

NLGN Leadership Index is a quarterly survey of chief executives, leaders and council mayors from local authorities across the UK. It asks their level of confidence in key service areas as well as wider indicators of community wellbeing. This quarter, we also asked local government leaders about their views on the effects of Brexit uncertainty on local services and how they are preparing local services for Britain's departure from the EU.

HEADLINE FINDINGS

- Councils are increasingly pessimistic about the impact of Brexit. 70.7 per cent of council chiefs expect Brexit to have a negative or very negative impact on their local economy – an increase of 16 per cent since March 2018. Over the same period, those who expect Brexit to have a positive or very positive impact on the local economy has halved to 5.4 per cent.
- More than three quarters (79 per cent) of respondents have had to divert resources from key public service priorities to prepare for Brexit.
- Despite the challenges presented by Brexit uncertainty, councils have been focusing on strengthening local and regional partnerships, preparing local businesses, and ensuring continuity of local services. About three quarters of respondents from social care-providing councils indicated their adult social care (72 per cent) and children's services (75.4 per cent) are prepared for Brexit.
- Optimism in the local business environment has continued in its trajectory of decline from 58.9 in the last quarter to 55.6 this quarter – its lowest level yet since the first Leadership Index survey in March 2018.

ABOUT THE OCTOBER 2019 LEADERSHIP INDEX

NLGN Leadership Index asks recurring questions on confidence levels across: key service areas; the local economy and living standards; and community cohesion and trust. The survey also features topical questions, which focused on the impact of Brexit on the local economy and key service areas.

SECTION 1: THE IMPACT OF BREXIT ON COUNCILS

- A) The effect of Brexit uncertainty on key local services
- B) The impact of Brexit on the local economy
- C) The extent councils have had to divert resources from key public service priorities to prepare for Brexit
- D) The preparedness of local services for Brexit
- E) How councils are preparing for Brexit

SECTION 2: CONFIDENCE TRENDS IN THE LOCAL ECONOMY, SERVICE DELIVERY AND COMMUNITY WELLBEING

- A) Local economy and living standards
- B) Key services
- C) Community cohesion and trust

SECTION 1: THE IMPACT OF BREXIT ON COUNCILS

CONTEXT

With Brexit looming, local authorities have been taking measures to ensure that their local areas are as ready as possible. However, the uncertainty surrounding the type of Brexit we will see has been a major barrier to making practical plans. At the same time, there remain gaps in advice and information that councils can access as they help prepare local communities and businesses. Funding uncertainty is a particular concern for those areas that have relied on EU grants; while social care-providing councils are understandably concerned about the the potential impact of shortages of key supplies, such as medicines, on their ability to deliver key services for both adults and children.

The Government have introduced several measures to help mitigate the impact of Brexit and to help councils prepare. In August 2019, the government announced £20 million of funding support for local authorities, and a further £9 million of funding made available for local areas, to help them prepare for Brexit. The total funding allocated by the government to help local areas prepare for Brexit comes to £77 million.¹ MHCLG has also set up a Brexit Local Information Sharing Network with representatives from each of the English regions.

In September, worries surrounding the prospect of a no-deal Brexit led to calls on the Government by council chiefs to outline a replacement to EU grants. In response, the Chancellor announced plans to distribute 'Brexit guarantee funding' of £4.3 billion, rising to £16.6 billion by 2029, in the event of a no-deal Brexit. This new funding is intended to provide more certainty for local charities, universities and businesses that have relied on EU grants.²

Additional funding has also been given to four Local Resilience Forums (LRFs) to provide support for port authorities in infrastructure improvements and to minimise any potential traffic disruption at the UK border.³ Local Resilience Forums (LRFs) are responsible for civil contingency planning at local level and comprise representatives from organisations delivering essential local services, for example the emergency services and local government.

Meanwhile in the health and social care sector, there have been worries that supplies may be reduced by as much as 60 per cent in the event of a no-deal Brexit, as the Government estimated around 7,000 medicines used in the UK come from or through the EU. Cllr Kevin Bentley (chairman of the LGA's Brexit Taskforce) previously said that councils are concerned that medicine shortages in the social care sector could have an impact on important local services such as adult social care and children's services.

1 <https://www.gov.uk/guidance/local-government-brexit-preparedness>

2 <https://www.localgov.co.uk/Javid-announces-4.3bn-Brexit-funding-guarantee/48235>

3 <https://www.nao.org.uk/wp-content/uploads/2019/09/Exiting-the-EU-supplying-the-health-and-social-care-sectors.pdf>, p. 29

Councils are expected to provide guidance to health, adult social care and education providers to support staff with applications to the EU Settlement Scheme. Older people are more likely to fail to apply to the EU settlement scheme in time due to a number of practical and health barriers. As of September 2019, research by Age UK shows that only 16 per cent EU nationals aged 65 and above have made application to the EUSS compared to 30 per cent among working age people.⁴

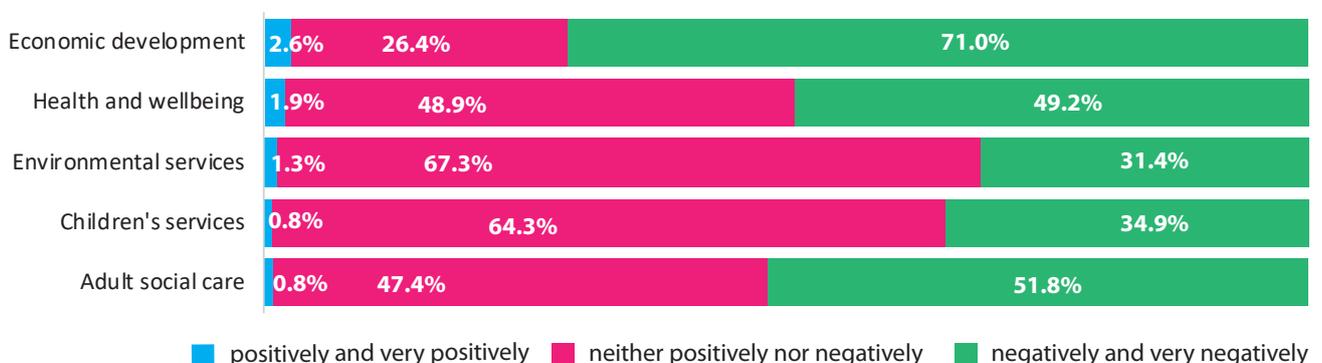
RESULTS

The NLGN Leadership Index October 2019 asked chief executives and council leaders/mayors how they perceive the effect of Brexit uncertainty on key local services, and their preparations for it.

A) THE EFFECT OF BREXIT UNCERTAINTY ON KEY LOCAL SERVICES

- A majority of respondents indicated that Brexit uncertainty has had a negative or very negative effect on economic development and adult social care services (71 per cent and 51.8 per cent respectively).
- About half respondents believe that Brexit uncertainty has had a negative or very negative effect on their local health and wellbeing services.
- About one third of respondents believe that Brexit uncertainty has had a negative or very negative effect on children's services and environmental services (34.9 and 31.4 per cent respectively).
- At most, 2.6 per cent of respondents indicated that Brexit uncertainty has had a positive or very positive effect across all the key service areas.

