

**Name of meeting:** Corporate Scrutiny Panel

**Date:** 28 February 2020

**Title of report:** Leaving the EU Transition Period Preparations Update

**Purpose of report**

Following on from the previous Corporate Scrutiny Panel meeting on 10 January, this paper provides an update for the Scrutiny Panel on ongoing Kirklees' preparations on specific issues relating to economic impact and the provision of European Union Settlement Scheme (EUSS) application support to vulnerable groups.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	N/A
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	N/A
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	N/A
<b>Date signed off by <a href="#">Director</a> &amp; name</b>	Rachel Spencer-Henshall – 17.2.20
<b>Is it also signed off by the Assistant Director for Financial Management, IT, Risk and Performance?</b>	N/A
<b>Is it also signed off by the Assistant Director (Legal Governance and Monitoring)?</b>	N/A
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Councillor Graham Turner</b>

**Electoral wards affected:** All

**Ward councillors consulted:** N/A

**Public or private:** Public

**Has GDPR been considered?** The report does not include personal data that could identify a living individual.

**1. Summary**

1.1 The UK left the EU on 31 January 2020. We are now in a transition period until the end of 2020 while the UK and EU negotiate their future relationship. This paper seeks to address the outstanding issues highlighted at the last Corporate Scrutiny Panel meeting on 10 January.

**2. Information required to take a decision**

**2.1 National context**

The focus has now moved to agreeing the terms of a Free Trade Agreement (FTA) between the UK and the EU when free movement ends in December 2020. The UK wants as much

access as possible for its goods and services to the EU. However, the government is clear that the UK must leave the customs union and single market and end the overall jurisdiction of the European Court of Justice. The government has ruled out any form of extension to the transition period. If no trade deal has been agreed and ratified by the end of the year, then the UK faces the prospect of tariffs on exports, likewise the UK may have to impose tariffs on imports from the EU, the consequences of which will need further consideration.

## 2.2 Regional context

We retain our regional links into the Ministry of Housing, Communities and Local Government (MHCLG) by reporting by exception to the office of Tom Riordan, Leeds City Council Chief Executive. Specific events are being organised at a Leeds City Region (LCR) level, the most recent being EU rights of access to social housing and homelessness assistance.

## 2.3 Kirklees context

The Council's Tactical Group, comprising Council officers and partners, still meets on a regular basis to oversee and maintain the Tactical Plan as well as feeding into the Council's Corporate Risk Log. At the last Corporate Scrutiny Panel meeting there was a specific ask to address the following areas:

### (a) The impact on looked after children with EU Citizenship.

The Council has identified and is currently supporting five looked after children who are EU citizens with their applications for settled status under the EUSS. Information on the EUSS has also been provided to care leavers who are EU nationals.

### (b) Exports from Kirklees to non-EU countries covered by current EU block agreements.

The EU currently has 37 trade agreements in place with non-EU Countries, notably including Japan, Mexico, South Africa, Turkey and Norway. These 37 nations correspond to 11% of UK exports while 40% goes to other non-EU nations. As of January 2020 the UK had signed 'continuity' deals with 20 of the 37 non-EU Countries with EU FTAs, the most notable of which (by export value) are with Switzerland, Iceland and Norway and South Korea. A further agreement with Canada is in the process of ratification by EU member states whilst negotiations with the USA, India and China are ongoing.

Responses to the Leeds City Region Business Survey 2019 suggest that 17% of Kirklees firms are exporters while HMRC Regional Trade Statistics date indicate that 49% of exports from Calderdale and Kirklees go to EU destinations in line with the UK average. Further analysis will be carried out to determine the origin and destination countries for different categories of imports and exports. This will support understanding of the potential impacts of the FTA negotiations with each of the US and EU and the recently announced consultation on changes to the UK's tariffs framework in comparison to the existing situation and World Trade Organisation rules.

### (c) The potential impact on Kirklees businesses in terms of World Trade Organisation (WTO) tariffs on exports in the event of trade deals not being replicated.

The further analysis described above of destinations and origins of local trade and the impacts of FTAs, tariffs and WTO rules will be reported back at the same time as an update on intelligence from ongoing work in the areas of social care, environmental health and business support.

#### (d) Exploring opportunities

Working with the Mid Yorkshire Chamber of Commerce and Federation of Small Businesses, the Council is planning a joint workshop to explore potential opportunities for our businesses to maximise their presence in new markets and support them in navigating the changed export and import landscape.

### 2.3 **Current areas of priority**

#### 2.3.1 **European Union Settlement Scheme**

For settled status, applicants need to prove five years' residence in the UK, with pre-settled status given to those who cannot satisfy this requirement. The offer of support to Kirklees resident EU citizens is being reviewed to ensure it meets the needs of vulnerable groups.

### 3. **Implications for the Council**

#### 3.1 Working with People

We have established channels through which we conduct a weekly temperature check of community issues and potential tensions. This route will be used to check whether there are any transition period related issues arising in our communities.

#### 3.2 Working with Partners

There are some key partner arenas into which our preparations connect, in order to ensure a joined-up response in both Kirklees and the wider region.

#### 3.3 Place Based Working

Our support and communication to ward members is vital to support their critical role as place leaders, able to provide appropriate assurance messages within our diverse communities.

#### 3.4 Climate Change and Air Quality

At the present time, there is no change in relation to climate change or air quality, due to the fact that the negotiations between the UK and EU on the FTA are ongoing, and export/impact traffic has not changed yet.

#### 3.5 Improving outcomes for children

As stated above (see 2.3.1) the Council is actively supporting EU national looked after children and care leavers in their applications for settled status.

#### 3.6 Other (e.g. Legal/Financial or Human Resources)

Kirklees received £315,000 from Government, split across 2018/19 and 2019/20 which has been put into reserves, to be accessed when a need arises that cannot be met from within existing service resources.

### 3.7 Do you need an Integrated Impact Assessment (IIA)?

At the present time, there are no indications that issues considered in this report give rise to the need for an IIA. As negotiations progress, we will look to undertake a comprehensive IIA on the impact of the FTA and its impact on our communities and environmental sustainability.

## 4. Consultees and their opinions

4.1 We have actively engaged with local businesses, partners and colleagues in the region to ensure we understand the potential impact on all sectors.

## 5. Next steps and timelines

5.1 Reports to the Council's Executive Team are now on an exception basis, as is the reporting to the West Yorkshire Resilience Forum.

## 6. Officer recommendations and reasons

For the Panel to note and comment on the continued preparedness of the Council after leaving the EU.

## 7. Cabinet portfolio holder's recommendations

7.1 Welcomed the report and is happy with the content and ongoing preparations.

## 8. Contact officer

David Bundy – Strategy and Policy Team Manager, Strategy and Policy

## 9. Background Papers and History of Decisions

Brexit Preparations Update, Corporate Scrutiny Panel, 10 January 2020

Preparations for leaving the European Union (EU), Corporate Scrutiny Panel, 20 September 2019

Leaving the EU Preparedness Update, Corporate Scrutiny Panel, 12 July 2019

Leaving the EU Preparedness Update, Economy and Neighbourhoods Scrutiny Panel, 17 July 2019

Discussion at Full Council on the implications of Brexit, 12 December 2018.

## 10. Service Director responsible

Naz Parkar - Service Director for Housing Economy and Infrastructure