

**Name of meeting:** Corporate Scrutiny Panel  
**Date:** 01 December 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 September, this paper provides an update for the Scrutiny Panel on ongoing Kirklees' preparations on specific issues relating to economic impact and the provision of 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 <u>Director</u> &amp; name</b>  | Rachel Spencer-Henshall – 20.11.2020 |
| <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>   | Councillor Graham Turner             |

**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

The UK left the EU on 31 January 2020. We are now approaching the end of the transition period on 31 December 2020 while it remains unclear if the UK and EU will agree a free trade agreement (FTA). This paper seeks to update the Corporate Scrutiny Panel on the work ongoing to ensure preparedness on the part of the council, residents, partners and local businesses.

## 2. Information required to take a decision

### 2.1. National context

Though it is six weeks until the end of the transition period there is still uncertainty as to whether we will end this with a Free Trade Agreement (FTA) or if the EU-UK trade relationship will default to WTO rules. It is widely recognised that this would be detrimental to

the UK economy – and to the EU27 to a lesser extent – on top of the economic impacts of Covid-19.

The UK Internal Market Bill<sup>1</sup> will reach the report stage in the House of Lords on 18 Nov before returning to the House of Commons with significant amendments. Besides the clauses which override the Northern Ireland Protocol described within the Withdrawal Agreement concerns were raised about the effect on the devolved administrations.

During a ministerial call with councils Luke Hall MP, Minister of State for Regional Growth and Local Government highlighted the importance of winter preparations with the possibility of a ‘perfect storm’: the coincidence of: a second peak in Covid-19; seasonal flu; impacts of adverse winter weather; and, ending the transition period with a ‘non-negotiated outcome’.

## 2.2. Regional context

We retain our regional links into MHCLG by reporting by exception to the office of Tom Riordan, Leeds City Council Chief Executive. Specific events are being organised at an LCR level, the most recent being the LEP Growth Service, which offers businesses information, support and advice on preparing for 31 December this year. In addition, The LEP also forms part of the Leeds City Region Enterprise Partnership Interreg Europe SMARTY project (<https://www.the-lep.com/all-news-and-blogs/smarty-smart-smes-for-industry-40/>), in which the LEP participates in a range of programmes with European partners. The first Interregional Policy Brokerage event offered the opportunity for the LEP to share and learn about best practices with European partners on initiatives to help SMEs to adopt Industry 4.0 solutions to increase competitiveness while sharing the successes of the LEP’s Access Innovation programme, which was selected by partners on the project as an example of European best practice.

Regular meetings of Heads of Economic Development across Leeds City Region have been established to discuss and monitor the situation around leaving the EU for the purposes of sharing issues and approaches.

## 2.3. Kirklees context

- The Brexit Tactical Group has updated its action plan and migrated it to MS Planner facilitating ongoing review and updates. A separate risk register has been created permitting improved oversight of issues requiring ongoing review.
- The Tactical Group has increased meetings to fortnightly.
- The Emergency Planning and Business Continuity team have plans in place and systems and processes have been tested during the pandemic, however materialisation of the ‘perfect storm’ could risk these systems being stretched beyond their limits.
- ET is receiving updates on a monthly basis while LMT received an update on 12 October and is due to receive another on 23 November.
- Leading members are to be briefed on 23 November ahead of all member comms.

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<sup>1</sup> <https://services.parliament.uk/Bills/2019-21/unitedkingdominternalmarket.html>

