

**Report of Chief Officer (Strategy and Improvement)**

**Report to Corporate Governance and Audit Committee**

**Date: 22 March 2019**

**Subject: Brexit – resilience and response**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. Leeds City Council's preparations for the UK's exit from the European Union are ongoing and this report provides assurance to Corporate Governance and Audit Committee that the impact on council services and the wider city is being considered and planned for appropriately. It follows previous update reports to Executive Board in July 2016, December 2018 and March 2019.
2. A strategic response plan has been put together to provide a framework to deal with the uncertainty in the build up to and the response phase after the UK's exit. The plan is structured around five key themes which have been identified following extensive engagement both internally within the council and across the wider city, much of which has been done as part of our business as usual engagement activity. The key themes are: infrastructure and supplies, business and economic impact, community, media and communications, and organisational impact.
3. The response plan is able to be scaled up or down depending on the nature of the UK's final exit from the EU. In particular it has been drawn together with three broad potential scenarios in mind – a 'no deal' Brexit, approval for the Prime Minister's deal, or a prolonged period of uncertainty.
4. The plan, which draws on local learning and national best practice, should be implemented in the most efficient and flexible way possible, recognising the dynamic nature of the Brexit landscape. Existing groups and networks in the city will be utilised to minimise the creation of new bureaucracy, lead officers have been identified for key

actions, and a small core team will co-ordinate the approach and maintain effective two-way communications with relevant parties.

5. A brief update on some of the wider policy implications of Brexit is also provided, including with regard to EU citizens' rights and the UK's future skills-based immigration system.

## **Recommendations**

Corporate Governance and Audit Committee is requested to:

- Note the contents of the report and provide comment on the council's ongoing preparations for the UK's exit from the European Union.

## **1. Purpose of this report**

- 1.1 This report updates Corporate Governance and Audit Committee on the preparations that Leeds City Council, working with partners, has been making to prepare for the UK's exit from the European Union legally scheduled to take place on 29 March 2019.
- 1.2 Brexit remains a fast moving and dynamic policy area with wide ranging potential implications for cities such as Leeds. Naturally it presents a series of highly complex challenges and opportunities which are further complicated by the continued uncertainty being felt by both business and the community. However it also presents Leeds with an opportunity to re-evaluate its role as a global city and as an open, welcoming and compassionate place to live, work and visit.

## **2. Background information**

- 2.1 Leeds City Council reacted quickly to the result of the June 2016 referendum on the UK's membership of the EU and in July 2016 Executive Board approved a report (available [here](#)) outlining five main areas that the council and its partners would focus on in the run-up to Brexit. This five-point-plan committed to prioritise:
  - Maintaining momentum on major development and infrastructure schemes, and economic growth projects;
  - Supporting business and key institutions;
  - Creating a more tolerant and united city;
  - Securing devolution; and
  - Providing confident, outward-looking leadership and image of Leeds as an international city.
- 2.2 A further report approved by Executive Board in December 2018 (available [here](#)) provided a detailed update on the work that has taken place in support of each of the five priorities, while also providing an early overview of the more detailed and specific Brexit preparedness activity taking place within the council. In line with national government guidance this work has focused primarily on planning for the possibility of a 'no deal' Brexit, namely the UK leaving the EU without a Withdrawal Agreement.
- 2.3 Since December the pace of preparations being made by the council and partners within the city has accelerated significantly, mirroring the approach at a national level and recognising the wide range of potential EU exit outcomes that are still realistic possibilities. Work has continued to be overseen by a working group of senior officers from across the council working in conjunction with elected members, directorate-specific officer groups, the Local Resilience Forum (LRF), Local Enterprise Partnership (LEP) and a number of other sector-specific forums in the city.
- 2.4 Towards the end of 2018 an exercise was conducted within the council to identify, on an individual service basis, the level of risk to the council's normal business particularly if the UK were to enter into a 'no deal' scenario. The learning from that work has underpinned subsequent activity which has resulted in the response plan attached as Appendix A. Directorate Resilience Group (DRG) Chairs have been engaged in this work and Corporate Governance and Audit Committee will consider their wider role in this context as part of the relevant report also on this meeting's agenda.