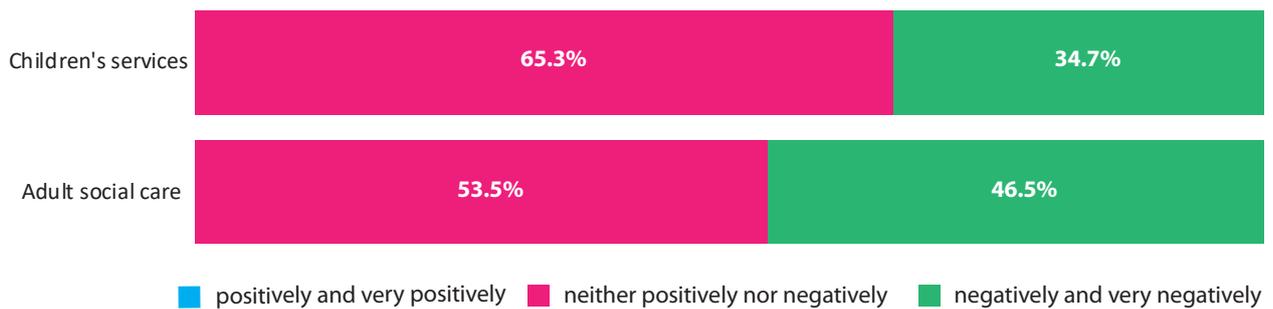
FIGURE 1: HOW HAVE THE FOLLOWING LOCAL SERVICES BEEN AFFECTED BY THE UNCERTAINTY OF BREXIT?



⁴ <https://www.localgov.co.uk/Older-people-face-significant-barriers-in-applying-for-EU-Settlement-Scheme/48225>

- 46.5 per cent respondents from social care-providing councils believe that the Brexit uncertainty is having a negative or very negative effect on adult social care services.
- 34.7 per cent respondents from social care-providing councils believe that the Brexit uncertainty is having a negative or very negative effect on children’s services.

FIGURE 2: HOW HAVE THE FOLLOWING LOCAL SERVICES BEEN AFFECTED BY THE UNCERTAINTY OF BREXIT? (UPPER TIER)



B) THE IMPACT OF BREXIT ON THE LOCAL ECONOMY

- Since March 2018, the proportion of respondents who expect Brexit to have a negative or very negative impact on their local economy has increased from 61.1 to 70.7 per cent – a 16 per cent increase in less than two years.
- In March 2018, 11.7 per cent respondents expected Brexit to have a positive or very positive impact on the local economy. This figure has dropped to 5.4 per cent in this quarter – a drop of 54 per cent in less than two years.

FIGURE 3: IN MARCH 2018, OUR SURVEY ASKED COUNCIL CHIEFS WHAT KIND OF IMPACT THEY EXPECTED BREXIT TO HAVE ON THEIR LOCAL ECONOMY. WHAT KIND OF IMPACT DO YOU NOW EXPECT BREXIT TO HAVE ON YOUR LOCAL ECONOMY? (OCTOBER 2019)

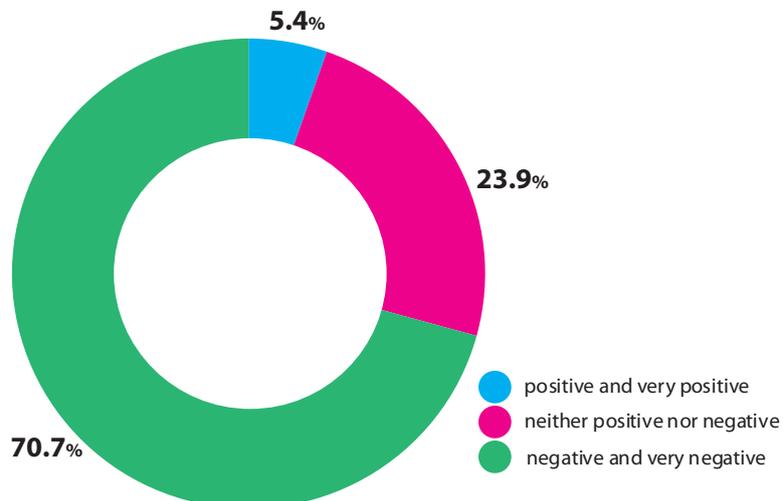
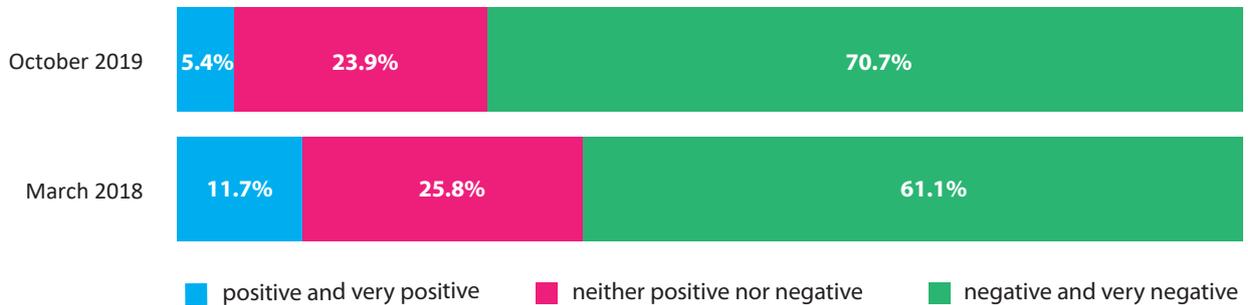
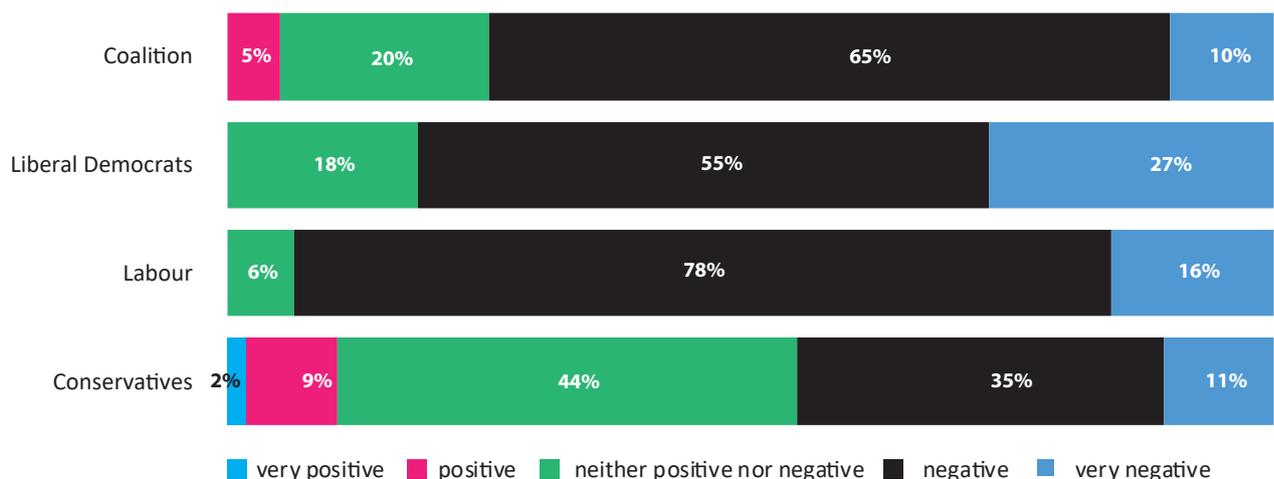


FIGURE 4: WHAT KIND OF IMPACT DO YOU EXPECT BREXIT TO HAVE ON YOUR LOCAL ECONOMY? (MARCH 2018 AND OCTOBER 2019)



- Respondents from Labour and Lib Dems majority councils are the most pessimistic about the impact of Brexit on the local economy. 94 per cent respondents from Labour majority councils, and 82 per cent from Lib Dems majority councils, expect Brexit to have a negative or very negative impact on their local economy. By contrast, only 46 per cent respondents from Conservative majority councils expect Brexit to have a negative or very negative impact on their local economy.
- No respondents from Lib Dems and Labour majority councils expect Brexit to have a positive or very positive impact on their local economy. 11 per cent of Conservative majority councils, and five per cent among councils in Coalition expect Brexit to have a positive or very positive impact on their local economy.

