

Executive

15 December 2020

Report of the Chief Operating Officer
Portfolio of the Leader of the Council

Update on the Council's preparations for the UK's exit from the European Union – End of Transition

Summary

1. This paper provides an update on City of York Council's (CYC) preparations for the end of the Transition period scheduled to take place on 1st January 2021, following UK's exit from the European Union (Brexit), on 31st January 2020.
2. Negotiations between the UK and EU are continuing, so at this point it is not possible to determine the full nature of the future arrangements (including whether there will be a trade deal or no deal at the end of the transition period). However, regardless of the eventual outcome, there will be substantive changes to the relationship between the UK and EU and, to some extent, the rest of the world.
3. In preparation, officers have undertaken a review of areas of potential change within the Council, as guided by the UK Government, in addition to linking in with work that is taking place upon a regional and national footprint.
4. To note, although discussions have taken place with the Council's Emergency Planning team, this work is distinct from the work being carried out by the Local Resilience Forum to prepare for potential day-one challenges posed by Brexit and other pressures during the winter months.
5. From the work to date, it is difficult to identify any significant and immediate quantifiable impact across York. This is partly because some larger organisations have made some appropriate preparations to adapt to changes. However, more broadly, as a result of the ongoing uncertainty of future arrangements and the burden of Covid-19, many

organisations have not been able to fully assess the impacts on their business. The lack of clear intelligence of impact does not, therefore, provide assurance that there are no risks.

6. Nonetheless, what is clear is that continued uncertainty surrounding future transition arrangements, particularly when most organisations are having to concentrate on their response to the pandemic, or adapt to new national guidance, is an area of concern for many local businesses and organisations.
7. The longer term impacts will depend on the nature of the future relationship with the EU, which is still to be determined. However, given the evolving landscape owing not least to the Covid-19 pandemic, there is potential for Brexit-related changes to disrupt or exacerbate challenges already faced by the city if residents, businesses and organisations are unable to make the required preparations.
8. This report focuses mainly on the preparations of the Council, recognising that there are a number of areas for which there are necessary actions to support both council preparations and residents and businesses. There are also many aspects of the end of transition for which the council has limited influence.

Recommendations

9. Executive is asked:
 - a. To note preparations that have taken place ahead of the end of Transition;
 - b. To requests Officers to continue to monitor the end of Transition and its potential impacts on the Council and city; and
 - c. To requests Officers to continue to work at a national, regional and local level to support the city's preparations for the end of Transition.

Background

10. The transition period following the UK's departure from the European Union ends on 1 January 2021. At present, there is no agreement in place on the future relationship between the two parties. If no agreement is reached by the end of the year, UK-EU trade

arrangements will revert to World Trade Organization (WTO) rules and co-operation arrangements in other sectors will end.

11. In reality the timeframe for agreeing a deal is somewhat shorter given the need for ratification. Swift ratification is also based on the assumption that the agreement will not be “mixed” (i.e. a trade agreement that also deals with regulatory or investment issues). A mixed agreement would also require ratification within each Member State, although aspects could be applied provisionally ahead of full ratification. This tight timetable will also need to take into account external pressures, most notably Covid-19, which is causing significant disruption across Europe.
12. Regardless of whether a deal is reached, there will be significant changes to the way in which the UK deals with Europe and to some extent the wider world.

Preparations for Brexit

13. Officers have conducted preparatory work within the Council to ensure that any emerging concerns were flagged either within the internal Council structures or with the UK Government through the network of Brexit contacts. Unlike previous phases of the Brexit process, there have been no recent specific communications to the Lead Brexit Officer from Government, either in terms of information or requests for action.
14. In preparation for the end of the transition period, the Council has been guided by information provided by Government to all local authorities as part of a [“Preparing local government for 1 January 2021”](#) toolkit. This provides a list of guidance notes which may be relevant.
15. This report provides an overview of the actions that local authorities are requested to undertake to ensure that the country is prepared for the changed environment.

EU Settlement Scheme

16. After the transition period ends, EU citizens wishing to live and work in the UK will be subject to the same immigration procedures as people from the rest of the world.

