

Report to: West Yorkshire Combined Authority

Date: 10 October 2019

Subject: **Brexit update**

Director: Alan Reiss, Director, Policy, Strategy and Communications

Author(s): Alex Clarke and Ian Smyth

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To provide an update to the West Yorkshire Combined Authority on the organisational preparation being undertaken by the West Yorkshire Combined Authority (Combined Authority) and Leeds City Region Local Enterprise Partnership (LEP) as the UK prepares to leave the European Union, in particular the increase in activity ahead of 31 October. Given the fast moving nature of this work, a further verbal update may be provided at the meeting.
- 1.2 To approve delivery of the Brexit Business Support Scheme from November 2019 to the end of March 2021 via the allocation of £2m from the overall Business Growth Programme (BGP) budget.

2. Information

- 2.1 The Combined Authority and LEP continue to support the city region in preparing for Brexit. In particular, the LEP is playing a proactive role in providing support to the city region's businesses as they plan for the opportunities and challenges they may have as a result. This paper updates on key activities that ensure the preparedness of the Combined Authority.

Business Support

- 2.2 The LEP is **collecting and coordinating intelligence on business preparation activities**, and providing updates to BEIS, DIT and MHCLG. Following a request from Government, the LEP will now coordinate intelligence-gathering and additional activity to support businesses across Yorkshire and Humber to prepare for, and respond to, Brexit. This is via the role of Cluster Lead for the Growth Hubs in the region, with the model being replicated across the country via another nine clusters. In addition, local economic performance is monitored through a tailored Brexit monitor report.
- 2.3 The Growth Hub continues to prepare to be as ready as possible for the impacts of Brexit, meeting regularly with business support leads in each local authority to ensure alignment with other activity.
- There are now **19 Growth Managers** (FTEs) in the city region all focused on supporting businesses with Brexit preparation and response. The Combined Authority will shortly be **training all Growth Managers and other key business-facing staff on the latest Brexit key issues and challenges** to support their business engagement work. A weekly conference call discusses issues raised by businesses.
 - There will be Growth Hub presence at as many forthcoming **Brexit-related business events in the city region** as possible, including engaging with regulators, intermediaries, business membership organisations, business weeks, as well as Government and local authority events.
 - Working with local authority partners and Government to strengthen **engagement with larger and higher impact city region businesses** to understand their plans towards Brexit.
- 2.4 A number of potential **business support products** have been developed that could be enacted should there be a non-negotiated exit from the EU. This includes a proposed £2m **Brexit Business Support Scheme**, which will provide SMEs with access to independent professional / technical advice with issues directly related to Brexit. For example, new regulations or required accreditations, risk and financial planning (including currency management), data storage/access, intellectual property and workforce/skills planning. The proposed scheme will help SMEs to understand the issues facing them via a diagnostic and action planning process. It will then help them identify and procure the most appropriate support, and provide funding of up to £5,000. A request has been sent to BEIS for flexibility to utilise existing Growth Deal capital funding (currently committed to the Business Growth Programme) to finance this scheme. This approach, and the scheme as a whole, was endorsed by the LEP Board at its meeting on 25 September 2019. The scheme criteria is attached at Appendix 2.
- 2.5 The scheme has been designed to complement **wider support programmes** around skills (re:boot and employment hub) and business support (investor readiness and business resilience) launched with particular consideration given to responding to Brexit issues. An additional **working capital loan**

product is also being designed with input from a private sector partner. External support has been engaged on developing these programmes as required, and accelerated decision making and delegations are being considered.

- 2.6 The LEP is also gaining clear understanding of the Brexit **business support interventions and funding that will be provided by central Government** in a no-deal scenario – in particular on cashflow (i.e. through HMRC’s Time to Pay and Business Payment Support Service (BPSS)), expert trade, regulation and employment advice, business support helpline and any emergency assistance grants. It is also working a private sector partner to design a compliant working capital loan product should there be future demand for this.

Communications

- 2.7 The Combined Authority, in collaboration with partners, has developed a Brexit communication strategy that is cognisant of the role the LEP should be taking given the context of the Government’s extensive ‘Get ready for Brexit campaign’. The key objectives are:
- To **promote and reinforce the LEP Growth Service** as the go-to place for business support, particularly pre and post Brexit support, and signposting relevant information, support and events, particularly through the dedicated Brexit mini-hub.
 - To **amplify the Government’s ‘Get ready for Brexit’ campaign** using LEP channels, directing businesses based in the Leeds City Region to the Government’s preparation advice.
 - To start to **promote the behaviours of resilient businesses** and related support provided by the LEP
- 2.8 We are enhancing the reach of our local campaign by seeking to appoint a digital marketing specialist to support increasing the reach of our Brexit communications to businesses. We are also scenario planning for potential developments to ensure we provide clear and consistent messages to businesses and the public, including where to go for support and assistance. Further MHCLG funding has been applied for to support this development.