- 2.5 Additionally, the Ministry of Housing, Communities and Local Government (MHCLG) has established a network of nine local authority chief executives to act as regional leads on their behalf across England. The role that the nine chief executives have agreed to take on predominantly relates to ensuring effective two-way communications between national government and local authorities in each region. It provides a direct route to provide updates or alerts on the most pressing issues requiring attention or escalation in Whitehall and to disseminate relevant information quickly. Tom Riordan is acting as the regional lead for Yorkshire and the Humber and through his role the council has been able to share information on EU exit preparations across our region directly with senior civil servants, acquire specific information needed locally and support preparations for an orderly exit more widely.
- 2.6 Both within this arrangement and more broadly, the LGA is playing an important role to facilitate local government sector links to MHCLG. More broadly MHCLG's engagement includes the Resilience and Emergencies Directorate (RED) working closely with LRFs and linking to the Civil Contingencies Section (CCS) in the Cabinet Office.
- 2.7 Elected members and officers from Leeds continue to engage on Brexit-related matters through a number of regional and national forums including working with the Local Government Association (LGA), Core Cities group, various Whitehall departments and senior civil servants.
- 2.8 Within the council, the Strategy and Resources Scrutiny Board has discussed the work being undertaken in planning for a 'no deal' Brexit as part of a wider working group into resilience and emergency arrangements. As well as noting the development of the strategic response plan, the joint working approach with other resilience forum representatives from across the region was acknowledged too. The scrutiny board will be reporting its broader finding about resilience and emergency arrangements, including Brexit preparations, in April.

### **3. Main issues**

- 3.1 There remains very little certainty about the terms of the UK's departure from the EU. In November 2018 the UK Government agreed a Withdrawal Agreement with the EU, however in January 2019 this was rejected by the House of Commons in the first 'meaningful vote'. A series of further negotiations have since taken place between the UK and EU negotiating teams, resulting in three significant votes taking place in the House of Commons last week:
- On Tuesday 12 March, the House of Commons rejected the Prime Minister's Brexit deal once again in the second 'meaningful vote'.
  - On Wednesday 13 March, the House of Commons voted to rule out a 'no deal' Brexit – i.e. the UK leaving the EU without a Withdrawal Agreement.
  - On Thursday 14 March, the House of Commons voted to extend the Article 50 process thereby delaying the UK's exit day. It instructed the UK Government to seek to agree an extension with the EU.
- 3.2 The votes noted above provide a clearer indication of where UK parliamentarians stand with regard to the UK's exit. However, the legal situation remains that the UK is set to leave the EU on 29 March 2019 unless an Article 50 extension is approved by all 27 EU countries. It is likely the outcome of those discussions, and the length

of any agreed extension, will not be known until the European Council summit on 21 March.

- 3.3 Even if the Article 50 process is extended, there still appears to be no clear majority in Parliament for any single version of Brexit. The Prime Minister has suggested she will bring forward a further 'meaningful vote' on her deal imminently, while other Members of Parliament continue to pursue potential alternative outcomes. Ultimately, if the UK cannot agree to a deal then 'no deal' remains the default legal outcome and uncertainty will continue for a prolonged period in the interim.
- 3.4 Therefore a range of potential outcomes are still possible from the Brexit process, each of which would bring about different challenges and opportunities for the city and could require different interventions from the council and its partners. As a result, Leeds City Council's preparations for Brexit have focused on contingency planning for three broad scenarios:
- A 'no deal' Brexit;
  - Approval for the Prime Minister's deal;
  - A prolonged period of uncertainty.
- 3.5 Much of the local activity in Leeds has continued to focus predominantly on preparing for what is nationally recognised as the "Reasonable Worst Case Scenario" - a 'no deal' Brexit. This is the outcome with the potential to cause the most short term disruption to the council and the city. It is also the outcome about which there is the most uncertainty in terms of what its immediate impact would be nationally and how it would affect the UK's longer term relationship with the EU and beyond.
- 3.6 The majority of the council's 'no deal' preparatory work forms part of normal business and benefits from the existing effective processes around business continuity, resilience and emergency planning. However as a result of the unprecedented situation Brexit has created, much of this work has taken on additional significance to provide assurance to elected members that the organisation is as resilient as it can be in an uncertain situation.
- 3.7 The UK Government's stated aim remains to agree and have the UK Parliament approve a revised deal with the EU. However, it is also possible that the country and city will experience a prolonged period of uncertainty which would likely have medium to longer term impacts on the Leeds economy and communities. This could be brought about either through an extension of the Article 50 process, or through the agreement of a Withdrawal Agreement but with further extensive negotiations to follow about the UK's future relationship with the EU.
- 3.8 In any of these circumstances it would be reasonable to expect that some aspects of the 'no deal' preparations which continue to be made would no longer be required. Therefore all of the council's preparation decisions have been taken with an understanding that they can be scaled up or down as appropriate to react to whichever outcome materialises, or indeed if greater clarity is provided through national developments at any time.
- 3.9 All of the council's preparations for Brexit – both those which form part of normal business and those which have been specifically identified or implemented due to the current situation – have been brought together in a strategic response plan. This plan has been designed to be effective in any of the three scenarios mentioned above, and includes issues which would have a significant impact on the city should they occur irrespective of whether these fall within the remit of the council or public, private or third sector partners.

