


<p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Overview and Scrutiny Committee</p> <p style="text-align: center;">13th March 2018</p>	 <p style="text-align: center;">TOWER HAMLETS</p>
<p>Report of: Sharon Godman, Divisional Director, Strategy Policy & Partnership Service, and Asmat Hussain, Corporate Director, Governance.</p>	<p>Classification: Unrestricted</p>
<p style="text-align: center;">Impact of Brexit on Tower Hamlets Council: A Scrutiny Challenge Report</p>	

Originating Officer(s) Shibbir Ahmed, Strategy, Policy & Performance Officer
Corporate Strategy and Equality Team

Wards affected All

Summary

This report provides the report and recommendations of the Scrutiny Challenge session held on 7th of December 2017 on the potential impact of Brexit on the Council.

Recommendations:

The Overview and Scrutiny Committee is recommended to:

1. Agree the report and the recommendations;
2. Authorise the Divisional Director, Strategy, Policy and Partnership to amend the draft report before submission to Cabinet, after consultation with the Chair of the Overview and Scrutiny Committee; and
3. Agree the scoping for the Brexit Scrutiny Review.

1. REASONS FOR THE DECISIONS

- 1.1 This report outlines the findings and recommendations from the Brexit Scrutiny Challenge Session, which was part of the Overview & Scrutiny Sub-Committee's work programme for the 2017/18 municipal year.

2. ALTERNATIVE OPTIONS

- 2.1 The Committee may decide to not to agree the recommendations. This is not recommended as the report outlines work undertaken by Councillors and officers to identify areas of improvement.

3. DETAILS OF REPORT

Background and context

- 3.1 As part of his work programme for 2017/18, the Scrutiny Lead for Governance, Councillor Ayas Miah undertook a Scrutiny Challenge Session focused on the potential impact of Brexit on the Council. There were a total of 10 recommendations that were agreed at the Challenge Session.
- 3.2 The Challenge Session offered the opportunity to begin exploratory discussions on the Council's resilience planning and to recommend key priorities for mitigation planning. Due to uncertainty around Brexit negotiation, limited time, resources and scope, the Challenge Session was not able to discuss the impact of Brexit on Tower Hamlets as a place, such as our economic stability and community cohesion.
- 3.3 The key questions that the Challenge Session explored and addressed were:
- What impact could Brexit have on Tower Hamlets as a Local Authority, particularly in relation to our legal powers and responsibilities?
 - What are the likely challenges and opportunities of Brexit for our workforce and funding for core services? What is the likely impact of this on our local residents and regeneration schemes?
 - How could the Council ensure that it develops a comprehensive and proactive plan to mitigating the impact of Brexit?
 - In preparing the Council for Brexit what should be our priority areas of contingency planning and how do we ensure that this is effectively communicated to all our internal and external stakeholders?
- 3.4 The following Members and officers attended the Challenge Session held on 7th December 2017:

Name	Title	Organisation
Councillor Ayas Miah	Chair of Brexit Challenge Session Scrutiny Lead for Governance	LBTH
Councillor Dave Chesterton	Chair of the Overview and Scrutiny Committee (OSC)	LBTH
Councillor Rabina Khan	OSC Member People's Alliance of Tower Hamlets (Leader of PATH Group)	LBTH

Anne Ambrose	Co-opted Member for Housing Scrutiny Sub-Committee	Housing Scrutiny
Anna Finch-Smith	Employee Relations Officer	LBTH
Bethan Lant	Brexit Research Project Lead	PRAXIS
Emily Fieran-Reed	Cohesion, Community Engagement & Commissioning Service Manager	LBTH
Juanita Haynes	Senior Research Officer Strategy and Performance	LBTH
Jonathan Fox	Contracts Team Leader Legal Service	LBTH
Hannah Ismail	Trainee Solicitor Legal Service Observer	LBTH
Holly Bell	Trainee Solicitor Legal Service Observer	LBTH
Elizabeth Bailey	Senior Strategy, Policy & Performance Officer	LBTH
Shibbir Ahmed	Strategy, Policy & Performance Officer	LBTH
Joseph Ward	Planning & Building Control Officer	LBTH
Owen Whalley	Divisional Director - Planning & Building Control	LBTH
Andy Scott	Acting Service Head for Economic Development	LBTH
Neville Murton	Service Head of Finance and Procurement	LBTH

3.8 Evidence gathering and methodology

3.9 The Challenge Session received brief presentations on the following areas:

- Context of Brexit, for example local demographics
- Impact of Brexit on our legal powers and responsibilities
- Impact of Brexit on our workforce
- Impact of Brexit on our core funding
- Impact of Brexit on our development and regeneration schemes

3.10 The report with recommendations is attached as **Appendix 1**. There are ten recommendations arising from the challenge session. It is useful to note that the report reflects the discussion from a two hour challenge session. The report recognises this is just the start of the discussions on the impact of Brexit. Due to uncertainty around Brexit negotiation, limited time, resources and scope, this Challenge Session was not able to discuss the impact of Brexit on Tower Hamlets as a place, such as our economic stability and community cohesion.

3.11 Therefore one of the key recommendations was for the 2018/19 Overview & Scrutiny Committee to continue the Brexit Scrutiny work into the new municipal year and provide officers with sufficient information to allow them to organise a full Brexit Scrutiny Review to obtain further assessment of the progress of Brexit and consider its implications for the Council, Partners and our wider community.

