What will be the impact of Brexit on Public Services?

By Jessica Guy, Centre for Brexit Studies

Last night public service professionals from across the West Midlands came together for a joint event hosted by ourselves and The Chartered Institute of Public Finance and Accountancy (CIPFA) with their Brexit Advisory Commission to discuss the potential impact of Brexit on public services. An expert panel of speakers chaired by Julia Goldsworthy, Director of Strategy for the West Midlands Combined Authority (WMCA), put forward their knowledge and research of the current issues facing this sector, as well as any concerns or potential opportunities that could arise from Britain's impending departure from the EU.

Richard Phillips, who is a Member of the Brexit Health Alliance and Director of Healthcare Policy at The Association of British HealthTech Industries (ABHI) and current board member of the Royal Orthopaedic Hospital (ROH) Birmingham, spoke of his experiences of the supply chain for vital medical equipment. The ROH is one of the best in the country and will need continued stable access to the supply chain and indeed, medical professionals from Europe post-Brexit.

Our research around issues with the supply chain in the private sector post-Brexit – and more specifically the automotive sector (see our report here) have reiterated that the continued free movement of goods is vital in order to support this industry and ensure minimum loses in terms of both time and the associated loss of money. It was enlightening to hear that the public sector (perhaps unsurprisingly) will face many of the same issues, the only difference being that their losses will directly affect the public purse.

Beverley Nielsen, from Birmingham City University's IDEA Institute, presented her research on the likely economic impact of Brexit on the West Midlands. She stated that: "All credible analysis suggests a slowing economy." This served as the foundation for her concerns that this would continue in light of Brexit, resulting in further cuts to public spend and businesses requiring more financial investment to keep them afloat.

She did however identify one big opportunity in terms of the country's response and in particular, how the Midlands responds, by way of encouraging more local procurement to deliver 'multiplier impacts.' This is one solution, but by her own admission, it is not happening enough. Many SMEs lack the investment to be able to pick up from where big European suppliers have left off, there needs to be help available for them in order to take advantage of this opportunity.

The Chair, Julia Goldsworthy made an interesting comment at this point, on the topic of the so called 'Shared Prosperity Fund.' Eagle-eyed observers of Brexit may remember this as a term coined by the Prime Minister last year when addressing the issue of where replacement funds may be found for the current EU funding receive through European Structural and Investment Funds (ESIF). There has been little talk of this over recent months, but some form of funding will be vital for regions to prosper. Julia's suggestion was that the areas of the regions come together to make their own funds and create their own monies away from Parliament, so that they can really make a success of devolution and be fully self-sustaining. A great idea- but will it work in practice?!

Jonathan Tew, Deputy Chief Executive of Birmingham City Council, spoke passionately about the current financial state of the council. Something that will perhaps come as no surprise to residents of Birmingham, is that the council is struggling for money, but in order to continue a 'business as usual approach' and respond accordingly to unforeseen problems, they also keep needing to spend the money that they don't have.

John Clancy, Former Birmingham City Council Leader and Visiting Professor with the Centre for Brexit Studies drew on this further, explaining that although the council may be asset rich to the tune of around six billion pounds, in reality perhaps two billion of this was accounted for by way of backroom costs, such as pensions for its workers. This is an area in which John has built somewhat of a specialism, in investigating the impact of pension figures on the 'EU Divorce Bill' (see John's blogs here).

A question from the audience to the panel was that if anyone had conducted an ‘opportunities assessment’, a question that (in my opinion) went unanswered, but perhaps this spoke volumes for itself.

The overwhelming lesson of the night seemed to be that in terms of both the public and private sector, it really does seem to be each region for itself. Waiting for clarification from the Government, that will never really come until it is too late, is just not feasible. We hope that at some point we will receive more information about the Shared Prosperity Fund and that more money will be invested in areas such as the NHS, but in reality it seems more likely that we will need to make this happen by investing locally ourselves.