### 3.10 ***Approach to developing the response plan***

3.10.1 It has been important to recognise that a policy issue as wide ranging and uncertain as Brexit cannot be solved by any single agency.

3.10.2 As part of developing the approach towards response the council has been able to draw on other recent experiences and best practice established in responding to and recovering from emergencies. In particular, the approach taken following the Storm Eva floods in December 2015 has been a major influence in shaping the approach to Brexit response and the plan draws significant learning from that incident, along with learning from national guidance and best practice.

3.10.3 The elected member working group has played a central role in highlighting key issues since the referendum which have fed into the preparatory response work, and its role has evolved over that time. The working group has held a series of productive discussions with partners on a thematic basis including with the health sector, higher and further education, manufacturers and the wider business community. Additionally it has been a valuable forum in which to consider the broader potential implications of Brexit on council services and the communities which they serve.

3.10.4 In response to the focus and priorities identified by the elected member working group, an officer working group was established to take activity forward within the council. The group has co-ordinated work across the council to establish the potential impacts of Brexit at a local level, including themed risk workshops. Some of the most prominent aspects of this work have included:

- Systematically reviewing the council's business continuity plans, particularly those relating to critical services;
- Contacting relevant council suppliers to discuss their Brexit preparations and identify any anticipated impacts on their business with the council, particularly in a 'no deal' scenario;
- Supporting services to analyse their local supply chains to identify and mitigate any potential impacts;
- Sharing information internally and externally about the EU Settlement Scheme, including encouraging and supporting council staff to apply;
- Reviewing and strengthening the city's approach to community tension monitoring; and
- Identifying needs and planning an approach to economic and business support to be implemented as required.
- Drawing on national, regional and sub-regional planning assumptions and guidance, e.g. technical notices and Local Resilience Forum assessments.

3.10.5 The list above is by no means exhaustive but provides an indication of the breadth of work which has been undertaken to develop the response plan. From this, a series of five key themes have emerged which reflect the key issues for Brexit preparedness both locally and nationally. The response plan is therefore structured around these five themes:

- Infrastructure and supplies;
- Business and economic impact;
- Community;
- Media and communications; and
- Organisational impact.

3.10.6 The sections below will provide an overview of the scope of each response strand and an introduction to some of the actions highlighted. The response plan in full is attached as Appendix A. It's important to stress that the plan is a dynamic working document which can be amended to reflect changing circumstances as required. It is not intended to include every detail of response work, but rather to provide a strategic overview and framework with which to guide activity.

### **3.11 *Infrastructure and supplies***

3.11.1 The nature of the UK's embedded relationship with the EU has meant that many of the issues receiving most attention nationally – including both by government and through the media – relate to the transfer of goods across the UK/EU border and associated issues. The growth in the prospects of a 'no deal' Brexit has seen the attention given to these issues over recent months increase notably as national government has begun to examine the potential impact this would have at ports, airports and on the road network servicing these locations.

3.11.2 The reality is it is impossible for the council to know what the impact may be in Leeds. Continued uncertainty about the terms of the UK's exit and the fact that local government does not have access to some of the most detailed information, such as national traffic modelling, mean that the council must consider all possible outcomes. Therefore this strand of the response plan looks at the dual issues of infrastructure and supplies.

