

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

18 March 2021

Report by Directors of Corporate & Community Services and Environment

UPDATE ON WITHDRAWAL FROM THE EUROPEAN UNION

PURPOSE OF REPORT

1. This report provides an update on the United Kingdom's (UK's) exit from the European Union (EU) and East Renfrewshire Council's work in response to this.

RECOMMENDATION

2. It is recommended that the Audit and Scrutiny Committee:-
- (a) note and consider this report; and
 - (b) determine if further updates are required and at what frequency.

BACKGROUND

3. The UK ceased its EU membership on 31 January 2020, with a Transition Period in place to offer safeguards while both parties further negotiated. Both sides announced that a Trade and Cooperation Agreement had been reached on 24 December 2020. Following ratification of the Trade and Cooperation Agreement, the UK and EU entered a new relationship from 1 January 2021.

4. Within the agreements reached by the UK and EU to date, there are provisions on their future relationship, trade and citizen's rights. There is potential for supplementary agreements – particularly in areas yet to be resolved; for example, financial services, or that may have been unforeseen in negotiations. The overall agreement between the UK and EU will undergo a substantial review every five years.

5. While the main headline from the Deal was that no tariffs will apply to goods sold in the EU from Great Britain (or vice versa), this is subject to rules being met – primarily to prove origin. Trade between Northern Ireland and Great Britain is also impacted. Import and export is now subject to significant changes to paperwork, certification and duty.

6. Freedom of Movement for individuals between the UK and EU ended on 31 December 2020. As a result, travel, living and working in either territory has changed. Any EU nationals newly seeking to live and work in the UK will have to meet the same immigration policy as any Non-EU citizens. The EU Settlement Scheme remains open until 30 June 2021 for EU nationals resident in the UK on or prior to 31 December 2020.

7. While the legal and regulatory landscape has yet to alter significantly, the UK and Scottish legislature may opt to update and alter these in the future. While the UK will not have to follow EU rules and will not be subject to the European Court of Justice; both sides have committed to keeping policies within parameters that avoid unfair trade competition.

8. The Council's Brexit Working Group regularly engages, with a view to horizon scanning and analysing the impacts of EU exit, identifying areas for focus. Additionally, the national Multi Agency Coordination Centre (MACC) for EU Exit went live on 21 December 2020 - acting as a conduit for information sharing and intelligence building nationally.

TRADE AND THE ECONOMY

9. While a tariff free trade should minimise price rises compared to a No-Deal outcome, the new border regime between Great Britain, Northern Ireland and the EU will have an effect. The requirements for increased paperwork, checks, duty, etc. may indirectly require price increases, and add to time-scales for delivery of goods. As well as being a universal impact for our communities, this may have budgetary and service impacts for the Council.

10. With businesses adapting to a new border regime, it is anticipated our services that regularly interact with or support them will receive increased requests for information and advice. This is likely to impact upon Economic Development, Trading Standards and Environmental Health; who have all been heavily involved in Covid-19 response activity.

11. To assist businesses, the Council's Brexit webpage is updated regularly. The page signposts towards authoritative or trusted sources of information and advice for business. Additionally, the Council will work with the East Renfrewshire Chamber of Commerce, signposting key information for businesses – following from an input from the Brexit Coordinator and Civil Contingencies Officer on 5 February 2021.

12. A consequence of the Trade and Cooperation Agreement is that products of animal origin exported to the EU or Northern Ireland require an Export Health Certificate (EHC). EHCs require to be signed by an authorised person; typically Environmental Health Officers. While the Scottish Government have a National Hub solution, staffed by Food Standards Scotland – our Environmental Health service have received enquiries arising from the new border model. Additionally, the challenges with the EHC Hub in its early operation saw Environmental Health in other areas see requests for EHCs directly from businesses, who did not want to engage with the Hub; this area consequently remains a risk.

DATA & INFORMATION SHARING

13. The UK has yet to receive equivalency certification from the EU in relation to data protection & sharing. However, the Trade & Cooperation Agreement enables a four-month transition period, whereby existing personal data transfer can continue. This four-month period can be extended by a further two months, meaning that existing information sharing can effectively continue to the end of June 2021.

FUNDING

14. The UK Government is due to launch the Shared Prosperity Fund in 2022, with a view to replacing previously available EU funding, such as Structural Funds. Further detail on the Shared Prosperity Fund is anticipated during spring 2021. In the Autumn Statement, the UK Government indicated that additional UK wide funding to support communities would be available to bridge the gap between EU Funding and the Shared Prosperity Fund.

