Potential Implications of Brexit on the Royal Borough of Kingston upon Thames

Briefing Paper by the Director, Communities

Purpose of the briefing

1. This briefing sets out an overview of the potential economic implications of Brexit for the Council, with the caveat that it is very difficult to forecast with great certainty as the terms of exiting the European Union are currently unknown. More detail about the Brexit timetable and process is set out in Annex 1 to this paper.

2. This paper is split into two parts. Part 1 has an outward focus considering any potential impact on the local economy and Part 2 offers an inward focus which considers the impact on the Council and local services.

PART 1 - Potential impact on Kingston’s Economy

Context

3. Although there are many and varied factors which impact the UK’s economic performance, uncertainty over Brexit is potentially having an impact. In the first three months of the year, the UK economy grew at its slowest rate for five years and economic growth over the past 12 months is half its average over the previous 25 years. Mortgage approvals in March fell by almost 21%. Car output for the domestic market in the same month fell by 13% and for export by 12%.

Business Survey

4. In a recent RBK Business Survey 2018, a question was asked on the Brexit effect. 29% of respondents felt that Brexit would not affect their business or would be good for their business. 42% of businesses felt Brexit would be bad for their business.

Retail

5. Historically, one of the first sectors that feels any downturn in the economy is the Retail Sector. Sales in national retail in the first quarter have been slow which is a particular concern for Kingston given the importance of the retail sector. Kingston’s relative reliance on retail is why the recently published Economic Growth and Development Strategy recommends that RBK looks to diversify its sectors. It aims to attract other sectors into the borough and ensure any new developments provide work spaces to provide jobs and grow productivity in a range of sectors suited to the borough and current economic trends.

Access to Skills

6. The free movement of labour within the EU has been vital to the growth and flexibility of key sectors in the UK such as construction, health, education and public sector. Potential restrictions on the movement of people may have significant impact on staffing. Access to a skilled workforce and a focus on developing the next generation of home-grown talent are critical to ensure the UK can build the homes, businesses and infrastructure the country needs to compete globally as well as provide vital services.

7. In Kingston, the sectors mentioned here are growing and delivering key initiatives. We need to make sure we can continue to service and recruit into these sectors otherwise our delivery may be impacted.
8. The UK withdrawal from the EU potentially has implications for all parts of the health system, including local clinical commissioners and provider organisations. This is in terms of the operational, financial and legislative uncertainty that may be faced by the service in the run up to and during negotiations, and in ultimately defining a body of domestic legislation that meets the ongoing needs of all parts of the NHS and health care system.

9. Across the UK, the NHS employs EU workers, with 57,604 staff in England alone coming from the EU, with around an additional 6,000 EU staff in independent health organisations. Reliance on EU workforce has increased in the last few years, partly due to the tightening of UK immigration policy on non-EU workers. Looking at specific professions, around 9% of doctors and 5% of nurses working in the NHS in England are EU migrants, with NHS trusts in London and the South East, as well as some health specialties, particularly affected.

10. The policy of freedom of movement and mutual recognition of professional qualifications within the EU means that many social care professionals currently working in the UK have come from other EU countries. This includes an estimated 95,000 (around 7%), of the 1.3 million workers in England’s adult social care sector (NHS Digital 2017; Skills for Care 2017). The proportion of EU workers in the social care sector has been growing over time, suggesting that this sector has become increasingly reliant on EU migrants. The social care sector has an estimated vacancy rate of 6.6% and an overall turnover rate of 27.8% (Skills for Care 2017).

11. The UK government has announced that EU citizens currently living in the UK will be able to remain. However, if the per capita income of the UK goes down, then EU citizens may have less incentive to stay. Independent Migration Advisory Committee (September 2018) stated that a scheme aimed at making it easier to hire migrants into social care would not necessarily make it easier to retain them in the sector due to low wages and poor terms and conditions caused by the lack of a sustainable funding model.

