

Exiting the European Union: West Suffolk Council's preparations and current status

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Decisions Plan: **Not applicable.**

Wards impacted: **All**

Recommendation: **It is recommended that:**

- 1. The Overview and Scrutiny Committee notes the update presented in the report.**

1. Context to this report

- 1.1 In June 2016, UK voters voted to leave the European Union (EU) and work started to plan for a new relationship with the European Union (BREXIT). The UK eventually withdrew from Europe on 31 January 2020 and until 31 December 2020 the UK remained in the EU's customs union and single market. The UK continued to follow EU rules but was no longer a part of any European political institutions.
- 1.2 A trade deal was agreed between the UK and EU on 24 December, which was ratified by Parliamentary vote on 30 December 2020. As a result, from 1 January 2021, the UK formally left the EU customs union and single market. As such, while there are not any tariffs levied or restrictive quotas imposed, trade in goods has become a lot more burdensome. There are a whole series of new customs and regulatory checks, including rules of origin and stringent local content requirements.
- 1.3 From April 2021, all products of animal origin (POAO) will require pre-notification and health documentation and physical checks will be conducted at the point of destination, any grace periods where EU Member States may have taken pragmatic approaches to customs compliance will fall away. For firms trading between Great Britain and Northern Ireland, they will begin to fully access all aspects of the Trader Support Service (TSS), with goods entering Northern Ireland from Great Britain subject to certain checks and/or controls, on a phased basis.
- 1.4 From July, the UK Border Operating Model will end, the full burden of customs declarations will become permanent, meaning the full declarations at the point of importation and tariffs with additional paperwork and checks taking place.
- 1.5 This scrutiny will enable Members to gain an understanding of the implications of exiting the EU for the council, partner organisations, residents and businesses in Suffolk and to understand how organisations are working together to ensure that information and advice is disseminated appropriately.

2. Summary of preparations and impacts

- 2.1 **Collaborative work across Suffolk**
- 2.2 Suffolk public sector partners have taken a collaborative approach to preparing for exiting the European Union and formed the Brexit Task Force in 2018, an officer group tasked to scenario plan, educate and support public and business to plan for leaving the EU. As part of this, the Council worked proactively with partners including other local

authority teams, New Anglia Local Enterprise Partnership (NALEP) and its Growth Hub and the Suffolk Chamber of Commerce. For much of this time, the Brexit Task Force was actively considering the implications of a no deal scenario.

2.3 Work was also undertaken through the Suffolk Resilience Forum (SRF), with the intention of reassuring the public and businesses that the public sector was prepared for the Brexit transition. This was done through aligned messaging between all partners to create a single, unified, and authoritative voice on Brexit support.

2.4 In November 2017, NALEP commissioned an analysis of the potential impacts and implications that Brexit might have for key economic sectors in Norfolk and Suffolk. Sectors it focussed on were agriculture, manufacturing, construction, offshore wind energy, digital and life sciences.

2.5 The report concluded that workforce, regulations, trade and funding and investment would be areas most impacted by exiting the EU. Its recommendations for future planning included:

- a. Developing a local industrial strategy to highlight sector specialisms and highlight what the local place has to offer (“a strong place-based story”) and
- b. Being proactive in reaching out to businesses (particularly with opportunities for growth).

2.6 In 2019, all Local Authorities were awarded funding from the Ministry of Housing Communities and Local Government (MHCLG) to support Brexit preparations and partners in Suffolk agreed that having met initial costs directly incurred, the most value could be achieved from pooling this fund. Following work between the Brexit Task Force and the Suffolk Chamber of Commerce, Suffolk Public Sector Leaders (SPSL) agreed to invest some of the shared funding in two, two-year advisor posts dedicated to proactively working with local businesses on Brexit related issues and opportunities. These advisor posts have since been extended thanks to further funding from Suffolk Public Sector Leaders. The advisors continue to work with businesses and have been key to supporting the transition and raising issues with central government.

2.7 The NALEP implications analysis was updated at the end of 2019 and The Norfolk and Suffolk draft [Local Industrial Strategy - New Anglia](#) was published in January 2020 and submitted to Government with a focus on the four areas assessed as of greatest impact - manufacturing, agricultural, energy and health and care. Conclusions of the report included:

- a. For Norfolk and Suffolk, 7 out of the top 10 countries by export value are EU Member States
- b. Sectors and businesses which are reliant on low-skill, low-wage labour are more likely to be adversely affected by Brexit
- c. Brexit will create opportunities for companies to develop stronger domestic supply chains. Good business networks and communications will help businesses in Norfolk and Suffolk reroute their supply chains and capitalise on opportunities which come up.
- d. The central point of the negotiations will be the trade-off between regulatory freedom and low barriers to access EU markets.

- 2.8 The report also stated that under the Withdrawal Agreement and trade deal scenario, Norfolk and Suffolk's GDP in 2030 was predicted to be 4% smaller than it otherwise would have been and 5.7% smaller than it otherwise would have been if no trade deal is secured. However, it should be noted that these are figures for Norfolk and Suffolk (the NALEP geography) and prior to the impact of Covid-19 on the global economy.
- 2.9 This early analysis has been augmented by intelligence gathered by NALEP, its local Growth Hub (housed by the Suffolk Chamber of Commerce and funded by NALEP) and local partners, which is synthesised and reported to Government on a weekly basis.
- 2.10 Feedback from businesses has included concerns about workforce in the agriculture, hospitality and tourism sectors and uncertainty on future trading arrangements where businesses rely heavily on exports. However, the most common feedback from businesses across sectors has been frustration at the prolonged uncertainty and lack of clarity.
- 2.11 Until the implications of the terms of the trade deal are fully realised, it is impossible to accurately forecast what the impacts on the economy or more widely will be. This is compounded by the future uncertainty and significant global economic impacts resulting from the worldwide responses to COVID-19.
- 2.12 A significant amount of EU funding has been secured for Norfolk and Suffolk. Currently £86 million has been secured by NALEP for investment in projects across Norfolk and Suffolk between 2015 and 2022. That funding is secure and there are still some funds that UK organisations can bid to, however further information on the UK Shared Prosperity Fund is essential to understand the longer position.

