
Report to: West Yorkshire Combined Authority

Date: 10 December 2020

Subject: **EU Exit: End of Transition Period**

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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 on organisational preparation being undertaken by the West Yorkshire Combined Authority (Combined Authority) and Leeds City Region Local Enterprise Partnership (LEP) for the end of the European Union transition period which is due to finish on 31 December 2020. Given that UK-EU negotiations are ongoing, a verbal update will be provided at the meeting.

2. Information

- 2.1 The Combined Authority and LEP has continued to support the city region in preparing to exit the EU over the period since the referendum, working closely in particular with local authorities in West Yorkshire. With the transition period ending on 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 end of the transition period.

Implications of the end of the EU transition (and potential agreed trade deal)

- 2.2 The impact of COVID-19 has substantially altered the environment in which the end of the EU transition phase will now take place. In particular, the implications of the end of the transition period occurring during ongoing restrictions have undoubtedly impacted on the preparedness of the Government, businesses and individuals for the impact of these changes.
- 2.3 As we enter the final stages of the transition phase, there remains a substantial amount of detail, regarding future trading arrangements with the European Union in particular, that continues to be updated. At the time of writing there has been no confirmation of what trade deal with the European Union might be agreed before the end of the transition. This creates an additional difficulty for individuals and businesses in West Yorkshire to ensure they are preparing appropriately.
- 2.4 Within this uncertain context, from what is known already the key implications for West Yorkshire of the end of the transition are likely to be:
- New customs processes, tariffs and cross-border VAT arrangements for those trading outside of the UK
 - Legal and regulatory changes to conducting business, but also to the sharing of data, recognition of qualifications and other transactions
 - The implementation of a new immigration system – ending freedom of movement to and from the European Union
 - The end of access to European funding sources, with the introduction of the Shared Prosperity Fund for the UK (see more in item 10) and national infrastructure bank
 - The end of access to new European Union programmes and initiatives (unless a separate agreement is made in relation to a programme)

Business support

- 2.5 The LEP and Combined Authority has re-commenced regular meetings of the regional export forum. This brings together the main export support providers in the City Region, including the two Chambers of Commerce, the Enterprise Europe Network (EEN) and the Department for International Trade (DIT). The forum is a valuable mechanism to share intelligence on the impact of EU Exit 'on the ground' amongst businesses engaged in international trade, and to help shape and inform appropriate interventions at the local, regional and national level.
- 2.6 The LEP's Growth Hub recently received Government funding of £81,000 to bolster the City Region's capacity to support firms to prepare for, and respond to, the impact of EU Exit up to the end of March 2020. This is a share of a £2.4m national allocation and can only be used to provide one-to-one advice and guidance directly to businesses. With the end of the transition period so close, and increasing demand from firms for support in this area, an open procurement exercise was commenced in mid-November 2020 to appoint an organisation(s) to provide more specialist bespoke EU Exit support aligned to the Growth Hub offers. An update on the outcome of the procurement, which

the Combined Authority led on behalf of the four Growth Hubs/LEPs in Yorkshire and Humber, will be provided at the meeting. The regional approach was taken in order to achieve the best possible impact on value for money and business reach.

- 2.7 At the time of writing, the Government has confirmed that there will be an additional national allocation of £4m for Growth Hubs across England to support businesses with the impacts of EU Exit. For West Yorkshire, this is expected to be in the region of an additional £100k for generalist and specialist business advice and support (inbound and outbound), and circa £60k for enhanced gathering and reporting of business intelligence and for regional coordination of events focussed on EU Exit. Regional and pan-Northern approaches are currently being explored to maximise business reach and impact, and to deliver good value for money. As above, a verbal update will be provided at the meeting.
- 2.8 A number of other activities are being delivered by the LEP and Combined Authority including an action research project to understand the likely impact of EU Exit on circa 150 of our existing more experienced exporters, a series of expert webinars in partnership with the York & North Yorkshire LEP on the key topics and issues that businesses need to be aware of and take action to mitigate against, training and development sessions for the team of 21 SME Growth Managers to better prepare their circa 1500 clients for EU Exit and additional export-related training via the West Yorkshire Consortium of Colleges.

Transport

- 2.9 The Combined Authority continues to liaise with transport operators on their preparedness, with particular regard to identifying any risks to continuity of bus and rail services and longer term impacts upon the sector. While there are some continuing areas of uncertainty, bus and rail operators are currently reporting no significant concerns around potential major service disruption immediately following the end of the transition period. The priority areas in which bus and rail preparations are currently being focussed are:
- Supply of spare parts and ensuring that arrangements are in place to secure specific parts from non-EU markets if needed
 - Ensuring sufficient fuel stocks and mitigation arrangements for the supply of fuel are in place, in the event of any disruption to national fuel supplies.
 - Continuing to monitor the impact, in addition to the Covid-19 pandemic, on overall operating costs and identifying issues early with regard to potential business defaults and the potential impact upon service continuity.
 - Labour supply chain and the impact on bus operators of changes to the Certificate of Professional Competence arrangements for drivers, although this is expected to have a minimal impact on the domestic market
 - Ensuring that Train Operating Companies can continue to source specialist technical engineering support, where this is currently sourced from EU companies

Organisational preparedness

- 2.10 The Combined Authority has a cross-organisational action plan to ensure that, in addition to the measures to support businesses and the transport sector, internal organisational preparations are in place for the end of the transition period. This includes ongoing work to ensure business continuity is maintained in the following key areas:
- Providing information and support to staff directly affected by the EU Settled Scheme in line with government guidance
 - Monitoring any changes required to HR legislation and planning for the resultant impact on policies and procedures
 - Continuing to engage with the Cabinet Office on changes to procurement regulations and preparing for the impact of these upon internal procurement systems and processes.
 - Ongoing monitoring of live contracts, particularly those where there is a reliance on EU supply chains, to identify any risks to continuity of service
 - Continued review of any further changes to standard contractual terms and conditions, which could be required in the future in line with any national changes.
 - Ongoing monitoring of data flow into and out of the organisation where data is being processed/held outside the UK, to identify and mitigate any risks to business continuity or to data security.

3. Clean Growth Implications

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

4. Inclusive Growth Implications

- 4.1 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 funding provided by BEIS and HMCLG.

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 transition period of the UK's exit from the European Union comes to an end.

10. Background Documents

- 10.1 None.

11. Appendices

- 11.1 None.