

Private and Confidential



26 October 2018

Dear Jo,

PREPARATIONS FOR EU EXIT

Thank you for your letter of 19 October regarding preparations for EU exit.

As a Combined Authority alongside Leeds City Region LEP, we are working with our local authorities and other partners to prepare and support the city region's businesses and communities ahead of the UK's withdrawal from the EU, whilst focusing on key areas of opportunity to support the city region's growth ambitions.

In terms of EU exit planning, this has been constrained to a great extent by the uncertainty around deal negotiations and the significant differences that various scenarios present to both the economic and social landscape, as well as the additional resources required to do this alongside existing delivery commitments. However through the Combined Authority's research and intelligence function, policy and formal and informal networks, we are doing as much as possible to prepare for both deal and no deal scenarios. The following key themes of activity are already taking place, or are ongoing, which will assist the organisation to best respond to issues and challenges as they become clarified (most of these are explained in more detail in [a recent West Yorkshire Combined Authority report](#)):

- Support to businesses – using our business support schemes to provide greater resilience (and seeking greater flexibility in the deployment of these funds – see below);
- Skills – product development to support upskilling and meet the needs of businesses specifically impacted by Brexit;
- Investor development – ensuring we have the capacity to respond the needs of key businesses in the city region;

Trade – maximising domestic and international trade opportunities in a new and emerging environment;

- Inward investment – driving investment from key global markets;
- Ensuring continued delivery of European Structural and Investment Funds (ESIF) and leading the region's input to the shaping of the UK Shared Prosperity Fund - to ensure that Government maximises the fund value for allocation to LEPs and city regions, and minimises strings;
- Developing policy to make sure our response maximises opportunities and keeps up to date with changing issues;
- Monitoring the risks to delivery of the Combined Authority's Transport Services functions, including the supply chains for train and bus assembly and legislation affecting transport operations
- Exploring how procurement may operate in the future, outside of OJEU processes, as this will have an impact on how we deliver particularly large projects and the requirements on state aid. There are particular opportunities that we believe Government should be looking into around ensuring greater local value and less bureaucracy, making procurement easier to access for SMEs.
- Preparing for any new regulations with regards to the employment of EU nationals and ensuring compliance in new recruitment.

In response to your request on what engagement we have had to date with central government departments or their agencies, the Combined Authority has undertaken the following:

- Submitted evidence to the Migration Advisory Committee's investigation into "EEA Workers in the UK Labour Market"
- Briefing on the DEXEU Select Committee meeting in Leeds in June about opportunities and risks to regional economies
- Intensive work with MHCLG on designing the Shared Prosperity Fund, including officers involved in working groups and various informal consultation sessions
- The CA/LEP has, in partnership with DIT, established an investor development team to initiate strategic conversations with specific foreign owned companies that currently do not have an established relationship with Government. This is generating significant firm-level qualitative intelligence, which is being shared with DIT, local authorities and other policymakers.
- Regular discussions between the LEP/CA and regional agent of the Bank of England on economic conditions and business confidence.

- Yorkshire and Humber regional Leaders have also been working closely with the Local Government Association on the issues where councils need clarity in the immediacy of EU exit, which we know are subject to discussion with Government departments.

We will also be seeking more flexibility on our Growth Deal funding in order to deploy it at short notice if required - for example if there is a need to safeguard companies and support investments, and more needed on skills and training. It is our view that any required work to stabilise the city region economy should come ahead of rules around funding pots, and are seeking Government's agreement to this.

As we move closer to either an agreed deal scenario or a no deal exit in March, it would be helpful to have a greater level of engagement with departments on a practical basis. We would welcome the opportunity to engage further with the Ministry of Housing, Communities and Local Government in particular on these matters, and would be happy to host a regional workshop or a separate meeting at the West Yorkshire Combined Authority.

Yours faithfully,

Ben Still
Managing Director, West Yorkshire Combined Authority