
Report to: West Yorkshire Combined Authority

Date: 6 February 2020

Subject: **Brexit**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" 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) for the United Kingdom's exit from the European Union, in particular the transition period following Withdrawal Agreement ratification. Given the fast-moving nature of this work, a further verbal update may be provided at the meeting.

2. Information

- 2.1 The Combined Authority and LEP has continued to support the city region in preparing for Brexit over the period since the EU referendum. As the country enters the transition period until 31 December 2020, 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 of a new business environment. This paper updates on key activities that ensure the preparedness of the Combined Authority for the transition period and beyond.

Approach to the transition

2.2 Much of the work of the Combined Authority and LEP to date in working with partners and supporting businesses on preparing for Brexit continues to be the right approach for the transition phase. However, it is important that plans for the period up to 31 December 2020 and the end of the transition acknowledge specific dynamics, developments and scenarios that are likely to unfold during the year, specifically:

- What arrangements are proposed for trade with the UK moving out of the single market and customs union
- What new customs processes and cross-border VAT arrangements will be proposed
- Whether a free trade agreement will be in place or Great Britain will trade on World Trade Organisation (WTO) terms with the EU
- The proposed new immigration system
- Whether there is a return to “operation yellowhammer” resilience preparations or similar partnerships
- What specific legal and regulatory changes will businesses need to prepare for and when
- Whether progress is made on emerging trade deals with other parts of the world.

2.3 In response to these dynamics of the transition phase, the Combined Authority and LEP will need to focus on what role it can play alongside other partners. Whilst the Gold and Silver Command arrangements will continue to meet and discuss regularly, the focus of activity will now look to take a more strategic approach to considering specific Brexit issues – including the impact of key policy changes such as on immigration, trade policy, regulatory changes, legal/contractual matters, future funding models (including Shared Prosperity Fund) and on data. The Combined Authority will also focus its Brexit activity on:

- Continuing to work in partnership – both with local authorities and with other key partners, such as Chambers and other business membership/representative organisations – sharing plans and coordinating activity
- Understanding the implications for business of the UK’s future trade relationships – including the opportunities and threats to certain sectors and markets. The Combined Authority is supporting work at a Yorkshire and Humber level on this matter, led by Tom Riordan (Chief Executive of Leeds City Council).
- Continuing to work with businesses to ensure preparedness and resilience, with a focus on regulation, legal issues and financial management
- Developing a communications plan for businesses, that focusses on what they need to do before the end of the transition phase
- Coordinating the Yorkshire and Humber Brexit cluster, including on business intelligence and potential opportunities.

- Keeping emergency response arrangements updated in the background to ensure preparedness if required

Business support

- 2.5 As over previous months, the LEP continues to collect and coordinate intelligence on business preparation activities, and provide updates to BEIS, DIT and MHCLG from across Yorkshire and Humber. 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. Frequency for this intelligence reporting has now moved to a fortnightly basis.
- 2.6 The Growth Hub continues to prepare to be as ready as possible for the impacts of Brexit on businesses, meeting regularly with business support leads in each local authority, with representatives of leading business membership bodies (via the Business Communications Group) and directly with businesses themselves via the LEP's business-facing teams and marketing activities to ensure alignment with other activity.
- 2.7 The team of SME Growth Managers has now risen to 19 FTEs who are supporting over 1,000 businesses to access the right support to meet their growth and resilience needs across the City Region. In addition, the Combined Authority has commissioned a legal firm to work intensively with a cohort of the City Region's large UK-owned businesses. This will provide valuable insight into the practical challenges and opportunities facing the businesses, and help to inform future policy and activity regionally and nationally. Furthermore, the LEP's £2 million Brexit Business Support scheme has been developed and is ready to be implemented. However, this has been paused until further clarity on the new business-facing campaign from the Government, and any associated resources for the LEPs/Growth Hubs, has been received.

Communications

- 2.8 As the Government's 'Get ready for Brexit campaign' has been paused indefinitely, the Combined Authority, in collaboration with partners, has looked to revise its Brexit communication strategy to reflect what communications will be required during the transition phase. This strategy will need to be flexible to respond to changes as they develop. Current activity includes:
- The LEP co-ordinated a Brexit roundtable, held on January 20th, in partnership with business media outlet The Business Desk. It was attended by local business leaders and intermediaries. Topics and insights from that discussion will provide the basis for future communications content for businesses about how to prepare for changes ahead.
 - The LEP is currently running a digital and print advertising campaign to promote the Growth Service and the wide range of business support currently available. This campaign will be tailored as required to meet any specific opportunities during the transition period.

- Work is underway to scope an integrated communications and marketing plan, aimed at SMEs in the Yorkshire and Humber, to provide peer-to-peer business advice and expert insights that will consider topical challenges and opportunities in a pragmatic way. Issues related to Brexit will be an important part of this work.

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 There are no financial implications directly arising from this report.

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 There are no legal implications directly arising from this report

7. Staffing Implications

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

8. External Consultees

8.1 Information about engagement with partners is contained in the report.

9. Recommendations

9.1 That the West Yorkshire Combined Authority endorse the organisational preparation being undertaken by the Combined Authority and LEP as the UK prepares to leave the European Union.

10. Background Documents

None.

11. Appendices

None.