



members to leverage the optimum value of the UK's membership of the EU. However, at the SELP Board Meeting on 24 September 2018, it was agreed that after 12 years SELP would close on 31 March 2019, primarily because of the outcome of the Brexit Referendum, and the growing rebalancing of costs outweighing the benefits.

7. From 1 April 2019, the SELP Brussels Office transformed into the Hampshire Brussels Office, headed up from within the County Council.

### **Repositioning the Focus**

8. The case for UK local government securing a presence in Brussels has primarily been based on securing the funding opportunities arising through the European Union and in particular EU Structural Funds. These opportunities will no longer exist once the transition and legacy period is over, other than potentially via very small-scale marginal funds and programmes. As a result, UK local government has now only a very small and diminishing group of authorities with a presence or shared presence in Brussels.
9. The UK Government is also making provision for a Shared Prosperity Fund, as identified as part of the recent pilot Community Renewal Fund, to replace European funding resources and re-purpose them on 'levelling up' policy priorities. These policy and funding programmes have already become a key focus for the County Council's Economic Development Team and clearly seek in the short term to bridge the funding gap as well as being designed and administered in the UK.
10. Whilst Europe remains a very important export market for the UK and for many businesses across Hampshire, the new focus arising from exiting the EU is shifting much more towards opportunities associated with wider international trade. Export support to businesses is already being provided by the Economic Development Team based in Hampshire and this is seeking to increasingly broaden export markets. In comparison to a location in Brussels, it provides support closer to businesses based in Hampshire.
11. The Economic Development Team's international work is embedded in the current economic recovery planning, the emerging economic strategy, the Hampshire 2050 commission work and Place Story, and the technical work associated with the Levelling Up White Paper and the pursuit of a County Deal. An international strategy will be developed as a sub-theme within the new Economic Strategy.

### **Brussels Office Existing Work Programme**

12. At the Economy, Transport, and Environment Executive Decision Day in June 2021, support was provided for the application to extend the Everywhere International Small and Medium-Sized Enterprises (SMEs) European Project, following the additional call made by the Interreg Secretariat. This project has provided the focus and work programme of the Brussels Office Operation in recent times and has provided a major funding source for the continuation of its operations. As subsequently reported, the project extension was successful, and the impact of Covid on the SMEs project is now being assessed across three aspects: disruption to SME supply chains; digital process developments;

and the resilience of the eco-system to crises. This extension to the project will run until September 2022 and this work will feed into the development of our international strategy should the SME project gain traction within Hampshire businesses.

13. The Office also provides regular monthly newsletters updating on European policy, strategy, events, and issues. The access to EU policy, strategy and programmes development is very much available in the public domain as well as the work undertaken by relevant European and national think tanks and research bodies.

### **Response from the Brussels Office**

14. In response to the agreed and required financial savings, the Head of Brussels Office Operation has produced a paper setting out the case for a continuing presence in Brussels. This sets out the importance of an international approach and the perceived advantages of continuing the operation of the Brussels Office.
15. Whilst the paper articulates the case for a presence and an international approach there is nothing secured for the future. There are no clear programmes, projects or funding that goes beyond the existing legacy work due to end on 30 September 2022. The case for being in Brussels is considered to be weak given the additional costs, and the fact that there is no longer any meaningful rationale for lobbying the European Commission and any future collaboration or partnership working can just as easily be secured from a Hampshire base. Equally, internationalisation is already embedded in the existing work of the Economic Development Team, the emerging new economic strategy, and the work of the two Local Enterprise Partnerships. Developing all this in close proximity to Hampshire businesses will only improve the targeting and focus of the offer and outcomes.
16. In recommending the closure of the Brussels Office Operation, it is also noted that the paper also provides no means of securing the required financial savings agreed by Cabinet in October, and the County Council in November 2021. There is no real basis for a work programme and financial sustainability moving forwards into the medium term, which effectively make the alternative proposals considered unviable and unaffordable. This in no way reflects a deficit in the capabilities or capacity in the operation of the Brussels Office, but rather reflects the inherent challenges and arguments against sustaining existing arrangements following Brexit, which most other authorities have also recognised.
17. It is on this basis that the recommendation is made to confirm the closure of the operation of the Brussels Office.
18. The closure of the Brussels Office operations has associated staffing implications as well as on property and other matters. An Annex to this report sets out the necessary arrangements and proposed way forward. This is not for publication as it contains exempt information within Paragraphs 1, 4 and 5 of Part 1 of Schedule 12 A to the Local Government Act 1972, namely information relating to an individual; information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and employees of the authority;

and, information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

19. This report seeks delegated authority to implement these arrangements.

### **Finance**

20. The ETE approved SP23 programme of spending reductions included a proposal to save £0.1million per annum by reducing the budget for the Brussels Office Operation. In effect this means the cessation of the Brussels Office Operation as such, but does not impact upon the County Council's related Assembly of European Regions (AER) membership and programme, which will be supported from the Economic Development Team. It is however recommended that this should be reviewed in 2022 to ensure that it remains an effective forum for County Council interests and that Membership continues to provide value for money. The financial implications of closing the Brussels Office Operation are central to the achievement of the planned and agreed financial savings required under SP23.

### **Performance**

21. There are no issues relating to performance. In light of the UK ending its membership of the EU, there is little scope to secure funding or partnership working through the EU and an opportunity not only to maintain existing relationships from within Hampshire but also to strengthen our internationalisation strategy beyond Europe, in line with UK Government economic policy.

### **Consultation and Equalities**

22. As a result of planning the closure of the Brussels Office Operation there will be a requirement to consider the impact of this proposal with staff directly affected as well as work through the detailed implications. Steps will be taken to agree the necessary processes to complete the closure, and delegated authority is sought to enable these matters to be taken forward accordingly, should the recommendation to close the Brussels Office Operation be agreed.

23. An Equalities Impact Assessment has been carried out and no negative impacts have been identified as a consequence of the decision to close the Brussels Office operation. Further equalities impact assessments will be carried out as appropriate to assess the impact of any subsequent decisions taken under delegated authority to finalise the arrangements.

### **Climate Change Impact Assessments**

24. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

### **Climate Change Adaptation**

25. These proposals are not vulnerable to climate change.

### **Carbon Mitigation**

26. Carbon emissions are likely to be reduced as a result of the closure of the Office, primarily as a result of reduced travel, energy and activities.

### **Conclusions**

27. As a result of the changing international and national policy context, the time is now right for Hampshire County Council to move away from a presence in Brussels. Operating a Brussels Office no longer provides the significant policy and resource opportunities that it once did. Instead, an approach focussed on continuing to lead our international work from Hampshire aligns better with the changing context, including the position of the UK Government. This also enables the SP23 saving to be realised.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	No
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	No

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

An Equalities Impact Assessment has been carried out and no negative impacts have been identified as a consequence of the decision to close the Brussels Office operation. Further equalities impact assessments will be carried out as appropriate to assess the impact of any subsequent decisions taken under delegated authority to finalise the arrangements.