3.11.3 On infrastructure, the plan considers the potential for disruption on the road network, particularly the motorway network and other major arterial routes, and at the region's ports or airports. It also includes examination the wide range of issues which could affect the continued effective operation of the city's public transport network and digital infrastructure.

3.11.4 On supplies, as noted above all council services are considering the possibility of disruption to their supply chains and the same is happening in organisations across the city. The response plan identifies the four areas of most crucial concern – medicines and medical equipment, fuel, food and power. Each of these requires a city-focused approach and discussions are ongoing amongst partner organisations in the city as to how assets can be shared to mitigate any potential problems in the short term.

3.11.5 Finally the response plan recognises the complex landscape of processes and regulations currently governed in some way by EU directives which affect daily activities here in Leeds. All of these areas of business – which include food exports, procurement and data transfers amongst others – are subject to potential change and need to be reviewed as we await clarity about the UK's future approach.

### **3.12 *Business and economic impact***

3.12.1 Leeds continues to benefit from a strong economy and the council has a clear vision to work with public and private sector partners to support inclusive economic growth which benefits all Leeds citizens and allows them to reach their potential. The December Executive Board report on Brexit preparedness laid out in detail the work that has been ongoing since the referendum to support businesses and the economy while maintaining momentum on major developments as a key part of achieving this ambition. The report also discussed the opportunities looking forward for the city, particularly in terms of trade and the Leeds success story on inward investment.

- 3.12.2 In order to continue to ensure the success of the Leeds economy in any Brexit scenario, response planning has included a range of important work which begins with gaining a strong understanding of the economic picture for businesses. The engagement activity noted earlier in this report is a key part of this and includes a high level roundtable held on 6 March with representative organisations and networks in the city. This engagement will continue but the response plan also includes issues around the effective sharing of data and information, maximising relationships and intelligence-sharing with representative organisations and industry bodies, and the ability to supplement this with detailed analytical work where required.
- 3.12.3 Learning from past experience of economic shocks, in particular the actions that were taken following the 2008 financial crisis, consideration is being given to the support packages and business support which may be needed and ensuring effective joint work across the public sector institutions which would play a key role in any crisis situation. Also, the importance of understanding where there are economic opportunities for Leeds, such as in the digital sector, and the interventions which would enhance the city's opportunity to exploit those will be vital in any exit scenario. This would also include continuing to enhance the city's good work in providing or facilitating employment and skills activity which meets the needs of the Leeds economy, providing people and businesses with the skills they will need to succeed in any post-Brexit landscape.

### **3.13 Community**

- 3.13.1 Leeds is a richly diverse city which benefits from people from different ages, backgrounds, cultures and beliefs living and working alongside each other harmoniously. This diversity is supported by our compassionate city ambition which influences the way we work and the strong focus that is placed on protecting the most vulnerable in our society. The UK's exit from the EU has the potential to significantly impact upon EU citizens and other minorities resident in Leeds, particularly those who are most vulnerable. This strand of the response plan aims to tackle any potential issues before they arise in line with the council's overall approach.
- 3.13.2 Unfortunately we know from the initial aftermath of the 2016 referendum that there is a potential for negative influences to emerge and gain a foothold in communities. Nationally there was a 25% rise in hate incidents being reported following the referendum and Leeds was not immune to this trend. The incidents affected all minority groups, not just EU citizens, and so the council has been aware of the need to guard against such a trend emerging again around the UK's exit day. As a result the response plan is clear about the importance of monitoring community tension, providing reassurance, explaining EU citizens' rights and signposting appropriately, and ensuring elected members to have the information they need to support communities in their wards.
- 3.13.3 This response strand however focuses more broadly than on cohesion issues alone. It also recognises the importance of ensuring a joined-up approach to Brexit response in the city, including with schools, the health sector, higher and further education institutions, the third sector and faith leaders. Many of these will be facing similar challenges and there will be widespread benefits in working together to resolve these as they arise.
- 3.13.4 Brexit has clearly been, and potentially remains, a divisive issue for the country and as the 50/50 city those differences are certainly visible in Leeds. The approach and actions contained within the community strand of the response plan aim to heal

those divisions as far as possible to ensure Leeds continues to be a diverse, welcoming and united city into the future.