12. The King’s Fund report states that a wide range of staff groups is likely to be affected, including lower-skilled workers, particularly in social care (where providers state that the outcome of the referendum is already having an impact on their ability to recruit into lower paid roles). With just under a quarter of EU nationals working in what are classed ‘elementary occupations’ (including jobs such as cleaners and waiters) (Office for National Statistics 2017) it is likely that in future social care providers will face increased competition from other industries, such as retail, when trying to recruit lower-skilled staff.

13. RBK’s ability to provide care may be affected by any shortage of qualified staff. This would mean that cost of providing services would increase in line with higher wages to attract and retain staff, which will be reflected in the cost that the Council must pay to deliver services.

14. A report on future migration patterns by the Independent Migration Advisory Committee, published September 2018 warned record domestic levels of employment, increasing social care vacancy rates and rising demand due to an ageing populations meant the ‘sector could come under tremendous pressure if these positions cannot be filled’.

Health & Social Care
15. The impact of EU competition and procurement laws on social care is uncertain. As the relevant EU directives have already been incorporated into UK law, the Government would need to repeal or amend the law if it wished to reverse current arrangements. Leaving the EU would allow policy makers to modify these arrangements and other relevant legislation. The Government has stated its intention to ‘ensure we protect our ability to maintain control of the provision of public services...in new trade agreements’ (Department for International Trade et al 2017). However, its ability to do this will depend on the UK’s future trading relationship with the EU, which has not yet been agreed.

16. Brexit may present some opportunities for the UK, in particular the chance to go further and faster on public health regulation and remove rules on competition that are currently inhibiting further integration and collaboration between health and social care services. However, the current rules on procurement will remain at least until the transition period has ended in 2020.

17. The King’s Fund’s position is that in recent years, the NHS has been shifting away from competition towards a more collaborative approach to delivering services, as exemplified by the new models of care currently being developed in many areas of England. Leaving the EU could provide an opportunity to align the law with this approach, providing greater clarity and certainty to local areas as they implement new care models.

18. Clinical research and innovation are key components of NHS activity and the NHS has a long tradition of EU collaborative research. Subsequent EU Research and Innovation funding programmes have acted as catalysts for this collaborative work, filling gaps in the research pipeline, and allowing researchers across Europe to gather forces to find responses to common challenges, both at clinical and operational levels, that confront health systems in Europe.

19. EU research grants have also been crucial for the NHS’s ability to attract and retain some of the most renowned clinicians in the world, who often decide to work for the NHS due to its reputation in leading EU collaborative medical research initiatives.

20. 62% of all imported health tech used in the NHS comes directly from the EU. Many of these products are delivered ‘next day’, so any delay to supplies could have a real impact.

21. The EU is the UK’s biggest export market for health technologies, with around £2bn worth of goods sent each year. Additionally, of the £5bn total imported health tech used by the UK’s health system, £3.2bn comes directly from the EU and reliance on this source has increased by 20% in recent years. Unless these are exempted from any new customs, tariffs or VAT arrangements, there could be implications for this trade.

22. Concerns have been raised about the potential risk to patient care of any disruption to the supply from the EU-27 to the UK of medicines, medical devices or substances of human origin, especially in the event of the UK leaving the European Union without a withdrawal agreement. The Government has confirmed that it has looked into the practicalities of stockpiling supplies as part a contingency plan, but has emphasised that this is not expected to be necessary.
Voluntary, Community, Non-profit & Charity Sector

23. The number of EU nationals working in UK charities has doubled since 2000 from 14,000 to 31,000 – around 4% of the current charity workforce, concentrated in social work, residential care and education. 62% of charities surveyed by the Charity Finance Group reported they had no experience of recruiting non–EU nationals. Over half of the same charities reported they thought it would be even harder to recruit after the end of free movement.

24. The Government has not identified what will fill the gap / succeed the European Social Fund which makes it difficult to plan ahead for some charities who rely on this for funding.

