

**Name of meeting:** Corporate Scrutiny Panel  
**Date:** 08 November 2021  
**Title of report:** Leaving the EU Update

**Purpose of report**

Following on from previous updates to Corporate Scrutiny Panel on this work, most recently on 01 December 2020, this paper provides an update for the Scrutiny Panel on Kirklees’ work to manage the effects of the UK’s exit from the EU.

<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 – 22.10.2020
<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 Paul Davies

**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 and reached the end of the transition period on 31 December 2020 after which point the EU/UK free trade agreement (FTA) came into effect. This paper seeks to update the Corporate Scrutiny Panel on the work to ensure preparedness on the part of the council, residents, partners and local businesses and to manage subsequent regulatory changes.

## 2. Information required to take a decision

### 2.1. National context

Following the European Union membership referendum was held on 23 June 2016 resulting in a leave outcome. Theresa May invoked Article 50 on 29 March 2017 defining the initial timetable for negotiation of an exit agreement with a deadline of 31 March 2019. After two extensions of this deadline to 31 October 2019 and 31 January 2020 an agreement was made and endorsed by both sides leading to commencement of a transition period to 31 December 2020 during which an EU-UK Free Trade Agreement would be negotiated. This FTA was agreed on 24 December avoiding the trade relationship defaulting to WTO rules on 1 January.

It is important to note that in several thematic areas the impacts of the COVID pandemic have exacerbated impacts of leaving the EU; this is the case with the current shortage of lorry drivers where the pandemic prevented large numbers of HGV licence tests occurring reducing the inflow of new drivers while leaving the EU has prevented resulting vacancies being filled by EU nationals. In other cases the pandemic has complicated mitigating actions. This is particularly the case in the work with communities promoting the EUSS scheme.

### 2.2. Kirklees context

- Kirklees Council established a project to manage the local impacts of leaving the EU with formation of the Brexit Tactical Group in March 2018 with the involvement of partners such as West Yorkshire Police.
- The Tactical Group developed an action plan overseeing its delivery and monitoring its appropriateness in the rapidly shifting context throughout this period.
- It was agreed by ET in January 2021 – on the recommendation of the Tactical Group – that several work streams be embedded into business as usual with a small number remaining under the active consideration of the Group, and the Group's membership reduced to reflect this change.
- The themes no longer considered of direct concern to the Group at this time were:
  - Specific concerns around livestock;
  - Monitoring of care workforce vacancies in light of points based immigration system;
  - Monitoring developments on state aid and procurement opportunities;
  - Medication supplies;
  - Impact of tariffs or trade barriers on catering services;
  - Supplies for food banks; and,

- Brexit related tensions and protest risks.
- Following the passing of key milestones defined by the EUSS programme and the FTA, remaining work streams have completed or been absorbed into business as usual (see section 2.3), and the Tactical Group has been dissolved.
- The Policy team will provide on-going monitoring of the opportunities and risks related to the legislative and regulatory changes opened up by leaving the EU. These are most prominently in the area of procurement and state aid but may include the potential for devolution of EU powers to both a local and West Yorkshire level.
- Prior to formal dissolution of the Tactical Group a lessons learned exercise was conducted to inform future projects. Key points were:
  - The strength of the multi-disciplinary team involving relevant partner organisations, and the flexible and pro-active manner in which it worked;
  - The value of political support both from the Cabinet Portfolio Holder and this Scrutiny Panel; and,
  - The challenge of weaknesses in data availability to inform the targeting of work (e.g. EUSS and business intelligence).
- To ensure knowledge retention it has also been agreed that files from the Brexit project will be archived for reference, to support future business continuity projects to take a similar approach.

## **2.3. Updates on Final Work Streams**

### **a) Business Preparedness**

A sub-group formed to consider impacts for local businesses identified communications as the key area for action leading to development and implementation of a joint communications campaign. The formation of this group has strengthened relationships between the Council, Chamber of Commerce and Federation of Small Businesses. It is anticipated these meetings will continue on a quarterly basis with a broader membership to consider issues of relevance to local businesses including COVID impacts, and the gathering and sharing of intelligence.

### **b) EU Settlement Scheme**

The Council continued to work with KCALC and other partners to raise awareness of the EUSS scheme and the need to apply by the deadline of 30 June. This work will have continuity through a new NRPF group with a wider remit.