Organisational Readiness

- 2.9 The Combined Authority is continuously assessing the potential impact of Brexit in the region, complementing and adding value to work that has taken place at the national level or individual local authority by utilising sources such as the Leeds City Region business survey. The overall impact of the implications of Brexit on the regional economy is reported in regular economic updates to the Combined Authority and LEP Board.
- 2.10 With the impact likely to differ significantly depending on whether there is a negotiated deal and transition period or a non-negotiated exit, the conclusions of the assessment work (see Appendix 1) look as far as possible to consider both scenarios, drawing out a number of recommendations. Using these as a guide, the Combined Authority and LEP has developed a single focussed

action plan for the period up to 31 October (and potentially beyond depending on developments). This planning remains flexible to adapt to either a negotiated Brexit deal or a non-negotiated exit.

2.11 The action plan is also being used to prioritise additional funding received in connection to Brexit, including the £182,000 of funding that has been received from Government to assist in Combined Authority Brexit preparations. The high level priorities of the action plan are:

- Ensuring the organisation coordinates Brexit planning across directorates
- Regularly liaising with local authority partners and others on understanding risk and sharing plans
- Supporting businesses to be resilient and to exploit new opportunities
- Ensuring that delivery of projects and services is not adversely affected, including investment into key schemes, with risks identified and mitigated
- Engaging with transport providers in the region to understand their planning and areas of concern regarding Brexit.
- Preparing the organisation for changes effecting how we operate (in a no deal or transition arrangement) in terms of GDPR, procurement, HR etc.
- Communicating with staff who may be affected by the European Settlement Scheme and offering proactive support
- Monitoring and modelling the potential impacts of Brexit and collecting qualitative evidence to influence policy and decisions
- Ensuring maximum benefit from remaining EU funding, influencing the ESIF national reserve funds and leading the region's input to the shaping of the UK Shared Prosperity Fund

2.12 In order to ensure that the city region is best able to respond in the event of a non-negotiated exit from the EU on the 31 October, it is important that the Combined Authority and partners can work quickly and agilely on decision making and sharing intelligence. In order that processes can function from day one if required, a number of important developments have taken place or will be actioned in the following weeks:

- Mirroring emergency response arrangements at the Local Authority level, the Combined Authority has **established 'Gold' and 'Silver' working groups to coordinate its Brexit response**. These structures can then be further mobilised as required to include greater frequency and preparing for decision making.
- The LEP will **coordinate business intelligence responses to Government through its lead cluster role for Yorkshire and Humber**. This aligns with the Brexit regional lead role of the Chief Executive of Leeds City Council in relation to communication. The Combined Authority is also engaged with the West Yorkshire Resilience Forum.
- **Convening a group of staff across the organisation** who are giving significant time to support Brexit-related activity, plus identifying a further staff who can be mobilised quickly should a surge of resource be required.

- **Ensuring that local no deal Brexit business support programmes are ready to be operational** as soon as required and, should additional funding not be provided directly by government, confirming with BEIS the flexibility to utilise Growth Deal funding. This includes the proposed £2m LEP Brexit Business Support Scheme described at paragraph 2.4 and in Appendix 2.

3. Clean Growth Implications

There are no clean growth implications directly arising from this report.

4. Inclusive Growth Implications

There are no inclusive growth implications directly arising from this report.

5. Financial Implications

- 5.1 This report asks the Combined Authority to allocate £2m from the Business Growth Programme to fund the proposed Business Support Scheme (see paragraph 2.4). This allocation is subject to securing the required funding flexibility from BEIS and assumes no additional funding being provided directly by government.
- 5.2 Internal preparations continue to be undertaken using a combination of existing people resource and specific Brexit funding provided by BEIS and HMCLG. It is anticipated that Government will fund any additional activity they request beyond work already taking place within local areas, for example the short term focus on providing intelligence to central government departments.

6. Legal Implications

- 6.1 Due to the fluid nature of Brexit negotiations, it has not in this instance been possible to provide the statutory 28 days' notice of this key decision being considered. However, in accordance with the Combined Authority's Access to Information Annex to Procedure Standing Orders (part 1 section 7C – General Exception), the Chair of the Overview and Scrutiny Committee has been notified, notification has been published on the Authority's website and 5 clear days has elapsed following the day of publication of the notice. Accordingly, as set out in the rules of General Exception, the Combined Authority may still make the decision.

7. Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1 No external consultations have been undertaken.

9. Recommendations

- 9.1 That the West Yorkshire Combined Authority note this update on the organisational preparation being undertaken by the Combined Authority and LEP as the UK prepares to leave the European Union, providing any comments for further activity.
- 9.2 The Combined Authority is recommended to approve delivery of the Brexit Business Support Scheme (see paragraph 2.4), in the event of a non-negotiated exit from the EU, from November 2019 to the end of March 2020 via the allocation of £2m from the overall Business Growth Programme budget. This being subject to securing the required funding flexibility from BEIS and no additional funding being provided directly by government.

10. Background Documents

None.

11. Appendices

Appendix 1: Recommendations from Brexit impact assessment
Appendix 2: Business Support Scheme Criteria