

PERTH AND KINROSS COUNCIL

27 February 2019

EU EXIT UPDATE

Report by Executive Director (Housing and Environment) (Report No. 19/64)

PURPOSE OF REPORT

This report provides a brief update on the preparations underway to prepare the Council for the potential implications of the UK exit from the European Union.

1. BACKGROUND

- 1.1 The Council have been actively monitoring the situation regarding the UK exit from the European Union since the EU Referendum vote in June 2016. The UK Government started formal negotiations with the EU in June 2017. The Government then passed the EU (Withdrawal) Bill which repeals the European Communities Act 1972. All existing EU legislation will be copied across into domestic UK law to ensure a smooth transition. The UK Parliament can then amend, repeal and improve individual laws as it deems necessary. The UK triggered Article 50 of the Lisbon Treaty on 29 March 2017 which means that the UK is scheduled to leave the EU at 11pm on 29 March 2019.
- 1.2 The UK Government agreed a Deal with the EU in mid-November 2018; however the Deal was rejected by a significant number of votes when the UK Parliament voted on it on 15 January 2019. The Deal envisages a transitional period to 31 December 2020. This would mean EU citizens arriving in the UK between Brexit day on 29 March to that date will have the same rights and guarantees as those who arrive before the EU Exit. The same will apply to UK expats currently living in the EU. The UK will be able to negotiate trade deals during this period but will still be party to existing EU deals. However, the main outstanding element remains the Backstop which seeks to ensure there is no return to a hard border between Northern Ireland and the Republic of Ireland.
- 1.3 The Government is currently trying to negotiate changes to the Deal which would allow it to be supported by the Parliament. A further statement is planned for 26 February, with the Parliament due to debate the issue further on 27 February.
- 1.4 The Council meeting on 3 October 2018 agreed that *“this Council will continue both current and planned Brexit assessments in active collaboration with neighbouring local authorities where necessary. Further, that the output from that work will be shared with Council and residents in due course.”* This report provides a summary of the various elements of preparedness work that has been progressed since mid-2016.

2. SUMMARY OF BREXIT PREPARATIONS TO DATE AND PLANNED

2.1 Council officers have been actively monitoring the situation with regards to the potential impacts of Brexit on the Council, and the wider area and the economy since the vote to leave in June 2016. We have been monitoring published information, Government briefings and more localised sources of information and intelligence on what is a very complex and constantly changing environment. We have also been working with colleagues in other Councils, the East of Scotland European Consortium (ESEC), COSLA, and the Scottish Cities Alliance. In addition, we have also been working with our community planning partners and others through the Tayside Local Resilience Partnership to gather intelligence and put plans and support in place.

2.2 The key actions and activities taken to date are summarised below:-

- We undertook a Local Business Survey in October 2016 which identified at that point that 69% of businesses felt that Brexit would have a negative impact on their business; with 52% saying that concerns about Brexit had a negative impact on their own business confidence.
- The Scottish Cities Alliance considered a report on Scotland's Cities, Brexit and the Challenges Ahead in February 2017; and a further paper on Brexit Challenges and Opportunities for the Cities and their Key Sectors in April 2017.
- An economic briefing paper on Brexit was prepared and discussed by the Community Planning Economy and Lifelong Learning Group in July 2017, with a further update on EU migration provided in February 2018.
- An Economic Journal on "Migration since the EU Vote" was published on the Council's website in December 2017 (updated in September '18).
- A report on Employment and Workforce Implications was discussed at the Corporate Management Group in January 2018. This reported initial efforts to identify the numbers of EU nationals employed by the Council, highlighted support put in place, and the creation of a dedicated intranet page.
- Senior officials and the Council Leader attended a Cities Alliance event which brought together Scottish Ministers and City Leaders on 24 May 2018 to discuss potential Brexit implications for the Scottish Cities.
- During the Perth & Kinross Business Month in May 2018 Council officers and our partner business support organisations hosted a Brexit workshop for local companies; with similar events being held subsequently across the wider region and in Perth. We have been regularly highlighting to local businesses the support and guidance available via the [Prepare for Brexit Website](#).
- Officers submitted a Perth & Kinross Council response to the UK Government All Party Parliamentary Group Consultation on Post Brexit Funding for Nations, Regions and Local Areas in September 2018.