## 2.4. Current areas of priority

- **Business Support Communications:** A coordinated communications campaign for businesses is underway with the Chamber of Commerce with the following key messages:
  - At start – Businesses need to think about the likely impact of a change to trade terms on their activity, where they can access advice;
  - November – advice based on confirmed trade agreement position and messages on deployment of business growth service funding;
  - December – Key preparedness messages on final stages of preparation;
  - January – messages re: smooth transition – calm businesses.
- **Business survey:** following a survey in June to gauge current situation of businesses due to Covid impacts and assessing preparedness for the end of transition. Results to be available by the end of November following 20 Nov response deadline.
- **European Structural and Investment Fund (ESIF):** The final ESIF programme will cease at the end of 2023. While the Government has committed to funding ESIF programmes beyond the end of transition through a UK Shared Prosperity Fund, details of the SPF have not been issued. The Council is currently delivering five ESIF projects with partners that end Mar and Sep 2022 with total value of £3.6m while the programme supports other projects across Kirklees including through the West Yorkshire Consortium of Colleges (inc Kirklees College) and the University of Huddersfield (innovation/business support). Further mapping is being undertaken to identify the wider financial impact of the cessation of the ESIF programme, while the council will continue work with the LEP/WYCA to ensure we access government support to mitigate the final implications of ESIF.
- **EUSS Support:** The Council is working in partnership with KCALC to raise awareness of the need for EU nationals to apply for settled status and support individuals to do this. A successful bid was made to the Home Office for £146,000 providing further funding for this. The number of applications lodged to 30 June 2020 was 9,390 which is 72% of the 13,000 estimated EU nationals in Kirklees. We expect the numbers in Kirklees to exceed the estimated 13,000, based on the situation in neighbouring authorities – for example, both Leeds and Wakefield have already exceeded Home Office estimates.

## 2.5. Issues Raised at Corporate Scrutiny on 10 September 2020

- **Trade in services:** ONS data for trade in services was released on 10 September<sup>2</sup>. The lowest level of geography is NUTS3 and the Calderdale and Kirklees statistics are included in the table below. The data is only split by industry sector at higher levels of geography. Previous WYCA analysis suggests service exports for C&K are half the value of goods exports and accounted for less than 7% of local GVA.

|         | Value £ millions |               |       | % to/from the EU |
|---------|------------------|---------------|-------|------------------|
|         | EU               | Rest of world | Total |                  |
| Imports | 304              | 353           | 658   | 46               |
| Exports | 601              | 654           | 1,255 | 48               |

- **EUSS for looked after children:** four of the five LAC identified as requiring EUSS have been granted settled or pre-settled status. Issues relating to the fifth child's documentation currently prevent an application being made. The Council is in the process of resolving these issues in order to make the application. Comparison of LAC numbers identified in

<sup>2</sup>

Kirklees with those in other districts raised concerns that some children may be inaccurately identified as British on Council systems. A data cleansing exercise is underway to mitigate the risk of EU national LAC not being identified.

- **Business guidance:** see update above.
- **Stress testing of care home medication supplies:** an update on this issue is expected shortly and a verbal update will be provided on 1 December.

### **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. An all member briefing will be sent out later in November informing all councillors of the ongoing preparations we are making in relation to leaving the EU.

#### **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 (a)) 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 was allocated £315,000, split across 2018/19 and 2019/20 for Brexit preparations by MHCLG. ET recommended that this resource be put into reserves, to be accessed when a need arises that cannot be met from within existing service resources. Work is underway to resource our Comms, Environmental Health and Business Support services to support the Brexit agenda and the costing for this is currently being scoped out.

Details of the ESIF funding commitments over the period to December 2023 are included in section 2.4. Options are being considered for use of some of the allocated funding to be used to recruit capacity for the business support team around foreign trade or other relevant issues and to support an officer to work on alternatives to ESIF funding for internal and partner projects. The next update to LMT will include related proposals.

It was noted at Full Council on 21 October that the impact of the end of the Transition Period on employment and businesses needed to be taken into account in its impact on Council budgets.

#### **4. Consultees and their opinions**

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**

Regular reports to ET and Cabinet Portfolio holder throughout November and December, subject to negotiations on a FTA being concluded or otherwise.

#### **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**

The portfolio holder is supportive of the content and recommendations set out in this report.

#### **8. Contact officer**

David Bundy – Policy Officer, Strategy and Policy

Jonathan Nunn – Strategy & Policy Officer (Sustainable Economy), Strategy and Policy

#### **9. Background Papers and History of Decisions**

Transition Period Preparations Update, Corporate Scrutiny Panel, 10 September 2020

Transition Period Preparations Update, Corporate Scrutiny Panel, 28 February 2020

Brexit Preparations Update, Corporate Scrutiny Panel, 10 January 2020

Preparations for leaving the 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 - Director for Growth and Housing, Growth and Regeneration