FIGURE 5: IN MARCH 2018, OUR SURVEY ASKED COUNCIL CHIEFS WHAT KIND OF IMPACT THEY EXPECTED BREXIT TO HAVE ON THEIR LOCAL ECONOMY. WHAT KIND OF IMPACT DO YOU NOW EXPECT BREXIT TO HAVE ON YOUR LOCAL ECONOMY? (BY POLITICAL LEADERSHIP)

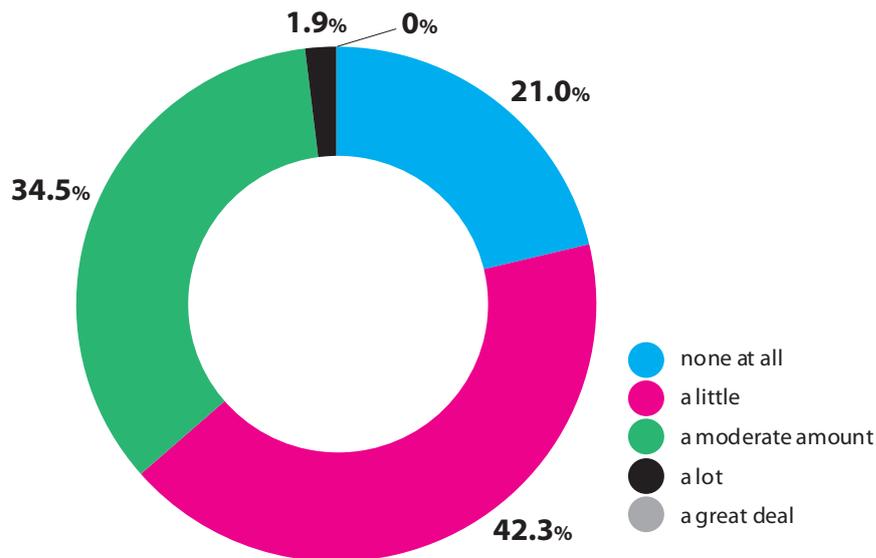


C) THE EXTENT COUNCILS HAVE HAD TO DIVERT RESOURCES FROM KEY PUBLIC SERVICE PRIORITIES TO PREPARE FOR BREXIT

- 79 per cent of respondents indicated that that they had to divert resources from key public service priorities to prepare for Brexit.

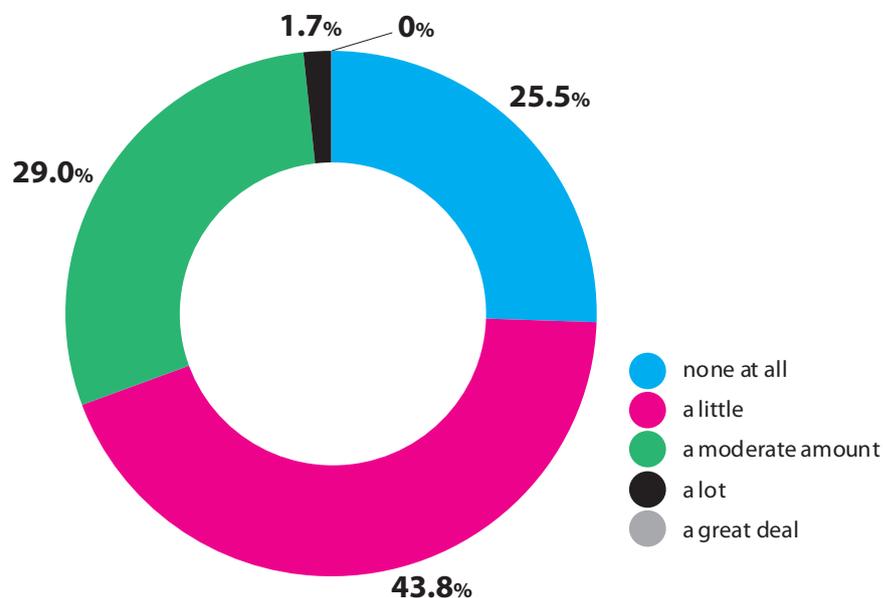
- However, just 1.9 per cent of respondents indicated they had to divert a lot of resources; and over one third of respondents indicated that they had to divert a moderate amount of resources from key public service priorities to prepare for Brexit.
- 21 per cent of respondents indicated they did not have to divert any resources from key public service priorities to prepare for Brexit.

FIGURE 6: TO WHAT EXTENT HAS YOUR COUNCIL HAD TO DIVERT RESOURCES FROM KEY PUBLIC SERVICE PRIORITIES TO PREPARE FOR BREXIT?