2.13 **West Suffolk Council's Preparations**

2.14 As stated, West Suffolk Council has worked collaboratively with partners to be proactive and pragmatic in maximising possible opportunities and minimising potential risks following the UK's exit from the EU. Consideration of Brexit implications were included in the council's business planning and interactions with partners and providers and continue to be monitored as the full impacts emerge.

2.15 The ongoing council preparations have included:

a. Businesses

- Engaging with businesses. ensuring they are signposted to any necessary Brexit preparation, and generic support via information on the council's website, contact with the Chamber Trade Advisors as well as dealing with specific requests.
- Promoting events such as NALEP – "Applying to the Brexit Readiness Fund" events and working with the Chamber, regulators, and Growth Hub
- Undertaking specific sector engagement with the Horse Racing Industry given the unique challenges they face.

b. Personal data

- Questions were raised by the Ministry of Housing, Communities and Local Government regarding the personal data flows of the council. Following investigation, it is confirmed that the Council's hosted data service providers are predominately UK based and there has been reassurance from Microsoft that there will be no issues arisen from data held in EU servers. The council also has no internal system that transfers data outside of the UK.

c. Projects

- Risk and mitigation assessments have been undertaken for all Council led development work.
- Risks for development projects have been identified regarding the supply chain – both in terms of the cost and availability of supplies. The mitigation of the issues identified is ongoing and to date no issues have materialised.

d. Supply chain

- Work has been undertaken to identify and mitigate for any potential supply chain issues for the council. This is particularly pertinent for Operations. For West Suffolk Council, issues such as the fuel supply, vehicle parts and long-term recruitment have been explored.

- Post-Brexit procurement has incurred two changes.
 - New public procurement opportunities (above threshold) will need to be published on the UK e-notification service called [Find a Tender service \(FTS\)](#). The FTS means new opportunities will no longer be sent to the Official Journal of the European Union (OJEU) or Tenders Electronic Daily (TED).
 - The UK can now exercise additional freedoms in relation to contract spend on goods, services and works contracts with a value below the applicable thresholds. As such, we can now reserve the procurement by supplier location - this means being able to run a competition and specify that only suppliers located in a geographical area can bid – and for Small and Medium sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs) – meaning the council is now able to run a competition and specify that only SMEs and VCSEs can bid.

- e. EU residency and housing
 - The issue of EU Settled Status was considered the most pressing for West Suffolk residents in 2019. The council is actively ensuring that all residents that need to apply for Settled Status can do so via resources available on the council website. This will remain open until June 2021.
 - The Housing Options and Homelessness team have also been investigating housing obligations and anything additional that can be done for EU citizens who have not got settled status, both immediately following exit day and after the application deadline. The team have also undertaken training to adjust to any new changes to housing.

- f. Support to staff
 - As an employer, West Suffolk Council took steps to ensure staff from the EU were supported. To this end, the council had agreed to meet the costs of the Settled Status fee for staff members (before the fee was removed) and communicated these provisions to the workforce.

- g. Communications
 - The council has undertaken external communications to help ensure that support to residence and businesses is easily available. This has mostly been signposted via a designated webpage: [Exit from the European Union \(Brexit\) \(westsuffolk.gov.uk\)](https://westsuffolk.gov.uk)

2.16 There are, however, several issues that are ongoing and are being investigated by officers as our understanding of the full implications of the Brexit deal develops. These include:

- a. Environmental Health implications
 - The potential impact of UK Immigration rules from 2021 on licensing is yet unknown. EU citizens moving to the UK to work will need to get a visa in advance and will need to show they have a job offer from an approved employer sponsor. While it is likely to be low risk, it is not yet known how this will affect industries, like Taxis, where the council acts as licensing authority.
 - The council currently offers Export Health Certificates to businesses. It is anticipated that there will be an increased demand once the distribution of imports and exports settles. The licensing team are actively monitoring resource pressure.
- b. Contracts
 - Council officers are to undertake checks to ensure contracts remain valid following EU Exit and that external suppliers have contingency plans in place, where necessary.

2.17 Officers continue to track actual and potential impacts, keep abreast of government guidance (and funding) and provide advice to businesses and communities. The Brexit Task Force continues to meet and the SRF is monitoring potential impacts.

3. Implications arising from the report

- 3.1 Financial: Currently none, although there could be contract price increases. Monitoring impact on housing budget for individuals with no recourse to public funds.
- 3.2 Legal Compliance: None, the Council has met its legal obligations regarding Brexit.
- 3.3 Personal Data Processing: Confirmation received that personal data not impacted
- 3.4 Equalities: Support for settled status scheme provided.
- 3.5 Crime and Disorder: Risk noted at Suffolk Resilience Forum level (low)
- 3.6 Environment or Sustainability: None
- 3.7 HR or Staffing: All staff affected by settled status have been advised
- 3.8 Changes to existing policies: None

3.9 External organisations (such as businesses, community groups):
advice provided.

4. Appendices referenced in this report

4.1 None

5. Background documents associated with this report

5.1 None