

Subject: Preparing London for EU Exit

Report to: Economy Committee

Report of: Executive Director of Secretariat

Date: 10 July 2018

This report will be considered in public

1. Summary

- 1.1 This report provides background information for the Economy Committee meeting on preparing London for Brexit. Members will consider research commissioned by the Mayor, and published earlier this year, illustrating a range of possible outcomes of the UK's future relationship with the European Union (EU).

2. Recommendations

- 2.1 **That the Committee notes the report as background to the discussion on preparing London for Brexit with expert guests.**
- 2.2 **That the Committee delegates authority to the Chairman, in consultation with party Group Lead Members, to agree an appropriate output from the meeting.**

3. Background

- 3.1 In January 2018, the Mayor published findings from research he had commissioned into possible outcomes for the United Kingdom (UK) and London, of the UK leaving the European Union Customs Union and Single Market.¹
- 3.2 The research, [Preparing for Brexit](#), was undertaken by Cambridge Econometric, and modelled five scenarios to illustrate the range of possible outcomes of the UK's future relationship with the EU. The scenarios are:
- **1** – A 'close to status quo' scenario where the UK remains part of both, the single market and customs union;
 - **2** – A scenario where the UK remains part of the single market, but not the customs union;
 - **3** – A scenario where the UK remains part of the customs union, but not the single market;
 - **4** – A hard Brexit scenario in which trade between the UK and the EU falls under World Trade Organisation rules with a two-year transition period from March 2019; and
 - **5** – As for scenario 4, but without a two-year transition period.

¹ [Preparing for Brexit](#), Greater London Authority/Cambridge Econometrics, January 2018

- 3.3 On 20 June 2018, the Government received the backing from Parliament, for the European Union (Withdrawal) Bill 2017-19 to proceed to Royal Assent. This followed a series of debates in both Houses during June; of particular concern for representatives, was securing ‘a meaningful vote’ on the final deal struck with the EU, particularly given recent indications of the likelihood of a ‘no deal’ scenario.
- 3.4 The Government has committed to publish a White Paper over the next few weeks, setting out more details on the country’s proposed future relationship with the EU, and to bring the Trade & Customs Bills back to the House of Commons.

4. Issues for Consideration

- 4.1 Members will discuss the possible outcomes of the UK’s future relationship with the EU, as outlined in the research. The discussion will also look at what preparations London will need make to ensure the capital’s best possible position once the UK has left the EU.
- 4.2 Expert guests have been invited to attend the meeting and participate in the discussion, including:
- Ben Gardiner, Director, Cambridge Econometrics;
 - Lucy Thomas, Former Deputy Director of Britain Stronger in Europe;
 - Dr Graham Gudgin, Centre for Business Research, Judge Business School University of Cambridge; and
 - Roger Bootle, Chairman, Capital Economics.

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in the report.

6. Financial Implications

- 6.1 There are no direct financial implications to the Greater London Authority arising from this report.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985
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List of Background Papers: Preparing for Brexit, Greater London Authority, Cambridge Econometrics, January 2018

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