17. Those European residents already living in the UK permanently before this date will be able to apply to the Settlement Scheme until 30 June 2021.
18. The Settlement Scheme ensures that EU residents who successfully apply can:
 - Work in the UK
 - Use the NHS for free, if they can at the moment
 - Enrol in education or continue studying
 - Access public funds such as benefits and pensions, if they are eligible
19. Most recent figures by the Government suggest that there have been 6,650 applications to the Settlement Scheme by people living in York with 6,470 concluded applications. This is out of an estimated EU population of 7,000.
20. Of the concluded applications:
 - 3,680 achieved settled status – those who had been in the UK for more than 5 years
 - 2,690 achieved pre-settled status – for those who have lived in the UK for less than 5 years
 - 100 were other (i.e. not eligible)
21. This is comparable as a proportion of population to other cities across the UK.
22. It is worth noting that the official estimates of EU residents in York will include people with Irish passports. Those individuals do not need to apply for settlement status as their right to live and work in the UK is covered in separate legislation.
23. Unfortunately, owing to the Covid-19 pandemic, the biometric identification support that had been offered to York residents by Registration Services has not been available for the majority of the year. Similarly, face-to-face advice by Citizens Advice York (which the Council sponsors) was also not available for a large portion of time.
24. Although the deadline for applying for the scheme for those EU residents already in the country is June 2021, communications will be

released in the run-up to the end of the transition period to ensure that people are aware of the scheme.

25. Work is also underway to target those groups with older demographics who appear less likely to have applied for the scheme based on available data.

Changes to immigration rules

26. Linked to the end of the EU Settlement Scheme are the changes to the UK's immigration rules post-Brexit which may have an impact on staffing resource.
27. The new immigration system that is being introduced by the Government will be based around a points based system for skilled workers. This system is now live.
28. Skilled applicants will need to have a skill level of RQF3 – equivalent to A Levels. They will also need to be paid the higher of the specific salary threshold for their occupation ('going rate') or the general salary threshold of £25,600.
29. There is no route into the UK for non-skilled labour (other than as a family member/dependent of a skilled migrant in some cases).
30. While the changes to the immigration system have been noted, no risk to Council services has been identified.

Legal services and procurement

31. In advance of previous Brexit deadlines, legal services conducted a review of contracts for the Council's major suppliers to ensure that there would be no risk to the Council owing to the UK's changing relationship with Europe. Brexit clauses were inserted into contracts to ensure compliance.
32. No further risk has been identified by legal services following this prior work and in anticipation of the end of the transition period at this point.

Adult's and Children's Services

33. No direct risk has been identified by Adult's or Children's services at this point.

34. City of York Council has a duty of care to vulnerable residents some of whom may need support in applying to the Settlement Scheme. However, it is estimated that there are relatively few residents in care from the European Union. As part of the drive to highlight the Settlement Scheme information will be sent to care home providers.
35. Linked to the new immigration rules, there has been comment nationally about pressures on the social care sector around the loss of workforce. While this risk has not been quantified in York, supply-side pressures in other parts of the region and wider country could pose a significant challenge longer-term.

Education

36. As part of preparatory work, CYC has engaged with York Schools and Academies Board to gain an understanding of any concerns that are emerging within the education sector and have also issued information relating to Brexit as part of Headteachers' briefings.

Communities

37. Work has continued to reach out to the various community groups in the city.
38. The Council's communities team have previously held sessions to direct individuals to the right services if they have issues around migration advice and, in particular the Settlement Scheme.
39. While there have been no widespread issues regarding discrimination, this maintains an area which is being monitored. A new Hate Crime Action Plan is intended to address issues that may emerge in York.

Economic development

40. As part of the development of the city's long term economic strategy and in response to the Covid-19 pandemic, the Council's economic development team has hosted a series of roundtable events with business stakeholders in the city.
41. At one of the roundtable meetings, concerns were raised from the construction industry related to the movement of goods, people and

materials while bio-economy and life sciences business raised concerns over future funding for projects.