### **3.14 *Media and communications***

3.14.1 Brexit is a multi-faceted and complex issue, encompassing the uncertainty of a changing international relationship, regulatory environment and citizens' rights alongside the economic and cultural issues which have been well-versed in public discourse over recent years. As a result, a clear and consistent communications approach will be crucial to ensuring that key messages reach the audience they need to in a response scenario.

3.14.2 This strand of the response plan aims to ensure all the necessary lines of communication are in place and tools have been developed to provide as much clarity as possible following the UK's exit from the EU. This includes communications within and between organisations, with national government and with the Leeds public. Wherever possible existing communication channels should be used to achieve this.

### **3.15 *Organisational impact***

3.15.1 The final part of the response plan reiterates the key aspects of the council's own internal planning for Brexit. The scale of the council's role and influence within the city cannot be underestimated – for example, the local authority provides 31,000 meals per day to schools, care homes and other settings. Therefore ensuring council services can continue uninterrupted is of critical importance to the effective functioning of the city.

3.15.2 This strand includes matters such as the review of business continuity plans, the monitoring of key supplier relationships, consideration of financial implications for the authority and the potential impact on the council's extensive workforce.

3.15.3 Following developments in Parliament last week, this part of the plan also notes the need to maintain contingency plans in case the UK is required to take part in the 2019 EU elections, or any other snap election/public vote. It's important to note that at the present time both the Government and the Opposition have indicated they do not wish to see the UK participate in EU elections, but given the lead-in time required to prepare for a poll logistically it's important contingencies are maintained while this outcome is still possible.

### **3.16 *Implementation of the response plan***

3.16.1 Whichever Brexit scenario emerges the council will not be able to respond alone, but is well placed to bring partners together to facilitate a co-ordinated approach on behalf of the city. Within this the role that existing city networks and groups will play is absolutely vital. A number of these forums have already been engaged in the evidence gathering which has influenced this work to date, and as exit day approaches there are an increasing number of city-wide discussions taking place across a range of sectors. With regard to progressing the actions that are contained within the response plan, these forums will be the logical place to discuss and progress issues amongst partners – thereby also avoiding the creation of unnecessary new bureaucracy. It is envisaged that the named leads for each action will work in conjunction with colleagues through these existing structures to ensure broader buy-in and shared ownership for achieving positive outcomes.

3.16.2 It is highly probable that central government will build upon its own reporting mechanisms with local authorities in order to gather the data and information they need to inform national-level decision making. This is the approach which

government took following the Storm Eva floods and we anticipate a similar response to Brexit. Maintaining good local communication will be important to efficiently servicing government information requests and also ensuring any national guidance issued is effectively acted upon. At this stage it is envisaged that a small team based in the Strategy and Improvement service (encompassing the Chief Executive's Office, Resilience and Emergencies team and Communications team) will take a co-ordinating role in maintaining communication with national government on Brexit response and supporting the wider delivery of the response plan.

- 3.16.3 Elected members will have overall responsibility and oversight of the council's response to Brexit. Regular updates should be provided to elected members and to Executive Board during the response phase. It will also be important to ensure that elected members have the latest information readily available to advise and support communities and others in their role, in what could be a fast-changing environment. All of this is included within the response plan and will be delivered by the small core team noted above working in conjunction with appropriate colleagues.

### **3.17 *Update on the wider policy implications of Brexit***

#### **3.17.1 EU Citizens Settlement Scheme**

- 3.17.2 In December 2017 the UK government reached an agreement with the European Union on citizens' rights and in March 2018 this was extended to cover those arriving during the implementation period. This agreement protected the rights of EU citizens after the UK leaves the EU and would enable them to continue to live their lives as now. It also covered their family members.
- 3.17.3 From 29 March 2019 those residing in the UK will need to apply online for a new UK residence status under the EU settlement scheme that will allow citizens and their family members to continue to live, study and work in the UK (subject to any relevant occupational requirements), with ongoing rights to health care and access to benefits and public services according to the same rules as now.
- 3.17.4 To obtain settled status EU citizens and their family members will need to have lived continuously in the UK for five years. Those with less than five years' residence will be granted pre-settled status until they accumulate their five years. On 21 January 2019 the government announced that a decision was made to cancel previously agreed fees.
- 3.17.5 The council has supported a number of activities including hosting Home Office events aimed at informing civic leaders and local citizens about the scheme. Guidance and toolkits have also been circulated to businesses, communities and local organisations about the implementation of the scheme. The council has also signed up to the Home Office ID check and Digital Support Scheme in order to support the most vulnerable residents in the city through the settlement application process.
- 3.17.6 Alongside the council, Migration Yorkshire have been supporting local authorities in Yorkshire and Humber on the EU settlement scheme including attending a range of national meetings with the Immigration Minister and civil servants. This has included seeking assurances that the scheme will meet the needs of the most vulnerable migrants, clarifications on rights and entitlements, and involvement of local authorities to ensure that the scheme meets the needs of all local areas and communities.