25. The Government has yet to comment on its proposals for tax reform to support charities, following departure from the EU. The VAT system costs charities over £1.5bn a year. There may also be an opportunity for greater flexibility on public procurement, to help ensure grants and contracts are awarded on the full social, economic and environmental value.

Education

26. Although Kingston has a strong local economy, Brexit may impact the Higher Education sector, and as such will have a potential impact on those areas with a significant University presence such as Kingston. The decision to leave the EU may affect European students who study at UK universities and exercise significant spending power within the areas in which they live; it may also affect the ability of UK Universities to attract European researchers and students.

Business

27. Foreign Exchange - For businesses importing raw materials to the UK, costs rose overnight when sterling fell by 20% on news of the UK’s vote to leave the EU. However, the same change meant stronger demand for finished goods exported to the EU and beyond. This may have an impact (i.e. increased costs) for construction related projects.

28. Tariffs (movement of goods/supplies) - Unless the UK government manages to negotiate an agreement with the EU that it can stay in the EU for free movement of goods, retaining its current VAT and customs duty integration (no other country has this without free movement of people), it is expected that there will be a customs border put in place between the UK and the EU.

29. This is may lead to extra paperwork for import and export declarations and charges for goods passing both into and out of the UK, as well as taxes, duties, tariffs and import VAT. This could lead to increased costs both in terms of increased tariffs but also greater inefficiencies and time taken to receive goods.

Access to Finance

30. If the pound continues to weaken, then lending from banks for businesses will be difficult. This will hinder their growth, innovation and recruitment of staff including Apprenticeships. Kingston businesses will be impacted as SMEs suffer more for this than larger businesses. It will also impact those businesses that import and export goods and services.
Licensing, food safety and health and safety standards

31. Whilst much of RBK’s regulatory work is conducted under the benefit of legislation that has its roots in European Directives, most of those have been enshrined in UK statute so are unlikely to need amending ahead of or at the point we exit the European Union to remain in force.

32. There are not expected to be any licensing impacts, as all licensing legislation is UK based and not upon EU directives.

33. Nevertheless, until there is an agreement at national level on the exit strategy, it might be too early to know how the exit might affect local business. Those businesses that deal directly with EU members might be impacted by trade agreement changes, and there are a handful of food importers and exporters based in the Borough.

Common Standards

34. The UK has much to gain from pursuing an approach that makes it easier to do business with trading partners new and old. Access to markets in the EU and around the world has transformed the UK construction sector for example. The mutual recognition of qualifications and the development of common technical standards have reduced the barriers people in such sectors face working abroad.

35. Reducing tariffs and harmonising standards have helped UK firms of all sizes expand to Europe and beyond. These common approaches have also meant that UK businesses can support best-practice in environmental and product standards, to address global issues such as climate change. It is important that the Government protects and promotes the UK’s role as a leader in environmental and consumer protection standards.

PART 2 - Potential impact on Council services and funding

36. The potential impact on the local economy is of importance, not only in terms of impact upon residents and businesses but also to the Council's finances, given that the aim is for Local Government to become more economically ‘self-sufficient’ under the business rates retention system. In 2018/19, £23.1m (18%) of the Council’s net budget is funded from retained business rates.

37. In terms of the Council’s investments, there is a risk to increases in the Bank Rate and borrowing rates which are dependent on GDP growth and inflation pressures. While there is uncertainty around the Brexit negotiations, it is far too early to be confident about how rates over the next two to three years will be affected and how this will affect the Council’s treasury management activities and also the Pension Fund investments. Any increase in interest rates will be positive for the Council’s treasury management investments, but poses a significant risk to the cost of new borrowing.

38. EU VAT legislation frames the VAT treatment of Local Authority services and activities, as well as the VAT reimbursement system in place from HMRC to councils. Councils like Kingston will want to continue to retain any favourable VAT treatment of their services.