42. Overall, the consensus emerging from the business community was that the pandemic has taken up the vast majority of capacity so that preparatory work for Brexit had not been at the forefront of business planning.
43. Where businesses had engaged, there had been concerns over a lack of clarity as to what needed to be prepared for (given the uncertainty of the UK and EU agreeing a deal before 31 December) and a lack of technical information from the Government. This view is representative across the country as business struggle to prepare for the changed relationship between the UK and EU while also responding to the Covid-19 pandemic.
44. It should be noted that whilst few concerns have been raised, this should not be taken to mean there are no risks. With businesses more immediately concerned with Covid-19 restrictions, and future trading relationships still unclear, we do not consider that it will have been possible for the implications of supply chain or trading changes to have been fully assessed. The ability to quantify the overall risk at a York level is, therefore, limited.
45. The Governor of the Bank of England has recently given the view that whilst Covid-19 has the biggest impact on the economy at this point, a failure to reach a trade deal with the EU would have a much larger and longer impact on the economy. The consequences for York of no deal being reach could, therefore, be significant.
46. Trading Standards identified no concerns related to the changing landscape of enforcement.
47. The impact of Brexit on the tourism economy of York continues to be uncertain. A potential reduction in foreign visitors (for any reason, for example, concerns over and cost of non-reciprocal access to health services) could impact, but an increase in UK citizens holidaying domestically instead of in Europe for similar reasons could provide some counterbalance. The overall impacts, therefore, remain difficult to predict.
48. Moving forward, Officers will continue to monitor developments that will likely have implications for the city, including the structure of the new

Shared Prosperity Fund, some details of which emerged within the recent Spending Review announcements.

External liaison

49. During previous Brexit deadlines, the Council was linked into Government via the Lead Brexit Officer role. This time, that role has not been used in the same way and direct communication with Government has been less (which is likely to reflect a greater focus on Covid-19 at this point). While Government has not yet requested regular returns from local authorities as per the previous Brexit deadlines it is anticipated that these may be required as we approach the end of the transition period.
50. Information on regional business preparations is shared via a group established by Tom Riordan, Chief Executive at Leeds City Council who is the Brexit liaison between the wider region and UK Government. The most recent meeting hosted by Leeds took place on 21 October 2020. Further meetings will be held in due course.
51. A series of meetings is also being organised by the YNY LEP in advance of the end of Transition both with business groups and local authority partners to share information and advice.
52. Council Officers have participated in virtual roundtables with other local authorities, through the LGA, LGiU and West Yorkshire Combined Authority with an aim of sharing information and learning through examples of best practice. These roundtables have highlighted commonality across the country with regard to preparatory work.
53. Work with city partners also continues although no risks have been directly raised with the Council recently.
54. Brexit has been raised as a topic in York Strategic Partnership Group meetings.

Conclusion

55. While focus has understandably been on the Council's and wider city's response to the Covid-19 pandemic, this has not stopped work to prepare for Brexit.

56. Whilst we are confident that the Council has done what it can, and many organisations have taken the steps appropriate for them, there is limited certainty of the impacts on and preparedness of smaller organisations who have not been able to assess the direct impact of changes upon their activities. For this reason, it cannot be assumed that there will be no adverse impact.

57. That said, work must continue to monitor the situation and to guide residents and businesses to the information they need, especially at a time when the economic and social landscape is constantly shifting, owing to the pandemic.

Consultation

58. Officers have consulted with services from across the Council in addition to external stakeholders on a local, regional and national basis as part of preparatory work for Brexit.

Council Plan

59. As the final outcome of Brexit negotiations is yet to be determined it is not possible to identify with certainty the impact of the UK's departure from the EU on the Council Plan.

Implications

- **Financial** – no impacts identified
- **Human Resources** – no impacts identified
- **One Planet Council / Equalities** – no direct impacts identified.
- **Legal** – no impacts identified
- **Crime and Disorder** – no impacts identified.
- **Information Technology** – no impacts identified.

Risk Management

60. There are no specific identified risks associated with the recommendations of this report.

Contact Details

Author:

Will Boardman

Head of Corporate Policy and
City Partnerships

Samuel Blyth

Strategic Manager, Corporate
Policy and City Partnerships

Chief Officer Responsible for the report:

Ian Floyd

Chief Operating Officer

Report

Approved

Date

07/12/20

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report