#### **3.17.7 UK's future skills-based immigration system**

- 3.17.8 On the 19 December 2018 the UK Government presented a White Paper setting out plans for its new single migration system built around skills that migrants can bring, alongside investment to improve productivity and the skills of the UK workforce.
- 3.17.9 As the UK leaves the EU, free movement regulated by EU law will end. All nationals other than British and Irish citizens, will need permission if they want to come to the UK, to visit, work or study and will need to comply to this new single system as the implementation period ends in December 2020 (if in a 'no deal' situation) or July 2021. The new single system will:
- Come into force at the end of the implementation period
  - Apply to all nationals other than British and Irish citizens
  - Offer 5 different routes to coming to the UK to work, based primarily on skills levels and periods of time (specialist, highly skilled, short term/temporary, visitor or part of the youth mobility scheme)
  - Be digital, streamlined and compliant, maintaining strict control of borders, access to employment and public services such as health care, benefits etc.
- 3.17.10 The next steps indicated by Government is an extensive 12-month programme of engagement with sectors across the UK. This will include discussions with private, public and voluntary sector employers, as well as industry representatives. While it is useful for the council and wider city to consider the direction indicated in the government White Paper, it is important to note that the shape of the UK's future immigration system will be discussed and debated at a national level. Based on current timescales, it is not due to come into force until 2021 at the earliest.

### **3.18 *Leeds embracing opportunities following Brexit***

- 3.18.1 While naturally much of the discussion both locally and nationally focuses on adapting to whatever changes are implemented during and after the UK's exit from the EU, it is vital to also consider and embrace the wider opportunities Brexit presents for the council and the city.
- 3.18.2 Irrespective of the UK's exit, Leeds will continue to have a close partnership with other cities in the EU and will make the most of our existing international relationships with twin cities Lille and Dortmund and beyond. For example, in recent years Leeds has been very involved in the EUROCITIES network including hosting a summit on Roma inclusion in September 2018. This engagement will continue following Brexit. Indeed in October this year Leeds will host the next EUROCITIES Culture Forum.
- 3.18.3 While European cities will remain close partners, Brexit has encouraged Leeds to look further afield and learn from cities around the world. Since the referendum result Leeds has built new and strengthened existing relationships with cities including Qingdao and Hangzhou in China, Hong Kong, Boston and Rhode Island in the United States, and Sydney, Oslo, Guangzhou and others through our involvement in the Regional Entrepreneurship Acceleration Programme at Massachusetts Institute of Technology (MIT REAP).
- 3.18.4 Working with partners including WYCA, Leeds will continue to embrace international and emerging markets in the coming years. This approach is being supported by the city's role in chairing Core Cities UK through which productive engagement with the Department for International Trade about enhancing the role of major cities in trade and investment activity is ongoing. This includes a programme of direct meetings between the Core Cities leaders and mayors and the Secretary of State for International Trade, Dr Liam Fox MP.

