Chief Executive**

## Appendix A

### Brexit key dates

#### **12 June 2018**

MPs will vote on EU Withdrawal Bill. The legislation suffered 15 defeats in the House of Lords, which will now be debated again in the House of Commons.

#### **28 June 2018**

EU summit may include Northern Ireland border discussion, which has proved to be a sticking point in negotiations.

#### **18 October 2018**

EU summit during which both sides hope to agree an outline of future relations between the UK parliament and the EU.

#### **31 October 2018**

The EU's chief negotiator has said negotiations must be complete before the end of October to give the 27 EU countries time to sign off the deal. MPs in the UK Parliament will also get to vote on the final deal.

#### **13 December 2018**

Final EU summit of 2018. If a deal is not reached by October, this is the fall back option if both feel they are close to an agreement.

#### **29 March 2019**

As things stand, deal or no deal, Brexit is due to happen at 11pm UK time.

The transition period is due to end and the new economic and political relationship between the UK and the EU to begin.