15. The UK Budget on 3 March 2021 is expected to provide further details of the pilot funding in place during 2021/22, prior to the UK Shared Prosperity Fund coming into operation during 2022/23. On 4 March, the House of Commons Scottish Affairs Select Committee will be taking evidence on the Replacement of EU Structural Funds in Scotland, as part of the inquiry into the Shared Prosperity Fund.

16. While there is a lack of clarity in relation to replacement funding, there remains uncertainty on the resources that may be available; particularly if there is not like for like funding. Services will be required to assess the implications of replacement funding on their service provision, as detail of it emerges.

17. As part of the UK Government's Levelling Up agenda, it has been announced that the UK Treasury will control distribution of funding to local projects. While not directly EU Exit related, this work will look to provide funding to regeneration projects. Detail has yet to be clarified, but the UK Government have stated that Local Government will be able to apply directly to the Treasury for this funding to support local capital projects.

LAWS & REGULATIONS

18. Laws and Regulations in place have not directly altered because of the end of the Transition Period; with both the UK and Scottish legislature ensuring any elements derived directly from EU law were in UK / Scottish law. An example of this would be GDPR, which is encapsulated in the Data Protection Act 2018.

19. Procurement law in Scotland has witnessed minor technical changes following EU Exit; however, procedures and basic requirements have not changed. Equal treatment to bidders from other countries, that are signatories to the World Trade Organisation's Government Procurement Agreement remains. The UK has become a party to this agreement in its own right, rather than by virtue of EU Membership. The primary change to public procurement is that public bodies will publish notices through the new UK system rather than the EU system. The UK Government have opened a public consultation for a Procurement Green Paper, following EU Exit; this is open until March 2021.

20. As the UK and Scottish Government are no longer tied to EU laws or the European Courts, they may seek to change laws and regulations in place. A prominent area currently being reviewed, that will have an impact on the Council is in relation to State Aid – where guidance is actively being updated by the Department for Business, Energy and Industrial Strategy. While this is under review – advice from COSLA and the Scottish Government is that authorities issuing State Aid should follow existing European rules. Council officers are actively involved in providing feedback on State Aid, working in collaboration with other Local Authorities and the Scottish Government.

21. It should be noted that as part of the UK – EU Deal, there is agreement for a level playing field in areas such as environmental standards, state subsidies and labour rights. Both parties are committed to keeping policies within parameters that avoid unfair trade competition. This should mean that these areas would not weaken from their current position; because significant changes would result in tariffs upon trade.

22. The Scottish Government have legislated through the European Union (Legal Continuity) (Scotland) Act, which aims to keep pace and equity with EU legislation. Under this Act, there is provision that seeks to ensure that Local Authorities will be consulted where the Scottish Government wants to introduce new powers.

EU SETTLEMENT SCHEME

23. The EU Settlement Scheme allows EU Nationals resident in the UK prior to 31 December 2020 to apply to protect their rights to live and work in the UK beyond the end of the Transition Period. The Scheme will be open until June 2021. Applications are conducted online, with successful applicants receiving either Settled or Pre-Settled status; depending on the period have continuously lived in the UK. Settled Status will be awarded to successful applicants who have lived in the UK for five years or longer.

24. Home Office figures indicate that to the end of December 2020 indicate that there have been 1,160 Settlement Scheme applications within East Renfrewshire. With January 2021 National Records Scotland data highlighting approximately 2,000 EU Nationals resident in East Renfrewshire – this would suggest that 58% have applied to the Settlement Scheme. Home Office quarterly statistics are due to be updated by June 2021, providing data to the end of March 2021.

25. The Council's Brexit webpage continues to signpost the EU Settlement Scheme, as well as avenues of support. Additionally, we have signposted alternative language events for potential applicants through Council social media channels. The Council's Money Advice and Rights Team have contacted EU Nationals who utilise the service to ensure awareness of the Settlement Scheme. Previous collaboration with Citizens Advice and Voluntary Action East Renfrewshire have also highlighted the Scheme.

26. As the June 2021 deadline for applications under the EU Settlement Scheme nears, further activity is planned to ensure are many East Renfrewshire residents and Council staff are aware of it. Planned activity includes refreshed Intranet messaging, to assist awareness and confidence in applying. An awareness raising session is being provided for frontline Council staff on 11 March; ensuring officers are aware of support available to vulnerable EU Nationals through COSLA. Additionally, the Brexit Coordinator will continue to work with partners including the Chamber of Commerce and Citizens Advice to provide further Scheme publicity.