- 3.18.5 All of this activity makes it clear that Leeds as a global city is 'open for business'. The city is an economic powerhouse projected to grow by 50% over the next 20 years, outperforming the national UK economy. Leeds is also a city built on a rich tradition of social innovation, and today our pioneering work on healthcare and technology is helping more people worldwide live healthier, more productive, active and creative lives. This story of Leeds puts the city in a very strong position moving forward and as inward investment continues to grow the council, businesses and Leeds citizens should feel positive about our ability to embrace opportunity following Brexit.
- 3.18.6 Aside from the economic opportunities available to Leeds, there may also be a potential for powers that will be repatriated from the EU to be immediately devolved to a local level. While further work is needed to identify specific powers this is something with Leeds, working with the LGA, Core Cities and other councils continues to make the case for.
- 3.18.7 The UK Government is also due to bring forward a consultation process on the new UK Shared Prosperity Fund (UKSPF) soon. This was expected to begin in 2018. The UKSPF presents a significant opportunity to reduce some of the bureaucracy associated with existing EU funding streams, make funding more flexible and thereby increase the impact it can have at a local level. Core Cities has recently commissioned some work to help cities influence the design of the UKSPF and Leeds is playing an active part in that work.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 Extensive informal engagement has taken place since the referendum result to understand the emerging impact of Brexit in Leeds and the preparations that businesses, public and third sector partners, and communities are making. This activity has accelerated in recent weeks and months, including between services within the council.
- 4.1.2 Much of this engagement has been carried out by teams within the council as part of their normal day-to-day business, but has also been more explicitly led by both the elected member and officer working groups. Engagement activity continues with the response plan being shared amongst council and partner colleagues for further development. These relationships will also be vitally important to enable delivery of the plan.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 The Best Council Plan sets out how Leeds, as a City of Sanctuary, celebrates its rich diversity and aims to be a welcoming city for all. The council has recognised that Brexit has the potential to impact upon tolerance and unity. Fostering positive relations between diverse ranges of people in the city is a key part of the council's role, both within and amongst different communities. The actions noted within this report reaffirm the council's commitment to this aim and detail how it will work with partners to achieve this outcome.
- 4.2.2 The response plan recognises the complex nature of issues related to Brexit including the changes to citizen's rights, possibility of an increase in community tensions and the importance of a joined up response from a wide range of

institutions in the city. The actions that have been set out clearly contribute towards making sure people in Leeds are and feel safe, in addition to promoting community respect and resilience in line with the priorities outlined in the Best Council Plan.

### **4.3 Council policies and best council plan**

- 4.3.1 The 'Best City' vision outlined in the Best Council Plan is for Leeds to be a compassionate, caring city that helps all its residents to benefit from the effects of the city's economic growth, thereby tackling poverty and inequalities. The actions outlined in the response plan, particularly with regard to the economy and community, clearly align with and enable this ambition.
- 4.3.2 The council's Brexit preparations also contribute to the 'Best Council' ambition to be an efficient and enterprising organisation. The approach detailed in this and previous reports demonstrates the proactive approach that has been taken to minimising the impact of uncertainty and providing a framework for response after the UK's exit from the EU. It recognises the convening powers of the council and the facilitation role that it is able to play in bring partners together and providing effective place leadership that is recognised across all sectors locally and in the relationships held with government and other relevant parties.

### **4.4 Resources and value for money**

- 4.4.1 There are no direct resource implications relating to this report. Some of the actions contained within the response plan would require financial or other resources, however these are either already part of normal business or would be subject to further specific decision-making processes when required.
- 4.4.2 Corporate Governance and Audit Committee may wish to note that Leeds City Council was recently awarded £210,000 by MHCLG to assist with the administration costs of Brexit preparedness work. A small amount of this funding has so far been allocated to support economic impact analysis work and to cover some staffing resource to co-ordinate Brexit preparedness activity.

### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 There are no specific legal implications or access to information issues with this report.

### **4.6 Risk management**

- 4.6.1 The risks related to the UK's exit from the EU which are referenced throughout this report will continue to be monitored through the council's existing risk management processes as they have been to date.

## **5. Conclusions**

- 5.1 This report provides an update on the council's ongoing preparations for the UK's exit from the European Union, scheduled to take place on 29 March 2019. It considers the potential impact of Brexit impact on both council services and the wider city.

5.2 This paper focuses in particular on the proactive approach which has been taken towards the development of a response plan to deal with the ongoing uncertainty and guide the council and city's response to Brexit. The plan has been designed to be adaptable to a range of Brexit scenarios including 'no deal', approval of the Prime Minister's deal, and a prolonged period of uncertainty. It highlights the rationale for and scope of the response plan, along with further detail about how it is to be implemented.

## **6. Recommendations**

6.1 Corporate Governance and Audit Committee is requested to:

- Note the contents of the report and provide comment on the council's ongoing preparations for the UK's exit from the European Union.

## **7. Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.