39. Kingston, however, currently receives no funding from European Structural and Investment Funds, such as the European Regional Development Fund (ERDF) and European Social Fund (ESF).
Legal and Regulatory

40. There are a number of pieces of EU legislation that currently impacts on the way the Council delivers its services. There are several areas that may be subject to change and that are likely to impact on Council services (or our providers), including:
   - Working Time Directive and Agency Worker Regulations
   - procurement and competition law
   - social work regulation and accreditation
   - rights of people with disabilities (housing, education and independent living)
   - Equalities
   - Air Quality / Waste recycling
   - Transport
   - Consumer rights
   - Health & Safety regulations

41. A number of EU laws have been incorporated as part of the UK’s domestic legislation over the period of the UK’s membership. There is no definitive position as yet as to which laws will still be applicable, amended or repealed.

42. There are a number of areas where it is likely to be essential or helpful for EU origin laws to remain and that the Council will need to continue to adhere to. However, Local Government leaders continue to push the case as part of negotiations for leaving for further devolution and public service reform and have highlighted the opportunity that EU-origin laws could be improved through amendment.

43. In the short term it may be prudent for the Council to carry out a due diligence exercise on the financial viability of suppliers / contractors with regards to contracts which are high risk or high value. This is also the time to consider contingency plans with regards this area of concern.

Procurement and Contracts

44. Brexit implications for public procurement are not yet known. A key point of clarification is to note that current procurement requirements are enshrined in the Public Contracts Regulations 2015 which is a UK regulation. Therefore the Government would need to update the regulations if a new / different process were to be required in the future. Whilst Brexit may lead to less focus on the need to to publish above threshold contract opportunities across the EU it is likely the Government would want to retain the principles that underpin the current regulations: equality of treatment, transparency, mutual recognition and, proportionality.

45. In September the Government issued a policy note regarding potential impact of a ‘no deal’ Brexit on public procurement. Accessing public sector contracts if there's no Brexit deal. This set out the process for managing public procurement post 29 March 19 if there is no deal. In summary, in event of no deal the Government would introduce a new process that replicates the existing EU-wide process.

46. The UK is also aiming to accede to the WTO Agreement on Government Procurement (GPA). The UK currently participates in the GPA by virtue of its EU membership. In the short-medium term at least this means the requirements are likely to be very similar post-Brexit as now.
47. Supplies needed for areas such as facilities management are often reliant on the EU. We do not hold a stock of supplies and generally order items as needed; we may need to consider stock-piling frequently-used items, and those which would have a high impact on business continuity if we were unable to source them within a reasonable timeframe post-Brexit.

48. The LGA view is that current procurement rules sometimes conflict with efforts to promote local economies and point out that almost no public contracts end up being awarded to companies in other EU member states. A "lighter touch" system should be introduced after Brexit that gives Councils the freedom to use local suppliers and specify a minimum local living wage for contracts.

49. Brexit may lead to more requirements / protocols regarding information sharing and data, and may require more complex ERP systems to support contract and supplier management. This is only likely to have a marginal effect on Public Sector contracts but again could mean increased costs for suppliers.

Staffing

50. An initial assessment of RBK employee data in relation to EU staff shows that any impact of Brexit is likely to be minimal. We have looked at all starters and leavers with an EU nationality and we had 6 starters and 4 leavers which is approximately 0.6% and 0.4% of the overall workforce.

51. It is difficult to assess possibilities for RBK’s contracted services with any reliability given the lack of details available on what the Brexit agreement will include.

Risks

52. While negotiations between the Government and the EU are still underway, questions remain over the future of the UK economy, including its position in relation to EU law and regulations, its future trade arrangements, and the prospects for a UK regional funding framework to replace existing EU programmes. Moreover, these unprecedented changes come at a time of continued constraint in Local Government budgets and the growing importance of income streams such as business rates which are linked with economic prosperity.

53. The following is a summary of key risks / changes and areas to monitor as they develop:

Funding

- uncertainty surrounding EU funds and possible replacements.
- fiscal approach from UK government regarding local authority funding
- potential economic impact on Business Rate income.