Statistics for numbers of applications by local authority area up to the deadline were published on 16 September and reveal that 16,900 Kirklees residents had applied through the scheme of which 14,690 applicants were granted either settled or pre-settled status leaving 2,220 applications (13.1%) still to be determined. The split between settled and pre-settled grants was 7,660 settled status (45%) and 6,190 pre-settled (37%). The high number receiving pre-settled status carries with it a need to provide continuing support for up to five years from the grant of pre-settled status as applicants who fail to 'upgrade' once they have evidence of 5 years' residence could fall into NRPF or be faced with immigration enforcement if applying for benefits, healthcare, tenancies, employment and the like.

The top 5 nationalities of Kirklees residents who applied through the EUSS scheme were Polish (4,790), Romanian (2,530), Italian (1,620), Hungarian (1,460) and Spanish (990). A total of 1,550 Kirklees applicants were of non-EEA nationality. These individuals will have accessed the scheme as family members of EU, EEA or Swiss citizens.

A significant majority (73%) of Kirklees applicants were aged 18-64 with the rest comprising of those under 18 (24%) and only 2.5% of applications coming from those aged 65 or over.

Nine Looked After Children were identified in Kirklees that required EUSS applications or other related support. One of these received British citizenship and the remaining eight have received pre-settled status.

### **c) Food Certification**

In January it was identified that the Environmental Health team anticipate two pressures resulting from 1) increased requirement to provide export certificates and 2) need to undertake checks on imported goods at destination where these have been allowed to pass through ports without checks in order to facilitate free movement of goods.

The Minister for the Cabinet Officer gave a statement to the House on 11 March explaining that introduction of most of these checks is now postponed to 1 January 2022. The pressures described above are therefore delayed and the team will continue to monitor developments on this front as part of business as usual.

### **d) Data Governance Arrangements**

The EU-UK FTA incorporated provisions on interim cross-border data flow arrangements. These were for four months – with possibility of extension by the EU to six months – providing time for the EU Commission to consider an adequacy decision for the UK. As the UK had already granted data adequacy to the EU the risk was not to the ability to send data to the EU but to be able to subsequently retrieve it. Having extended the period from four months to six, the EU granted the UK a data adequacy decision on 28 June avoiding any issues in this area.

### **e) Food Supply Chain Issues**

The supply chain issues mentioned above primarily relate to the shortage of HGV drivers resulting from both Brexit and COVID factors. In line with decisions made during earlier Brexit work it is recognised that the scale and national nature of supermarket operations that local authorities do not have effective levers to engage in this issue. However, the Council continues to monitor the impact of supermarket supply issues on local foodbanks and wider food supply impacts on schools and care homes. At the time of writing no concerns have been identified in these areas.

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

### **3.1. Working with People**

Throughout preparations for leaving the EU community issues and potential tensions were monitored regularly. Furthermore, the EUSS support programme in partnership with KCALC has ensured advice was available for those eligible and played a significant role in increasing applications from Kirklees.

### **3.2. Working with Partners**

The Kirklees approach to Brexit preparations has drawn on the strength of our partnerships with the police, NHS partners, business support organisations, KCALC and community organisations.

### **3.3. Place Based Working**

Our support and communication to ward members has been 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**

Having now left the EU the UK is no longer tied to European environmental legislation, EU state aid rules or the Common Agricultural Policy. It remains unclear at this stage whether this will lead to the UK following more relaxed or more ambitious approaches to the climate agenda.

### **3.5. Improving outcomes for children**

As stated above (see 2.4 (b)) the Council has actively supported 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 £315k from Government, split across 2018/19 and 2019/20. Costs to year end in 2020/21 were £87k with the remaining £228k rolled forward to 2021/22. It is currently expected that a further £177k will be spent in this financial year with around £50k unallocated. Costs can largely be classified as funding existing capacity dedicated to Brexit work, recruitment of additional staff capacity and funding for KCALC to provide legal support to those requiring EUSS applications.

Work is ongoing to ensure all related costs are captured and minimise any risk of this funding being clawed back. Around £50k remains unallocated that it has been agreed officers will seek opportunities to spend avoiding the risk that the outstanding value be clawed back by government.

## **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**

- Monitoring of regulatory and legislative developments on ongoing basis.

## **6. Officer recommendations and reasons**

For the panel to note and comment on the work done to ensure preparedness of the Council and the closure of this work.

## **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**

Leaving the EU Update, Corporate Scrutiny Panel, 01 December 2020

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 Homes and Neighbourhoods