

To: City Executive Board
Date: 19 September 2017
Report of: Finance Panel (Panel of the Scrutiny Committee)
Title of Report: The implications of Brexit

| Summary and recommendations | |
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| Purpose of report: | To present the recommendations of Finance Panel on the implications of Brexit |
| Key decision: | No |
| Scrutiny Lead Member: | Councillor James Fry, Chair of Finance Panel |
| Executive Board Member: | Councillor Bob Price, Leader of the Council; Corporate Strategy and Economic Development |
| Recommendation(s): That the City Executive Board states whether it agrees or disagrees with the recommendations in the body of this report | |

| Appendices |
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Introduction and background

1. Finance Panel has been monitoring the local impacts of the UK's decision to leave the EU by tracking a set of financial indicators in biannual reports provided by the Head of Financial Services. The Panel considered the third such report at a meeting on 4 September 2017. The Committee would like to thank Nigel Kennedy, Head of Financial Services, Anna Winship, Management Accountancy Manager, and Nick Twigg, Major Projects and Development Manager, for supporting this discussion.
2. The Head of Financial Services introduced the report. He said that recent national economic changes including higher inflation and slowing economic growth are yet to feed through to the Oxford economy in a tangible way. Business Rates income has been holding up, units in the new Westgate Shopping Centre are being let and there has been no significant increase in bankruptcies. BMW has recently announced that the next generation Mini will be produced in Cowley, which is positive news for the local economy.

3. The London School of Economics (LSE) has assessed the expected impacts of a 'hard' and 'soft' Brexit on the Gross Value Added (GVA) of UK cities over the next ten years. The LSE predict that there will be a negative impact across the board but Oxford is expected to be among the least adversely affected UK cities in the South of England, with GVA impacted by -1% (soft Brexit) to -2% (hard Brexit) over the period. This analysis is based on assumptions about increases in trade costs and does not factor in the effects of Brexit on innovation, foreign investment and migration flows, or how cities respond to changes linked to Brexit. The LSE therefore expect that this analysis will underestimate the economic impacts of Brexit.

Summary and recommendations

4. The Panel has previously encouraged Council efforts to secure European Funding for various projects in the city. The Panel note that the Local Government Association (LGA) has called on the Government to grant councils the £8.4bn they are due to receive from the European Structural Investment Fund between 2014 and 2020 amid concerns over EU regeneration funding. The Panel suggest the Council supports these calls.

Recommendation 1 – That the Council supports the Local Government Association in calling on the Government to grant local councils the £8.4bn they are due from the Structural Investment Fund between 2014 and 2020.

The Panel heard that Brexit is having an effect on the employment market, with a significant number of EU nationals reported to be planning to leave or considering leaving the UK. The Panel note that seven council employees who are EU nationals have applied to be reimbursed the £65 cost of applying for a UK Registration Certificate or Permanent Residence Card. The Panel suggest that the Council should continue to promote this offer to staff who may be EU nationals.

Recommendation 2 – That the Council informs all staff who have been identified as possible non-UK EU citizens and who have not already taken up the Council's offer to reimburse the cost of applying for a UK Registration Certificate or Permanent Residence Card that the Council remains happy to reimburse these costs.

5. Oxford has a knowledge-based economy that has both national and international significance. The Panel believe that Oxford's economic interests in terms of trade and inward investment post-Brexit need to be clearly articulated to the Government and other national and international bodies. The Scrutiny Committee's Devolution Review Group had envisaged that this role could be performed by a directly elected mayor for Oxfordshire. However, in the absence of an agreed proposal for a mayoral combined authority for Oxfordshire, the Panel suggest that the Council looks again at how best this strong advocacy for Oxford could be achieved.

Recommendation 3 – That further consideration is given, in the light of Brexit, to the case for having a powerful advocacy role for the Oxford economy at national and international levels and how this could be achieved in the absence of a directly elected mayor for Oxfordshire.

Further consideration

6. The Panel will consider a further report on the local impacts of Brexit at a meeting in March 2018.

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