Demand for services

- unpredictable impact of Brexit on demand for Council services may complicate the management of spending reductions in the medium to longer term

Regulatory

- future access and procurement of key supplies
- future procurement requirements on major projects and services
- future approach to state aid and economic development interventions
Economy

- UK economic uncertainty.
- potential property market issues impacting on development projects.
- levels of migration subject to change and impact on availability of skills.
- demographic impact on housing, school places, etc. impact on workforce of potential reductions in EU migrants.

Response to the uncertainty

54. Brexit uncertainty will continue during the exit negotiations. As it will have wide reaching economic implications, there will be a further impact on public finances and a need for the Council to determine the risk exposure and develop appropriate contingency plans:

- establish the Council’s exposure to the different financial risks;
- identify the contracts most likely to be affected by Brexit and to start assessing the risks;
- engage with local partners to understand their risks;
- review the procurement pipeline to identify projects due to commence or that will be live on or around 29 March 2019;
- review and update assumptions within the medium term financial plan;
- review and update strategic and operational plans; and
- update Members on the emerging picture on a regular basis.

Conclusions

55. Brexit brings both challenges and opportunities for the UK, for Local Government and for Kingston Council. Although it is hard to predict the precise nature of the implications at the time of writing, Members will need to be kept updated and work will need to continue on monitoring the potential impact upon the local economy to ensure that the Council’s priorities can be delivered.

56. An analysis in Annex 1 compares Kingston’s principle of sectors of employment with the business sectors identified by KPMG as most likely to be affected by “hard Brexit”. The business sectors most likely to be affected by a hard Brexit (such as food and drink manufacturing, metals, oils and gas, and automotive manufacturing) are not major employers in Kingston. It is noted, however, that the third largest employer in Kingston is ‘Human Health And Social Work Activities’ - the implications for this sector are discussed above in paragraphs 8-22 of this report.

57. To ensure our economy remains vibrant and resilient, it is important that RBK engages with the business community. RBK can also work closely with agencies and partners at the local sub regional and regional level to ensure any available resource or opportunity is utilised by Kingston based businesses - RBK can support the facilitation of this. RBK’s Economy team can support this agenda and is already facilitating much needed referrals into regional growth programmes, business breakfast engagement events, trade and export seminars and networking events.
Kingston State of the Borough Debate - Motion

58. A Motion will be proposed at this State of the Borough Debate meeting by the Leader of the Council and seconded by the Deputy Leader of the Council. This Motion is attached as an Annex 2 to this report. There will be opportunity for the Leader of the Opposition or other members of the Council to propose amendments.

59. The motion resembles similar motions that have been proposed recently by other councils across the country (for example, Milton Keynes and Gloucestershire), as the potential impact of Brexit at a regional and local level has been brought into greater focus.

60. The process for consideration of the Motion (and any amendments) is set out in the programme for the event which is on the frontsheet of the agenda for this meeting.

61. If the People’s Vote were to go ahead, there would be some financial implications in terms of the logistics of running an additional referendum. The cost of referenda are met by Government; however, RBK would be responsible for funding additional electoral registration activities which a high profile referendum would bring. The Council would also be required to provide additional officers and support to the Electoral Services team.
Background

1. A referendum was held on 23 June 2016, to decide whether the UK should ‘leave’ or ‘remain’ in the European Union. ‘Leave’ won by 51.9% to 48.1%. The referendum turnout was 71.8%, with more than 30 million people voting.

2. Within the borough itself, 61.6% (52,533 votes) voted to remain in the European Union compared to 38.4% (32,737 votes) who voted to leave. The turnout locally was 78.3%.

3. The UK Government triggered Article 50 of the Treaty on European Union in March 2017 following the UK’s vote to leave in June 2016 and the Prime Minister delivered a letter of notice to the European Council. The Brexit timetable is set out below.

4. There is a deadline of 29 March 2019 to negotiate a withdrawal agreement, or to unanimously agree an extension. On this date, all EU law will transpose into UK law, following which the Government decides which of the 17,000 regulations to keep, amend or discard. The UK can leave without an agreement, but an ‘orderly withdrawal’ is the desired outcome for all parties.