BREXIT WORKING GROUP

27. The Council's Brexit Working Group continues to meet, in order to identify emerging issues arising from EU Exit – analysing their impact and appropriately focussing on risk controls, where required. The group currently has a six weekly cycle, with scope to increase or decrease this dependent on demand. Similarly, the membership will be regularly reviewed, to ensure it reflects EU Exit issues.

28. The Brexit Working Group maintains a regularly updated Brexit Risk Register, with any significant risks within this document reflected in the Council's Strategic Risk Register. The latest refresh of the Brexit Risk Register reflects that the implications of the Trade and Cooperation Agreement are still being realised and adapted to. The primary risks identified pertain to detrimental impacts on Council service provision – either arising from increased demand (for example through increased EHC requirements), or from a changed legislative framework. There is additional recognition of uncertainty on how the Internal Market Act will be applied, and its consequent exacerbation of some risks.

29. While the Brexit Working Group will remain the primary conduit for Brexit preparations and information sharing, the greater possibility of concurrent risks will necessitate the issue to also be considered by the Council Resilience Management Team (CRMT). The CRMT has an established rhythm in responding to the Coronavirus pandemic, with meetings taking place twice weekly. Additionally, there is representation at the CRMT from the Brexit Working Group, including the Brexit Coordinator – which will facilitate regular consideration of key EU Exit response issues.

MULTI AGENCY COORDINATION CENTRE

30. In order to enable national oversight, information and potentially coordination of issues arising from EU Exit; a national Multi Agency Coordination Centre (MACC) was established on 21 December 2020. The MACC is led by Police Scotland, and will reflect the concurrent risks landscape, by following an all risks model. The MACC model had previously been established for March and October 2019 deadlines in relation to Brexit.

31. The MACC seeks to receive daily reporting on any risk issues from agencies across Scotland. Recognising that agencies are already under significant strain, Local Authorities are not be required to report daily to the MACC. Reporting is by exception only. Utilising the submitted reports, as well as other available risk information (for example, weather warnings), the MACC publishes a Daily Horizon Scan of potential issues and a Strategic Sit Rep. Both documents are accessible to the CMT, CRMT and Brexit Working Group.

32. Respecting the potential for concurrent risks, the MACC will act as a national Strategic command for incidents, which has been considered prudent in ensuring that the appropriate senior officers for national organisations such as Police Scotland and the Scottish Fire and Rescue Service can take decision-making. This will not remove local decision making, but recognises that due to competing demands of information and resource; a single avenue for reporting and information is beneficial.

FINANCE AND EFFICIENCY

33. There are currently no finance and efficiency implications arising from this report.

CONSULTATION

34. This report has been produced with input from the Council's Brexit Working Group.

PARTNERSHIP WORKING

35. This report details work of the Council's Brexit Working Group, a cross-discipline group of Council Officers. Each Council Department is represented along with a number of key areas. Additionally, the Council has worked with COSLA, Voluntary Action East Renfrewshire, the Scottish Governm, Citizens Advice and the East Renfrewshire Chamber of Commerce as part of our EU Exit preparations.

IMPLICATIONS OF THE PROPOSALS

36. There are currently no staffing, property, legal, IT, State Aid, equalities and sustainability implications arising from this report. However, it is noted that State Aid is a developing area of UK Government Policy. Council officers continue to review developments.

CONCLUSION

37. In providing a broad overview of the status of the UK's exit from the EU, this report seeks to outline the main areas of impact upon East Renfrewshire Council, as well as work undertaken and ongoing. While the ongoing Covid-19 pandemic undoubtedly remains the priority, EU Exit procedures and preparations were well established, having been implemented for previous Brexit deadlines. These will be key mechanisms in responding to impacts from EU Exit that may develop, as the new UK-EU relationship becomes established.

RECOMMENDATION

38. It is recommended that the Audit and Scrutiny Committee:-

- (a) note and consider this report; and
- (b) determine if further updates are required and at what frequency.

SOURCES CITED

EU Settlement Scheme Quarterly Statistics, December 2020:

<https://www.gov.uk/government/statistics/eu-settlement-scheme-quarterly-statistics-december-2020>

Annual Population Survey (APS), Office for National Statistics, National Records of Scotland (updated January 2021) – Tab 1B (Population by Nationality)

<https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/population-by-country-of-birth-and-nationality/jul-19-jun-20>

Note: Data from the APS is rounded to the nearest 1,000. If a figure is calculated to be under 500, it will be rounded to zero. As the APS is a sample survey, there are large confidence intervals that come with this data and therefore the true value will lie somewhere in this range (not necessarily zero).

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