

Report of Chief Executive

Report to Scrutiny Board (Strategy and Resources)

Date: 24th February 2020

Subject: Update on Leeds City Council's preparations for the UK's exit from the European Union

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" 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

1. Main issues

- Leeds City Council's preparations for the UK's exit from the European Union are ongoing. The UK has left the EU on 31st January 2020 and this report provides an overview to the Scrutiny Board of the council's activity in relation to this.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The approach to dealing with Brexit is set within the context of the council and the city's ambitions for a strong economy and compassionate approach. The council's strategies, governance framework, key partnership meetings, and established arrangements for risk management and emergency planning are being used for this work.

3. Resource Implications

- Leeds City Council was awarded £315k from central government for Brexit preparations, in line with other unitary authorities for 2018/19 and 2019/20. Funding has been allocated to support specific Brexit related work and to cover staffing resource to co-ordinate Brexit preparedness activity, with a sum held for contingency.

Recommendations

- Scrutiny Board are asked to note the current national position and the overview of council's activity in relation to the UK's exit from the EU.
- To use the information provided in the paper to inform its future work programme if required.

Purpose of this report

1.1 This report provides Scrutiny Board with an update on the current national position and the council's activity in relation to the UK's exit from the EU.

2. Background information

2.1 Since July 2016, shortly after the EU referendum result, the council has been working to prepare for EU Exit in line with a five-point-plan approved by Executive Board, as follows:

- 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 During 2019, Executive Board and Scrutiny Board received a series of reports about the strategic response plan covering the practical actions to be taken both in advance of and following EU exit against the backdrop of the ambition to have a strong economy and a compassionate city. This framework enabled a response to a range of EU exit scenarios, all informed by national planning assumptions and guidance.

2.3 The Chief Executive continues to be the regional Brexit lead for Yorkshire and the Humber, with a communication role between the 22 councils and Ministry of Housing, Communities and Local Government (MHCLG), Whitehall departments, and the Local Government Association.

3. Main issues

3.1 Following the European Union (Withdrawal Agreement) Bill 2019-20 being granted Royal Assent, the UK has left the European Union on 31st January 2020.

3.2 A core part of the Withdrawal Agreement however is that there shall be a "transition period" which begins when the UK leaves the EU and ends on 31st December 2020. During the transition period the UK will follow current EU law in broadly the same way as it did as a member state; for example trade barriers and immigration rules will not change.

3.3 The UK and the EU can jointly agree to an extension of up to two years; however this must be requested before 1st July 2020. Between the UK leaving the EU and the end of the transition period, the UK and the EU will be negotiating a future relationship building on the Political Declaration made by the UK and the EU on 17th October 2019. This will cover a wide range of areas including trade, transport, energy, visa

free travel and security. If there is not a new agreement in place by the end of the transition period, then the UK would leave the EU with “no-deal”.

- 3.4 Whilst there remains a possibility that the UK could leave the EU without a deal, it is less imminent and so the council will be concentrating in the next few months on the economic and social implications of the transition arrangements, including the EU Settlement Scheme, and new arrangements as they become clear e.g. trade and regulatory implications.
- 3.5 Existing regional and local reporting structures to central government remain in place on an exception basis during this next phase so that the implications can be monitored and reported.

Brexit Economic Impact

- 3.6 There are both risks and opportunities to the city’s economy from the UK leaving the EU. In addition to our existing relationships through Key Account Management (KAM) and the LEP, building on our previous economic impact work we are monitoring the economy and the council continues to work with businesses and business representative groups to ensure that we are best placed to take advantage of the regional, national and international opportunities and minimise the risks to the city.
- 3.7 Since the last Scrutiny Board report, there have been business roundtables involving a wide range of attendees from across the city, city region and Yorkshire and the Humber; including business representative groups, business intermediary organisations and representatives from LEPs and Local Authorities. Feedback from these sessions welcome that a “no deal” exit was avoided, but reinforces that a lack of clarity of the UK’s future relationship with the EU after the transition period is caused concern for businesses. This concern includes access to labour across the spectrum of the labour market, regulatory arrangements for key areas and customs arrangements. We will continue to engage through these business forums during this year as future arrangements become clearer.
- 3.8 In the roundtables there was particular concern for the agricultural, food and chemical sectors of the economy; both in labour shortages and particularly their vulnerability to the scenario of significant regulatory divergence. This reflects the findings of the Brexit Economic Impact Assessment presented to Scrutiny Board in September 2019. A key area of opportunity highlighted at the roundtable is the potential for the city and region is in the response to the climate change emergency; there is a belief that Leeds and the wider region can play a significant role in this area. Officers will explore this over the next year.
- 3.9 We continue to engage with the National Farmers’ Union (NFU) who attend the business roundtables in order to better understand the potential impact Brexit may have on agricultural businesses in Leeds and also the associated food industries. A link to the [Grow Yorkshire](#) website which contains information for farmers and food businesses to help prepare for Brexit has been added to the Leeds City Council Brexit landing page.
- 3.10 The West and North Yorkshire Chamber of Commerce conducts quarterly economic surveys to monitor economic trends and take the business temperature; the key headlines of the Q3 and Q4 2019 reports reinforce the evidence that the lack of clarity over Brexit has led to a fall in consumer and business confidence, with the manufacturing sector in particular affected. However there has been a recent slight increase in domestic sales and business confidence of late, although investment levels remains low by historic levels.