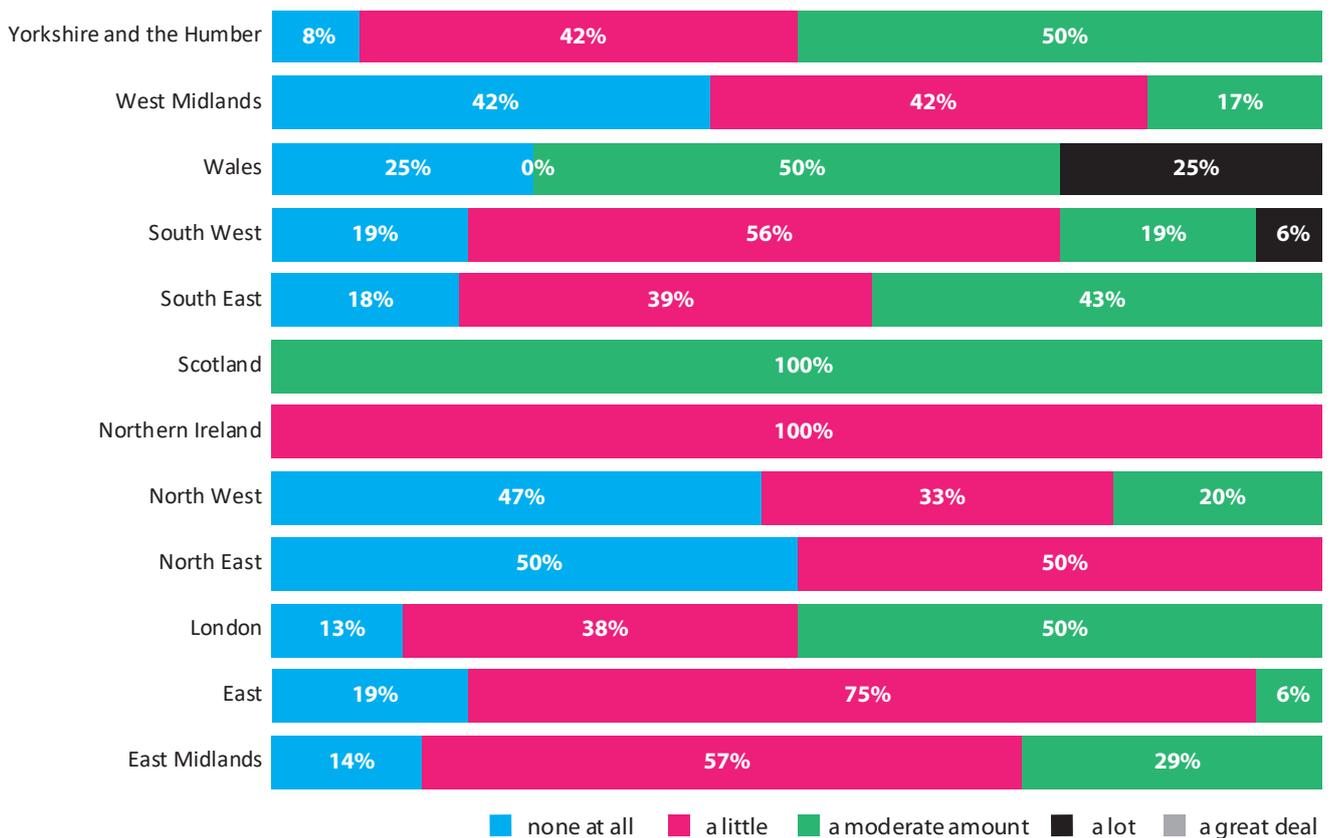
- 74.5 per cent of respondents from social care-providing councils have had to divert resources from key public service priorities to prepare for Brexit.
- 29 per cent of respondents from these councils indicated they had to divert a moderate amount of resources from key public service priorities to prepare for Brexit.

FIGURE 7: TO WHAT EXTENT HAS YOUR COUNCIL HAD TO DIVERT RESOURCES FROM KEY PUBLIC SERVICE PRIORITIES TO PREPARE FOR BREXIT? (UPPER TIER)



- The region with the largest proportion of respondents indicating they had to divert resources from key public service priorities to prepare for Brexit is Yorkshire and the Humber – with 92 per cent indicating they had to divert a little or a moderate amount of resources.
- One quarter of respondents from Wales indicated they had to divert a lot of resources while just six per cent of respondents from the South West indicated they had to divert a lot of resources from key public service priorities to prepare for Brexit.
- The region with the smallest proportion of respondents indicating they had to divert resources from key public service priorities to prepare for Brexit is the North East – with only half of those responding indicating they had to divert any resources.

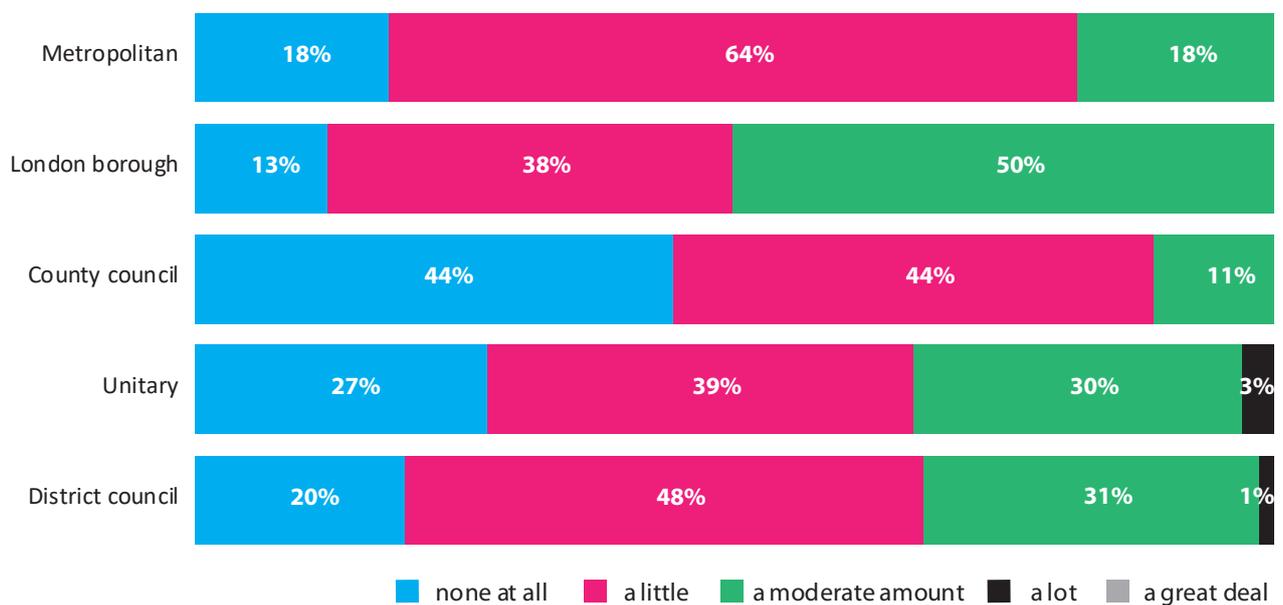
FIGURE 8: TO WHAT EXTENT HAS YOUR COUNCIL HAD TO DIVERT RESOURCES FROM KEY PUBLIC SERVICE PRIORITIES TO PREPARE FOR BREXIT? (BY REGION)



- 44 per cent of respondents from county councils reported they did not divert any resources from key public service priorities to prepare for Brexit, while only 13 per cent of respondents from London boroughs did not divert any resources.
- 64 per cent respondents from Metropolitan borough councils had to divert a little, compared to only 38 per cent among respondents from London boroughs.

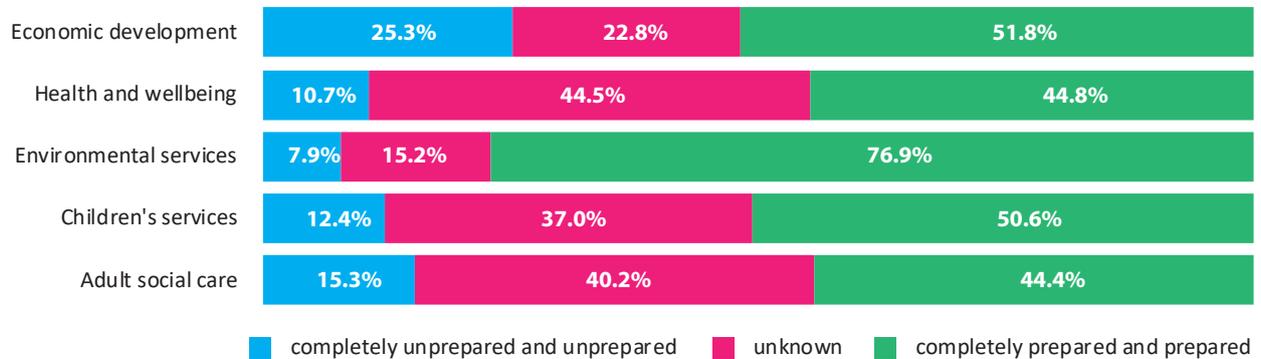
- Half of respondents from London boroughs had to divert a moderate amount, compared to only 11 per cent of those from county councils.
- Only districts and unitaries reported that they had had to divert a lot of resources to prepare for Brexit, at one and three per cent respectively.

FIGURE 9: TO WHAT EXTENT HAS YOUR COUNCIL HAD TO DIVERT RESOURCES FROM KEY PUBLIC SERVICE PRIORITIES TO PREPARE FOR BREXIT? (BY TIER)

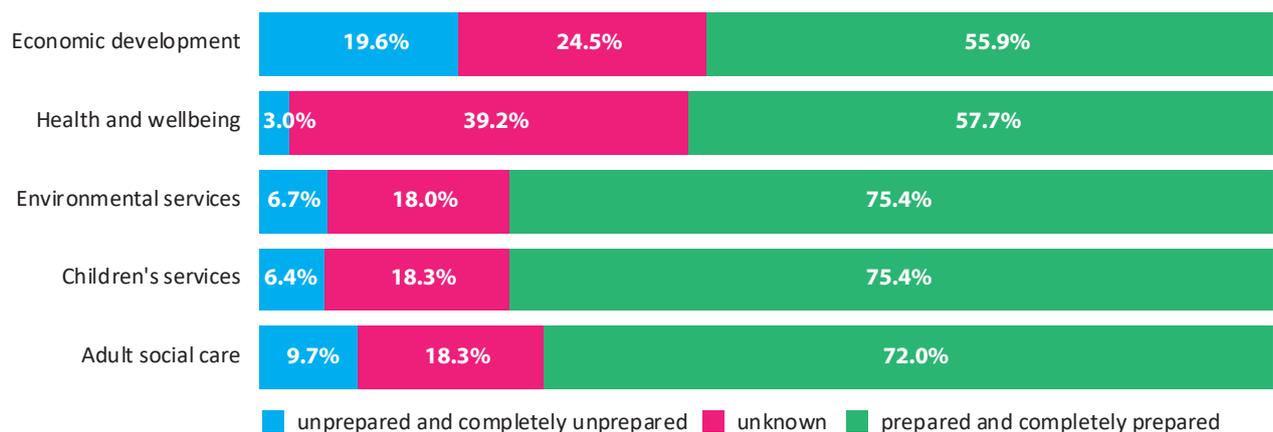


D) THE PREPAREDNESS OF LOCAL SERVICES FOR BREXIT

- About half of respondents indicated that their economic development and children's services are prepared or completely prepared for Brexit, at 51.8 and 50.6 per cent respectively.
- More than three quarter of respondents (76.9 per cent) indicated that their environmental services are prepared or completely prepared for Brexit.
- Less than half of respondents indicated that their health and wellbeing and adult social care services are prepared or completely prepared for Brexit, at 44.8 and 44.4 per cent respectively.

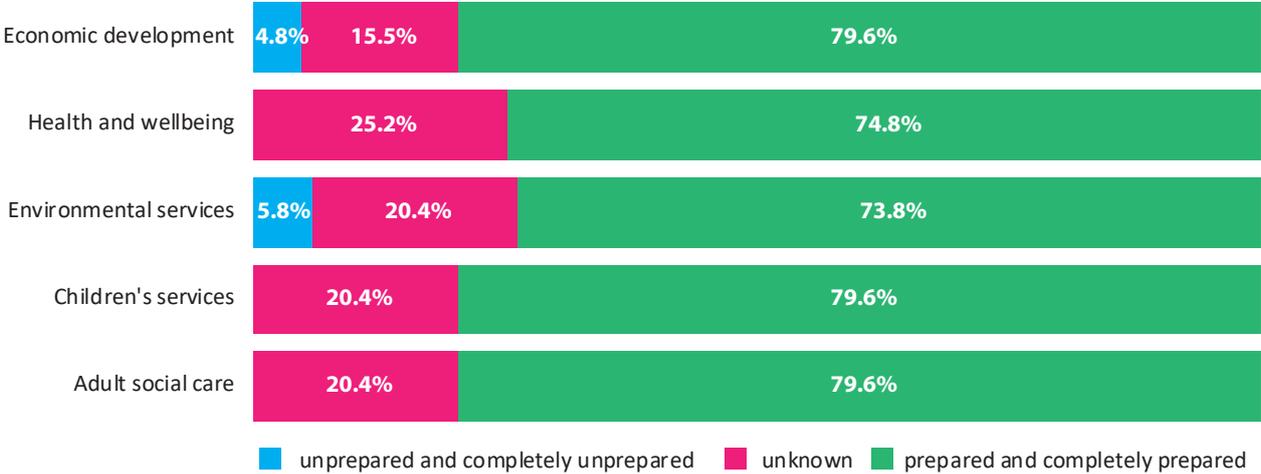
FIGURE 10: HOW PREPARED DO YOU THINK LOCAL SERVICES IN YOUR AREA ARE FOR BREXIT?

- About three quarters of respondents from social care-providing councils indicated that three of their local services are prepared or completely prepared for Brexit, including children's services (75.4 per cent), environmental services (75.4 per cent) and adult social care (72 per cent).
- Only about half of respondents from social care-providing councils indicated that their health and wellbeing (57.7 per cent) and economic development (55.9 per cent) services are prepared or completely prepared for Brexit.

FIGURE 11: HOW PREPARED DO YOU THINK LOCAL SERVICES IN YOUR AREA ARE FOR BREXIT? (UPPER TIER ONLY)

- Over 70 per cent of respondents from metropolitan and urban councils believe that their key local services are prepared or completely prepared for Brexit.

FIGURE 12: HOW PREPARED DO YOU THINK LOCAL SERVICES IN YOUR AREA ARE FOR BREXIT? (METROPOLITAN AND URBAN COUNCILS ONLY)



E) HOW COUNCILS ARE PREPARING FOR BREXIT

FIGURE 13: HOW COUNCILS ARE PREPARING FOR BREXIT



The NLGN Leadership Index October 2019 asked respondents to describe the kinds of preparations they have made in anticipation of Brexit. Despite the challenges presented by the Brexit uncertainty, councils are responding through various measures and approaches.

RESILIENCE PLANNING

The uncertainty of Brexit has been highlighted as a major challenge and many councils are preparing for different scenarios to ensure services and businesses continuity. Councils have explored contingency and emergency planning, increased their engagement in the Local Resilience Forum (LRFs), and prepared through regular monitoring, reviews of risk registers and conducting risk assessments.

“Endless scenario planning and testing of emergency and business resilience plans.”

PREPARING LOCAL BUSINESSES

One of the key priorities in councils’ preparation for Brexit is to minimise disruption to local businesses. Councils have implemented a number of measures, including Brexit business impact analyses, developing business resilience and continuity plans, and conducting a full review of supply chains and expectation of vulnerability. In addition to developing these plans, councils are setting up working groups and workshops, including working with the Department of International Trade (DoIT) to help familiarise SMEs with new customs documentation, organising insight sessions with enterprise agencies, and taking part in working groups.

“Plotting the impact on independent retailers that sell exclusively European products, e.g. Italian food shops, French clothing shops etc. ... holding a business summit in October to assess plans.”

INFORMATION DISSEMINATION

In addition to answering the Government’s repeated requests for information in relation to Brexit preparation, councils are collating useful information for residents and businesses to help ensure a smooth transition, using webpages to help signpost people to the best sources of information. More specifically, councils are working with individuals who will be affected by Brexit, especially EU 27 nationals, for example, by supporting them in their right-to-remain applications.

“Biggest single issue is ongoing campaign to make people continue to feel welcome in the Borough, including support for right to remain applications.”

“...extra grant funding for immigration support services provided by Citizens Advice”

STOCKPILING

Some councils have conducted a fuel strategy review as part of their preparation for Brexit. Councils recognise the impact of food shortages on people who are homeless or who rely on food banks. In response, a few have indicated that they have been stockpiling food, medicine and fuel.

“Risk based approach, trying to mitigate the most severe risks. It is very difficult when we don't know what type of Brexit we are preparing for. If there are either perceived or real shortages in food, fuel or medicines that result in panic buying or stock piling, this could have significant short-term impacts.”

STRENGTHENING PARTNERSHIPS

Many councils have been working to strengthen existing partnerships or developing new ones as part of their preparation for Brexit. Some councils have joined an Alliance of Councils, and intensified their collaboration with other local agencies.

There has been increased engagement with Local Resilience Forums (LRFs) and other regional groups. Councils are taking part in weekly regional submissions, as well cross-authority working groups involving project officers and community engagement officers. Some councils are working with county councils to step up traffic and airport planning in preparation for Brexit. Some respondents also mentioned district-wide partnerships, e.g. linking local businesses with business support organisations.

“We have established a working group and prepared business continuity plan - working with partners through the Essex Resilience Forum.”

“We have worked with authorities across the South West to prepare for Brexit and lobby Government on the need for information and advice.”

ENSURING CONTINUITY OF LOCAL SERVICES

Councils are reviewing staff capacity for key services such as adult social care, in some cases putting in place support for private care homes to ensure their EU 27 national staff are registered in a timely manner. Councils with ports are training officers (e.g. EHOs) in the inspection of goods coming through ports.

“We have also trained officers to be able to assist other authorities where demand for services or workload may rise sharply. An example is the training of EHOs in the inspection of goods coming through ports and an agreement to share/second staff as necessary.”

“Stress tested services for impact of additional demand for key services. Stepped up engagement with business community. Participated in LRF planning.”

“Assessed impact on our own services but more importantly gave information to residents and business to plan for a smooth transition even with no deal.”

APPOINTMENT OF DEDICATED OFFICERS/TEAMS

Many councils have created new posts dedicated to the preparation for Brexit, such as Brexit officer/manager or lead Brexit officer, or established a Brexit Advisory Group or Brexit Taskforce. Some councils have put in place an emergency planning team specifically in the event of a no-deal Brexit. A few councils mentioned appointing community cohesion staff and engagement officers.

“Set up a Brexit advisory group. Running joint events with Federation of Small Businesses (FSBs) and the Chambers of Commerce to identify areas we can help with.”

Several council chiefs highlighted a number of challenges as they plan for Brexit, including anticipated shortages of key supplies and personnel for local services. There have been concerns surrounding food shortages, especially for those who rely on food banks or are homeless. One council has been faced with protestors and social unrest on city hall steps as a result of Brexit. Others emphasised the uncertainty surrounding the type of Brexit, which is preventing councils from planning more effectively, and developing practical plans.

“Practical acts difficult to work in as type of exit not yet known.”

SECTION 2: CONFIDENCE TRENDS IN THE LOCAL ECONOMY, SERVICE DELIVERY AND COMMUNITY WELLBEING

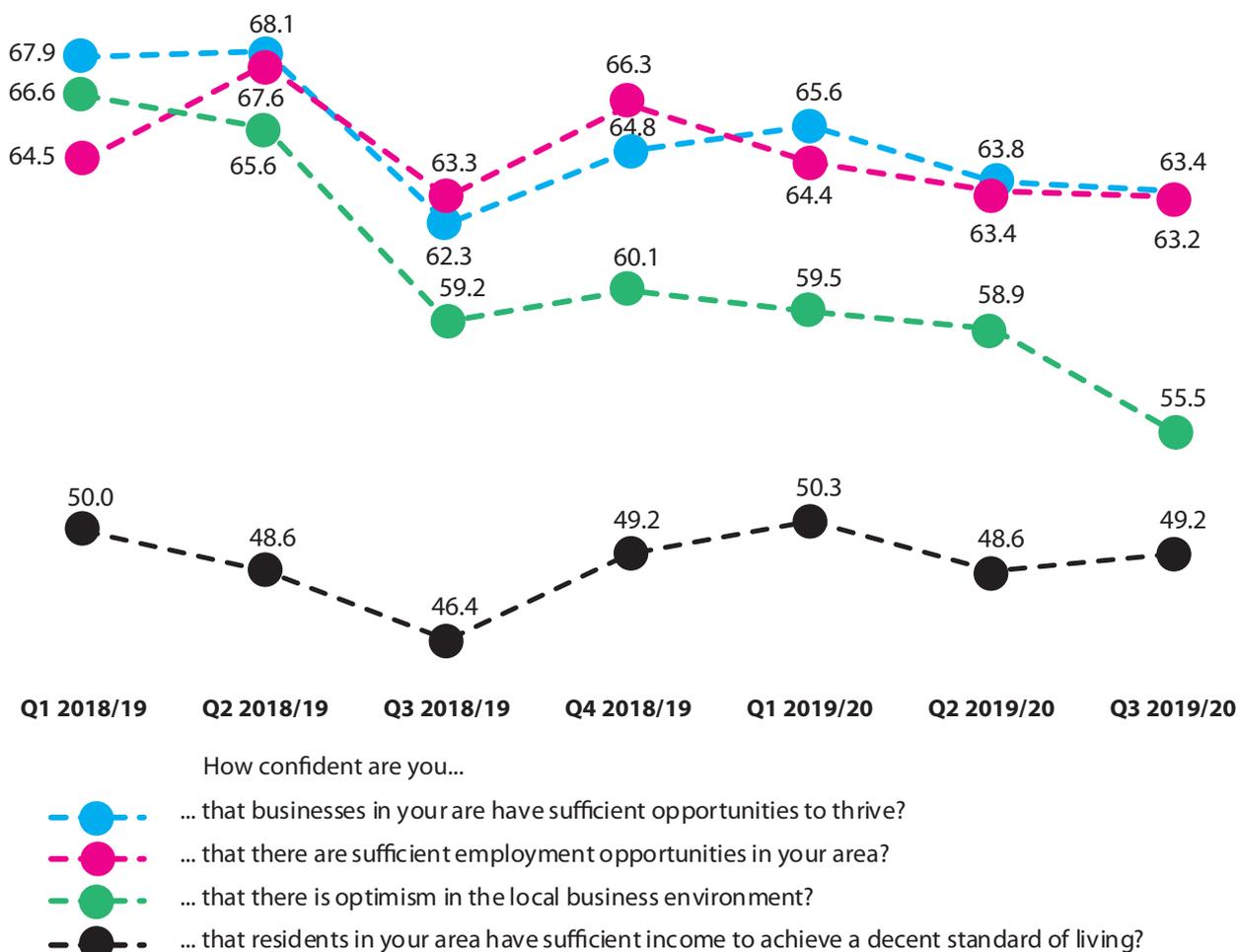
This is the seventh quarterly release of NLGN’s Leadership Index since its launch in March 2018. Every quarter we asked chief executive and councils leaders/mayors 12 recurring questions about their confidence in the local economy and living standards, key service areas, and community cohesion and trust.

A) LOCAL ECONOMY AND LIVING STANDARDS

Confidence in the local economy has remained similar to the last quarter across two indicators: confidence that businesses in the area have sufficient opportunities to thrive; and confidence that there are sufficient employment opportunities in their area, at about 63 on a scale of 0 (lowest) to 100 (highest).

However, optimism in the local business environment has continued in its trajectory of decline from 58.9 to 55.5 – its lowest level yet since the first Leadership Index survey in March 2018. This quarter’s confidence level is 5.8 per cent lower than the last quarter, and 16.7 per cent lower than the figure in Q1 2018-19. There is a small uplift of 1.2 per cent in confidence in residents having sufficient income to achieve a decent standard of living, following a small drop last quarter.

FIGURE 14: QUARTERLY CONFIDENCE LEVELS IN THE LOCAL ECONOMY AND LIVING STANDARDS

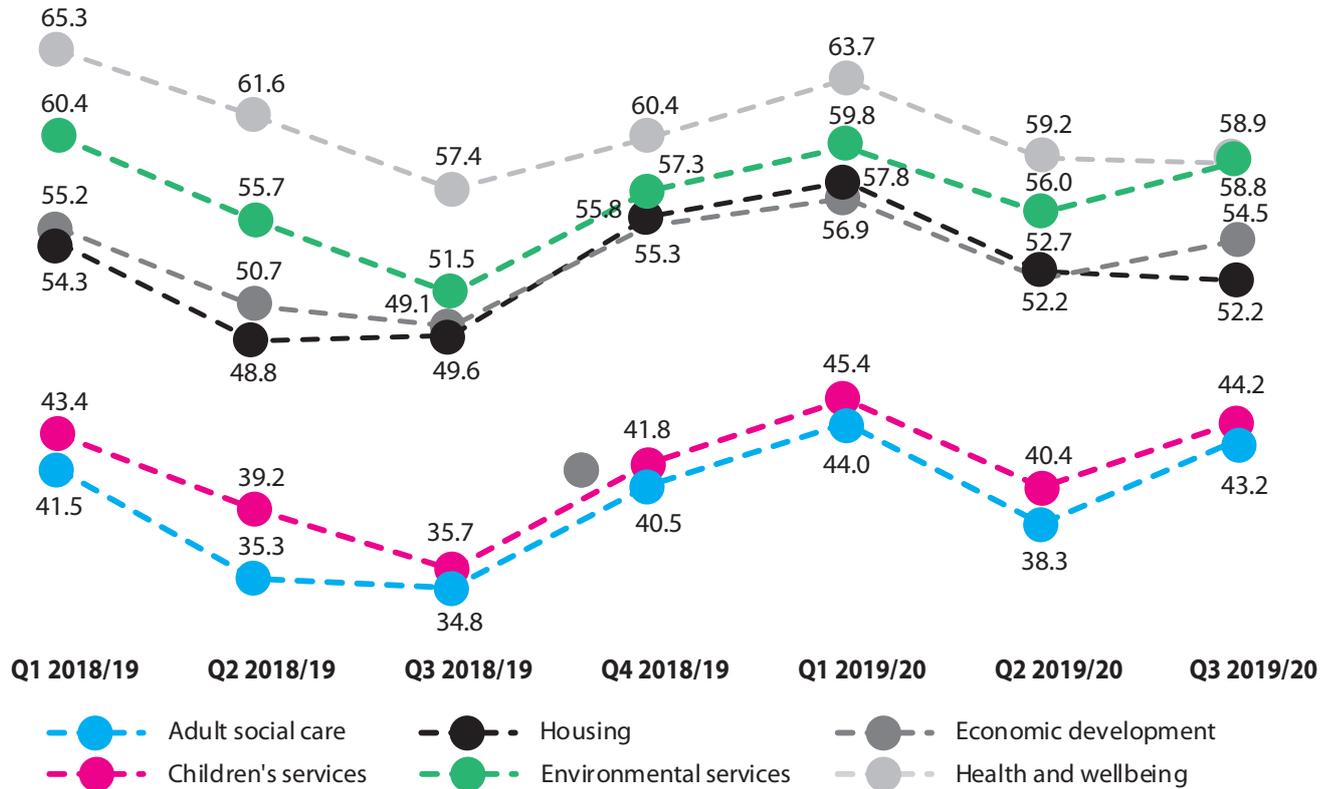


B) KEY SERVICES

Confidence levels have increased since the last quarter for all key service areas except for housing and economic development. Confidence levels in housing and economic development decreased by 1 and 0.6 per cent respectively.

Following a substantial drop in confidence in the last quarter for adult social care and children’s services of over 10 per cent, these two service areas have seen the largest increases in confidence level this quarter, an increase of 12.6 per cent and 9.4 per cent respectively. There is a moderate boost in confidence for environmental services and health and wellbeing, rising by 5.2 per cent to 58.9 and by 4.3 per cent to 54.5 respectively.

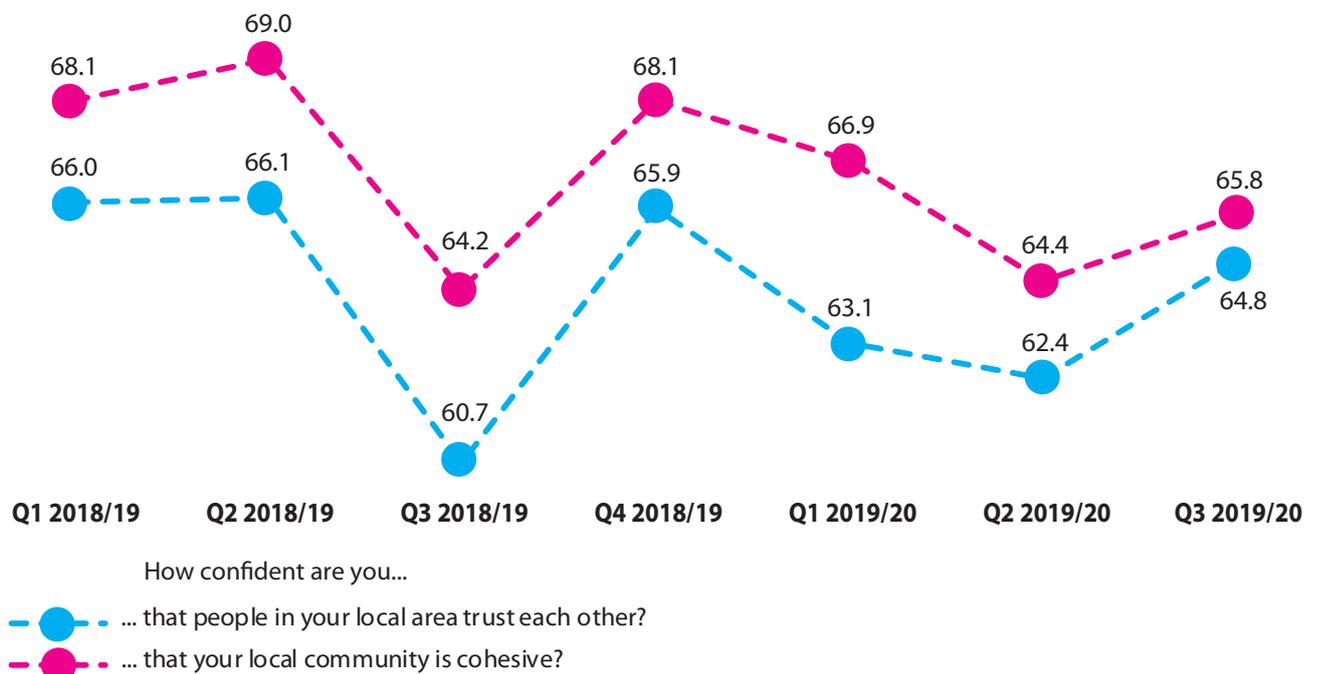
FIGURE 15: QUARTERLY CONFIDENCE LEVELS ACROSS KEY SERVICE AREAS



C) COMMUNITY COHESION AND TRUST

There has been a slight increase in confidence in both community cohesion and trust since the last quarter. The level of confidence that people in local areas trust each other has increased by 3.8 per cent from 62.4 to 64.8 per cent. Similarly, the level of confidence that the local community is cohesive has increased by 2.1 per cent from 64.4 to 65.8 per cent.

FIGURE 16: QUARTERLY CONFIDENCE LEVELS IN LOCAL TRUST AND COMMUNITY COHESION



APPENDIX: ABOUT THE SURVEY

The NLGN Leadership Index survey was sent to 761 leaders, chief executives and council mayors across all UK regions. It was open from 3 to 17 October. This latest survey received a total of 132 complete responses, which equates to a 17 per cent response rate. Survey responses were received from all UK regions.

FIGURE 17: BREAKDOWN OF RESPONDENTS BY LOCAL AUTHORITY TYPE

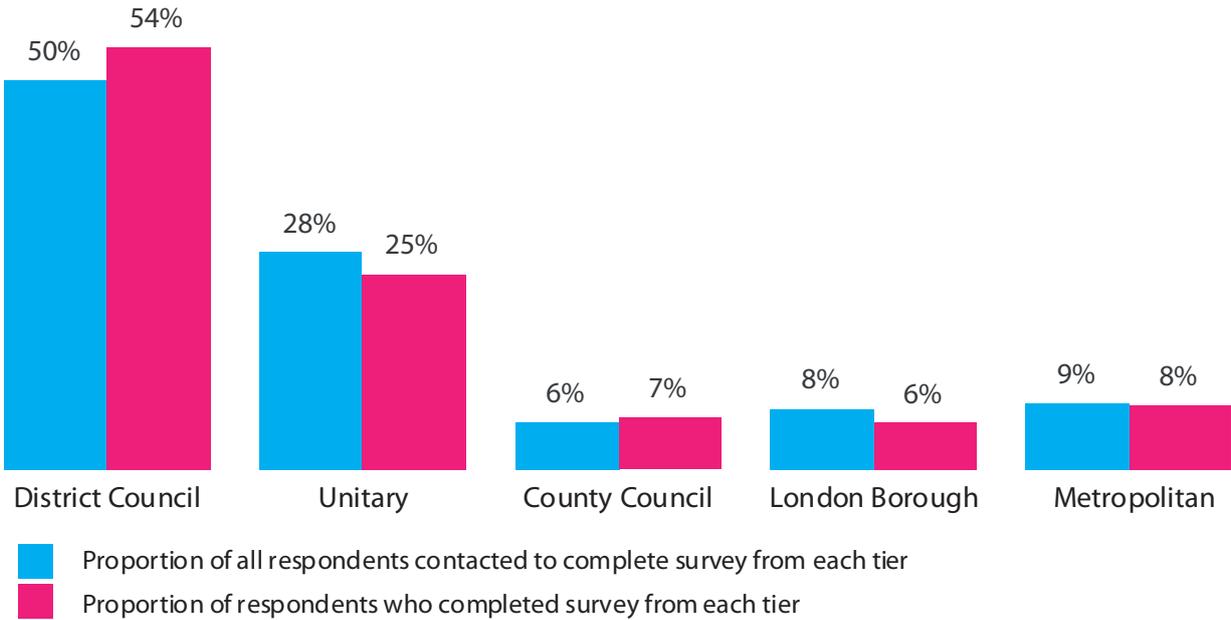
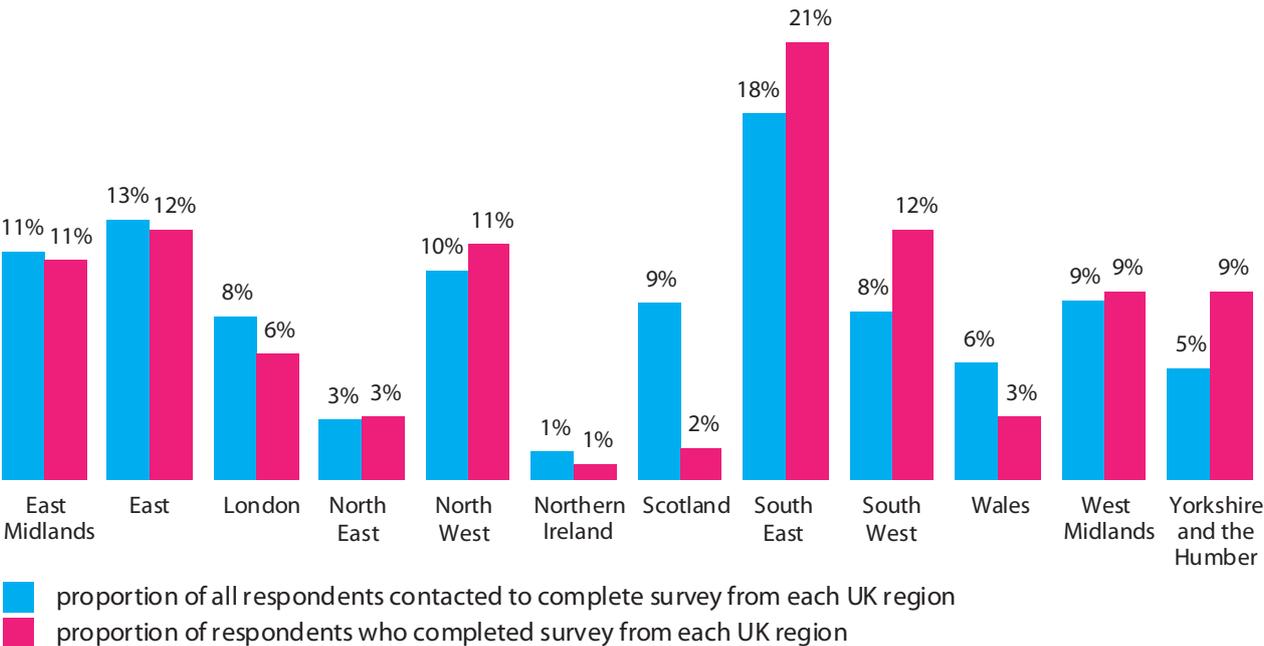


FIGURE 18: BREAKDOWN OF RESPONDENTS BY UK REGION



For further details about this NLGN Leadership Index report, please contact Senior Policy Researcher, Pawda Tjoa (ptjoa@nlgn.org.uk).