5. It is widely known that negotiations are still in progress to confirm the precise details of the UK’s exit. Ministers have been clear that leaving the EU means leaving the Single Market, the Customs Union, and an end to free movement.

6. There is insufficient detail available for Councils to be able to take a more informed view until the following is known: the nature of the deal to leave the EU, our future trading relationship both with the EU and the rest of the world, and the criteria for the ‘Shared Prosperity Fund’, the funding proposed to replace that which local areas currently receive from the EU. There are no further details available regarding the criteria for this, how much will be allocated to it, whether the EU principle of match funding will apply, or what outcomes the Government expects from this.

7. On 19 March 2018, the UK and European Union published a draft withdrawal agreement, which sets out the arrangements for a transition period of 21 months following the UK’s departure from the EU. This link *sets out the LGA’s briefing paper on this. The draft withdrawal agreement signals a milestone on Brexit. A transition period has been agreed but it is still dependent on a final deal.

8. Local government does not have a formal role in the negotiation process but the Local Government Association, through its Brexit task and finish group, is attempting to influence the debate. This link directs to the LGA ‘No Deal’ briefing paper for councils.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- Once the EU and the UK have agreed a withdrawal treaty and an outline sketching their future relations, the deal will be put to the UK Parliament for a “meaningful vote”. It is a legal obligation under the UK’s 2018 EU Withdrawal Act, which says such a vote must take place “before the European Parliament decides whether it consents to the withdrawal agreement being concluded on behalf of the EU”.
- March 2019: initial two-year negotiation period on the terms of exit. In September 2017, the Prime Minister proposed a two year transitional period after March 2019.

continued overleaf
• UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.

• The UK and EU would attempt to negotiate, among other agreements, a bilateral trade agreement over that period.

• The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.

• If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.

• On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

• The UK will then no longer participate in matters reserved for EU members, such as changes to the EU’s budget, voting allocations and policies.

### Potential Impact on Kingston’s local economy

9. It is difficult to estimate the impact of Brexit on the local economy with any great certainty but the following tables suggest that local businesses in Kingston would be relatively unaffected as the principle employment sectors in the borough have a low exposure to those industries vulnerable to the possible impacts of Brexit.

10. The following table shows employment in Kingston by sector:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Sector</th>
<th>Jobs</th>
<th>As % of total jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Administrative And Support Service Activities</td>
<td>15,000</td>
<td>18.5%</td>
</tr>
<tr>
<td>2</td>
<td>Wholesale And Retail Trade; Repair Of Motor Vehicles</td>
<td>14,000</td>
<td>17.3%</td>
</tr>
<tr>
<td>3</td>
<td>Human Health And Social Work Activities</td>
<td>10,000</td>
<td>12.3%</td>
</tr>
<tr>
<td>4</td>
<td>Education</td>
<td>8,000</td>
<td>9.9%</td>
</tr>
<tr>
<td>5</td>
<td>Professional, Scientific And Technical Activities</td>
<td>7,000</td>
<td>8.6%</td>
</tr>
<tr>
<td>6</td>
<td>Accommodation And Food Service Activities</td>
<td>5,000</td>
<td>6.2%</td>
</tr>
<tr>
<td>7</td>
<td>Information And Communication</td>
<td>4,000</td>
<td>4.9%</td>
</tr>
<tr>
<td>8</td>
<td>Public Administration &amp; Defence;Compulsory Social Security</td>
<td>3,500</td>
<td>4.3%</td>
</tr>
<tr>
<td>9=</td>
<td>Construction</td>
<td>3,000</td>
<td>3.7%</td>
</tr>
<tr>
<td>9=</td>
<td>Arts, Entertainment And Recreation</td>
<td>3,000</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Source: NOMIS 2016 (official labour market statistics)
11. The following is a KPMG analysis of the business sectors most likely to be affected by “hard Brexit”:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Sector</th>
<th>KPMG Brexit score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food and drink manufacturing</td>
<td>78</td>
</tr>
<tr>
<td>2</td>
<td>Metals</td>
<td>64</td>
</tr>
<tr>
<td>3</td>
<td>Oil and Gas</td>
<td>64</td>
</tr>
<tr>
<td>4</td>
<td>Automotive manufacturing</td>
<td>62</td>
</tr>
<tr>
<td>5</td>
<td>Pharmaceuticals and Biotech</td>
<td>61</td>
</tr>
<tr>
<td>6</td>
<td>Non-food consumer goods manufacturing</td>
<td>59</td>
</tr>
<tr>
<td>7</td>
<td>Industrial products</td>
<td>58</td>
</tr>
<tr>
<td>8</td>
<td>Transport and storage services</td>
<td>52</td>
</tr>
<tr>
<td>9</td>
<td>Hotels and restaurants</td>
<td>52</td>
</tr>
<tr>
<td>10</td>
<td>Business services</td>
<td>51</td>
</tr>
</tbody>
</table>