- 3.11 The LEP and Combined Authority have been reporting to the Department for Business, Energy and Industry (BEIS) on a regular basis any actual or potential economic impact from the UK's exit from the EU. Recent feedback from these mirror those highlighted in the Chamber of Commerce reports and intelligence from the business roundtables.
- 3.12 The information from the sources above, along with the findings of the Brexit Economic Impact assessment and our continued engagement with business, will continue to feed into our understanding of potential impacts on the delivery of our Inclusive Growth Strategy.

EU Settlement Scheme and Community Tensions

- 3.13 The council continues to progress the local implementation of the EU Settlement Scheme, providing support and a free ID checking service for EU citizens in five community hubs across the city. Local communications and promotional activity in relation to the scheme also continues to progress on a range of platforms including social media and through a number of local small grant funded voluntary sector organisations. The council continues to engage with the wider third sector locally and with colleagues regionally and nationally implementing the scheme.
- 3.14 The latest statistics have been released for the period up to 31st December 2019; up to this date nationally over 3 million people have applied to the scheme, and 28,830 people locally, have applied to the EU Settlement Scheme. Of the 28,830, 24,660 have had their application concluded:
- 13,810 have been granted settled status.
 - 10,720 have been granted pre-settled status.
 - 140 have other outcomes (e.g. invalid application, withdrawn etc.)
- 3.15 We are not detecting any specific community tension issues arising from Brexit at present, however with the UK looking to exit the EU and Brexit arrangements progressing, the council and partners are keen to manage any potential community tensions. Following existing work with partners not directly related to Brexit, a refreshed approach to tension monitoring has been developed and agreed. To facilitate this a partnership monitoring process has been established jointly with WY Police to understand and respond to community tensions through improved intelligence sharing capabilities, and training rolled out to staff to empower them to identify and report something that may contribute to community tensions.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The council will continue to use existing partnership arrangements to engage with key partners in the city, supplemented by specific arrangements where needed. The communication and engagement with partners so far has been very valuable.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The council will continue to monitor this using existing arrangements as the implications of EU exit become clearer, especially the impact on communities and vulnerable people. Where needed, an Equalities Impact Assessment will be undertaken as post-transition relationships become clearer.

4.3 Council policies and the Best Council Plan

- 4.3.1 Brexit continues to be a highly complex and dynamic policy agenda with a number of potential short, medium and long term implications for citizens, communities and businesses in Leeds. We will continue to use the ambitions and values to help deal with the uncertain context so that Leeds can be a compassionate city with a strong inclusive economy.

Climate Emergency

- 4.3.2 It is too early to know what the specific implications of EU exit will mean, but the Climate Change paper presented to January's executive board agenda describes the clear ambitions for the council and the city.

4.4 Resources, procurement and value for money

- 4.4.1 This will be considered on an ongoing basis as the implications of EU exit become clearer and will be subject to further specific decision-making processes when required. Leeds City Council was awarded £315k from central government for Brexit preparations, in line with other unitary authorities for 2018/19 and 2019/20. Funding has been allocated to support specific Brexit related work and to cover staffing resource to co-ordinate Brexit preparedness activity, with a sum held for contingency.

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

- 4.5.1 There are no specific legal implications arising from the recommendations in 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.
- 4.6.2 Relevant risks on the council's corporate risk register include the UK exit from the EU as a possible source i.e. an event that may cause a risk to arise.
- 4.6.3 A corporate risk on the impact of Brexit on the council has been developed and is being currently being reviewed under the council's standard risk management framework. The corporate risk draws information from the areas affected by Brexit.

5 Conclusions

- 5.1 This report provides Scrutiny Board with an overview and update on the current national position and the council's activity in relation to the UK's exit from the EU. Work will continue with partners in the city to exploit opportunities offered by EU exit and minimise risks

6 Recommendations

- 6.1 Scrutiny Board is requested to note the current national position and an overview of the council's activity in relation to the UK's exit from the EU.

7 Background documents¹

None

¹ 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.