3.12 The proposals and draft Scoping Paper for the Brexit Scrutiny Full Review is attached as **Appendix 2**.

- 3.13 The draft Scoping Paper will need to be brought back to OSC for sign off no later than the March 2018 OSC meeting. This will involve our agreeing the subject areas, those who will be asked to provide evidence, the date and locations for sessions.
- 3.14 The Challenge Session report highlights very clearly that there is a lot of uncertainty nationally and it is still not clear what kind of Brexit the country face. Until we have the full and final agreed Brexit agreement in place, it will be difficult to determine the exact impact.
- 3.15 Despite this, the Council needs to be fully prepared for all eventualities (including a “no deal Brexit”) and constantly keep abreast of all key Brexit developments, by identifying and reviewing areas of potential impact.
- 3.16 Findings from the Challenge Session discussion, which included submissions from Senior Officers, have been supplemented by additional secondary sources. These include latest population statistics and trends, analysis taken from the Brexit research project by ‘Collaborate’ and findings from national and regional Brexit Impact reports. The recommendations arising from this range of evidence sources are outlined below:
- 3.17 **Recommendation 1:**
The Council should carry out a more detailed migration analysis of the potential impact of Brexit on our local population and develop an updated profile of the European Migrant community in Tower Hamlets.
- 3.18 **Recommendation 2:**
The Council should carry out a more detailed equalities analysis of the potential impact of Brexit on community cohesion in Tower Hamlets and publicise the ‘No Place for Hate’ campaign to reassure and address wellbeing and insecurity issues of EU Nationals.
- 3.19 **Recommendation 3:**
The Council should identify the specialist skills and the number of EU nationals within its workforce and those employed by our key suppliers and ensure retention strategies and positive wellbeing provisions are in place.
- 3.20 **Recommendation 4:**
The Council should commission research to examine the contribution European migrants make to the borough’s labour market and the potential impact of Brexit on the Financial & Professional Services, construction industry and the borough’s key growth sectors.
- 3.21 **Recommendation 5:**
a) The Council should produce a finance report which identifies all EU funded projects and services that our key partners deliver in Tower Hamlets including regeneration schemes at risk of stalling.
b) The Council should work closely with developers and partners to develop mitigation strategies to replace lost EU funds for community employment programmes, services and regeneration projects.
- 3.22 **Recommendation 6:**
The Council should work closely with other Local Authorities and London Councils to co-ordinate the lobbying of Central Government to replace the EU funding loss.

3.23 **Recommendation 7:**

The 2018/19 Overview & Scrutiny Committee should carry out a full Brexit Scrutiny Review to obtain detailed assessment and better understanding of the progress of Brexit and its implications for the borough including a focus on:

- 1) Impact on the Council, core funding and services for residents;
- 2) Challenges and opportunities for local economy;
- 3) Community Cohesion.

3.24 **Recommendation 8:**

The Community Plan and all our strategic and risk management plans should reference Brexit.

3.25 **Recommendation 9:**

The Council should proactively seek out and respond to all direct and indirect opportunities to communicate and represent the Tower Hamlets interests in the Brexit process.

3.26 **Recommendation 10:**

The Council should develop policies and targeted marketing strategies to promote the Borough to retain and attract business and enable the future economic growth.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This report details the findings and recommendations of the Scrutiny Challenge session held on the 7th of December 2017 to consider the potential impact of Brexit on Tower Hamlets Council.

4.2 There are 10 specific recommendations being put forward for Cabinet consideration. It should be possible to deliver a number of these recommendations through existing resources. However, where this is not possible officers will be obliged to seek appropriate approval through the Council's financial approval process.

5. LEGAL COMMENTS

5.1 The Council is required by section 9F of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements that ensure the committee has specified powers. Consistent with this obligation, Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants. The Committee may also make reports and recommendations to Council or the Executive in connection with the discharge of any functions.

5.2 The Challenge Session looked at the potential impact of Brexit on the Council and to obtain an overview of the Council's understanding of the likely impact of Brexit on the organisation. It was also to begin exploratory discussions on the Council's resilience planning for the organisation and to recommend key priorities for mitigation planning going forward. In that regard, 10 recommendations have been proposed and all are capable of being undertaken within the Council's powers.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 The report recommends the Council to carry out a detailed equalities analysis of the potential impact of Brexit on its works force, suppliers and the local communities living in the borough.

- 6.2 The report recommends the full Brexit Scrutiny Review will look to explore ways to promote diversity and community cohesion as well as consider appropriate and specific support that could be offered to EU migrants and residents and consider potential impact on different equalities groups and how the borough can mitigate these impacts..
- 6.3 The report recommends the Brexit Scrutiny Review to ensure evidence sessions are open and inclusive and the engagement strategy is built on existing good practices and learning from elsewhere and consider all available resources within the Tower Hamlets Partnership to support and lead effective community engagement.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The recommendations in this report are made as part of the Overview & Scrutiny Committee's role in helping to secure continuous improvement for the council, as required under its Best Value duty.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no direct sustainable actions for the greener environment arising from this report.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 Once the report has been agreed by Governance DMT and Overview and Scrutiny Committee, officers will produce a detailed action plan, to implement the recommendations. Therefore, during the action planning stage the key risks, implications and mitigating actions will be identified and agreed.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no direct sustainable actions for greener environment arising from this report.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix 1: Brexit Scrutiny Challenge Report
- Appendix 2: Brexit Scrutiny Review – Scoping Paper

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE