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Report to: Employment and Skills Panel

Date: 4 December 2017

Subject: Potential Impacts of Brexit on the Leeds City Region

1 Purpose

- 1.1 Provide an overview of the potential impact of Brexit on the Leeds City Region economy.

2 Potential Impact of Brexit on the Leeds City Region

- 2.1 A summary of the impact of Brexit on the local labour market is provided at **Appendix 1**. This analysis is based on qualitative research undertaken with 30 businesses in the City Region; together with results from the Leeds City Region Business Survey (a telephone survey of 2,368 businesses).
- 2.2 Key areas where dependence on EU migrant employment is greatest are routine operative roles in manufacturing (with particular industries like food manufacture especially exposed) together with elementary manual roles in industries like warehousing.
- 2.3 The LCR Business Survey found that among those businesses who employ migrant workers around two-fifths consider it a concern should the UK's departure from the EU affect their ability to recruit migrant workers from the EU.
- 2.4 Agricultural and manufacturing businesses were most likely to say they would be affected if access to EU migrant workers was reduced with sectors employing lower proportions of EU migrants, such as education, digital and wholesale, much less likely to express concern.
- 2.5 Due to the relative uncertainty around the outcome of Brexit negotiations, most businesses were adopting an iterative "wait and see" approach with very few having taken firm steps so far.
- 2.6 There is potential to support businesses through key issues, including provision of information on Brexit implications, advice/support on employee citizenship rights and continuing to represent the views of local businesses to relevant political bodies.
- 2.7 The Panel is asked to consider these issues and the following questions:
- What should the main role of WYCA be in this area?

- What steps can we take at this stage to develop a local strategic response to the labour market issues arising out of Brexit?
- Within this, do we need to prioritise thinking around specific sectors with the greatest exposure e.g. manufacturing and agriculture?
- Should we be tailoring our existing support, using Brexit as a “hook” for engaging with business around skills development and capital investment?
- As the Brexit process unfolds how can we ensure that local businesses can access clear information and advice about the implications for their business, e.g. around issues relating to immigration policy?
- As part of inclusive growth, do we need to consider the support that should be provided to EU migrant workers to support them during the Brexit process, and in the longer term consider what extra support might be needed to allow indigenous workers to fill these roles, if access to EEA labour is restricted?

3 Recommendations

The Panel is asked to:

- 3.1 Note the findings of the impacts of Brexit on the LCR paper and consider the issues raised.