Source: KPMG 2017 (*Brexit: the impact on sectors*)

12. The business sectors identified in the table above as most likely to be affected by a hard Brexit, such as food and drink manufacturing, metals, oils and gas, and automotive manufacturing, are not present in Kingston. The report focused on the two areas where the impact of Brexit is expected to be felt most: access to the EU market and access to EU labour. As a starting point it used two simple measures: the proportion of EU nationals as part of each sector’s workforce and exports as a share of each sector’s output. While exposure to EU labour tends to be broadly similar across many sectors, the relative importance of exports to the EU varies significantly, with some of the larger sectors such as construction and wholesale and retail trade being more domestically focused.
For State of the Borough Council meeting - 13 November 2018

Liberal Democrat Administration Motion: A People’s Vote

Proposer: Councillor Liz Green, Leader of the Council
Seconder: Councillor Malcolm Self, Deputy Leader of the Council

This Council notes:

● Two years have passed since the vote to leave the European Union, yet there seems to be no likelihood of a deal in the immediate future
● 61% of Kingston residents voted to remain in the European Union in the referendum
● Polling has shown that over half of ‘Leave’ voters believe that the result of negotiations will be a ‘bad deal for Britain’
● The uncertainty for the millions of UK citizens in the EU and EU citizens in the UK, including the thousands of EU-born Kingston residents who make up over 10% of the population in wards including Coombe Hill, Grove, Norbiton & St Mark’s
● Kingston Hospital has warned that Brexit could ‘break the NHS’, with vital equipment becoming less accessible and computer services facing glitches
● The warnings from companies such as Airbus, BMW and Jaguar Land Rover about possible job losses due to Brexit
● A vote on the final deal of any negotiation to leave the European Union has previously been supported by prominent Brexiteers such as Jacob Rees-Mogg, David Davis and John Redwood

This Council believes:

● The current government has deliberately prioritised the unity of the Conservative Party over the best interests of the country
● Leaving the European Union without even a bare bones deal would be catastrophic for the UK economy, particularly harming the poorest in society
● A disorderly exit from the European Union could be a backwards step in terms of peace in Northern Ireland, and will lead to worsening relations between the UK and a number of its key allies

This Council resolves:

● To support the right of the people of the United Kingdom to vote on whether to accept the deal negotiated by the government, or whether to revoke Article 50 and remain within the European Union
● To write to request that Zac Goldsmith MP join Sir Edward Davey MP in supporting a people’s vote
● To write to the Secretary of State for Housing, Communities & Local Government under the Sustainable Communities Act (2007) to ask that all departmental information and analysis pertaining to the impacts of Brexit on Kingston be handed over to the Council administration
● To ask the Finance & Contracts Committee to set up and agree arrangements for a working group with a purview to:
  (i) examine the impacts of Brexit on Kingston
  (ii) propose measures the Council could take to mitigate effects on residents and businesses
  (iii) explore powers which could be devolved directly from the European Union to Local Authorities