- Our Equalities Strategic Forum established an EU Settlement Scheme Working Group in September 2018 involving Council officers and representatives from Perth College UHI, and the Voluntary Sector including PKAVS and Citizens Advice Bureau. An information page has been created and updated on the [Council website](#). A Community Event was held recently on 14 April 2018 at which over 100 EU nationals attended to find out the latest details on the scheme from the Home Office.
- The Executive Officer Team considered a report on Brexit 2 October 2018
- Council Leader gave a verbal update on actions to date to Council on 3 October 2018.
- A Briefing was held for elected members on 20 November 2018 which provided some background and an overview of:-
 - potential impacts on the Council (incl. staffing and finance)
 - potential impacts on the Council area (workforce and labour market/business impact/business preparedness & confidence/local partnership working)
- Senior officers responded to a COSLA/SOLACE questionnaire on Brexit Preparedness in early December 2018. This sought our views on potential impacts on Workforce; Goods, Services & Supply Chains; area specific issues; and Funding/Finance.
- Tayside Local Resilience Partnership have established a Brexit sub-group and held a workshop on 18 January to discuss potential implications and review the Scottish & UK governments “Planning Assumptions”.
- Officers and Council Leader attended the COSLA Brexit conference 23 January 2018.
- Officers have developed an EU Exit Preparedness self-assessment template which was discussed with Service Management Teams during January 2018, with a final draft presented to the Executive Officer Team on 29 January 2018 [Brexit Preparedness Summary](#) . The Executive Officer Team now have Brexit as a standing item on their fortnightly agenda, and have formally established a corporate EU Exit working group. The assessment considers our preparedness across a number of key service areas and issues, and highlights work done to date and proposed future actions.

2.3 Future planned actions include:-

- service Risk Workshops on EU Exit preparedness
- a workshop with Community Planning partners
- a second elected member briefing planned for 7 March 2019
- further meetings of the Tayside Resilience Partnership EU Exit Group
- fortnightly updates to the Executive Officer Team
- regular updates to Leaders’ Groups when any significant information/changes are noted

3. CONCLUSION AND RECOMMENDATIONS

3.1 A significant volume of work has been undertaken to date in terms of assessing the potential impacts of EU Exit on the Council and the Council area. The actual extent and nature of the impacts remains uncertain though, and will require ongoing monitoring and review as the situation unfolds.

3.2 It is recommended that the Council:-

- (i) notes the contents of this report
- (ii) requests that any significant impact for the Council in relation to the EU Exit arrangements are reported back to the Council.

Author(s)

Name	Designation	Contact Details
Alison Seggie	Enterprise Manager	alseggie@pkc.gov.uk

Approved

Name	Designation	Date
Barbara Renton	Executive Director (Housing and Environment)	19 February 2019

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes
Community Plan	Yes
Corporate Plan	Yes
Resource Implications	Yes
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	Yes
Communications Plan	

1. Strategic Implications

1.1 The Community Plan and the Council's Corporate Plan have five outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resource allocation.

- Giving every child the best start in life
- Developing educated, responsible and informed citizens
- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

1.2 This report outlines how we are planning and preparing the Council to protect it from any implications arising from the exit from the European Union. These are likely to impact on all of strategic objectives.

2. Resource Implications

Financial

2.1 Leaving the EU will lead to a number of potential financial impacts on the Council and on the wider Council area. The most direct impact will be through the loss of access to EU funding programmes. For example, the Council have secured in the region of £8.4M from the current 2013-2020 Structural Funds

programme including ERDF, ESF and LEADER. The UK government have committed to create a UK Shared Prosperity Fund; however it is unclear as to its likely priorities and distribution model. In addition, forecasters are predicting a slowdown in the economy, particularly if the UK were to exit in a No Deal scenario. This may potentially lead to a number of issues which could bring additional financial pressures on the Council; including the impact on Government funding for public services: pressures on Council income generation (Non Domestic Rates; Council Tax; Planning fees etc); pressures from increased demand for Council services and inflationary pressures on the Council's expenditure, such as labour; construction; services and food costs.

- 2.2 The Head of Finance has been consulted.

Workforce

- 2.3 There are no immediate workforce issues arising from this report; however, Human Resources have been actively trying to establish the numbers of EU nationals within our workforce. Numbers identified to date are a relatively small percentage of our overall workforce. Risks associated with this have been acknowledged in our Corporate Workforce Plan and in our Corporate Risk Register.

Asset Management (land, property, IT)

- 2.4 None.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) and were assessed as not relevant for the purposes of EqIA.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matter presented in the report.

Sustainability

- 3.4 None.

Legal and Governance

- 3.5 There are no specific legal issues arising from this report; however our exit from the EU will in time lead to a changing legislative environment. This will be closely monitored by Council officers. The Exit from the EU could have many implications for the Council and its partners and communities; these need to be carefully monitored and mitigating actions identified wherever possible.
- 3.6 In terms of governance the Executive Officer Team has adopted the role of the overseeing “Board”, the Executive Director (Housing and Environment) is the Executive Sponsor, with the Depute Director (Housing and Environment) acting as Senior Responsible Owner.
- 3.7 The Head of Legal and Governance has been consulted.

Risk

- 3.8 The exit from the European Union may lead to significant risks for the Council. The Corporate and Service Risk Management registers will be updated to reflect these. Workshops are planned to further refine the Service Risk registers.

4. Consultation

Internal

- 4.1 The Head of Legal and Governance, the Head of Finance and the Corporate Human Resources Manager have been consulted in the preparation of this report.

External

- 4.2 None.

5. Communication

- 5.1 The Corporate Communications Manager is a member of the Corporate Brexit Working Group and a communications plan is being developed.

2. BACKGROUND PAPERS

None.

3. APPENDICES

None.