

Birmingham City Council

Report to Cabinet

13 October 2020



Subject: BCC Brexit Readiness Programme and Post-Transition Planning

Report of: Jonathan Tew, Assistant Chief Executive and Ian MacLeod, Acting Director, Inclusive Growth

Relevant Cabinet Member: Councillor Brigid Jones, Deputy Leader

Relevant O &S Chair(s): Councillor Lou Robson, Economy and Skills

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008017/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

BCC Brexit Readiness Programme and Post-Transition Planning

- 1.1 The UK has formally left the European Union (EU) but that is not the end of Brexit. The two sides have started negotiating their future relationship and need to implement the Withdrawal Agreement. The scale of the task is huge, and the outbreak of COVID-19 has cast doubts on whether everything can be done by the current deadline of 31 December 2020.
- 1.2 As a result of the course of the EU-UK negotiations and the pressures of the COVID-19 crisis, the Transition Period hasn't provided the expected results and the level of readiness.

For Local Authorities (LA) many of the key risks and challenges are still unresolved, and the COVID-19 disruption has worsened the situation. Some of these are:

- 1.3 European citizens:** There are 94,000 European citizens estimated in Birmingham, and they represent a valuable part of our community. They now need to apply for the EU Settlement Scheme (EUSS) to keep their right to live and work in the UK and have access to public services. The deadline for applications is 30 June 2021. According to the June 2020 statistics there are still 20,000 EU citizens in Birmingham, who need to apply to the EUSS. A big part of this group is estimated to be vulnerable citizens who need guidance and support for their applications. There is an important role to play for the Council to help the EU citizens in Birmingham to keep their rights to live and work in the UK and have access to public services. Additionally, LAs and health and social care trusts supporting looked after children and care leavers have mandatory obligations to identify and register eligible children to the EUSS. LAs are also likely to have a duty under the Care Act to help identify vulnerable adults, who may be at risk of losing access to services or benefits by the end of the Transition Period on 1 January 2021. However, no figures or estimates exist showing the demographic makeup of EU citizens at a Local Authority level.
- 1.4 Businesses readiness:** UK distributors of EU goods in the UK market will become importers and will need to comply with the labelling requirements. Business advice to these “new importers” will be required. In parallel, UK businesses that place products on the EU market will face new rules and regulations in relation to compliance including labelling. There is already confusion around the possibility of several regulatory regimes operating simultaneously to support different trade agreements. This situation will create a financial and administrative burden on business and increase the workload of LAs’ Trading Standards and Environmental Health Teams significantly. LAs will need to work with Chambers of Commerce and BEIS to provide guidance and support for businesses. Additionally, they will also be required to increase market surveillance to ensure product safety and prevent misleading claims and fraud. As the uncertainty about the future of the EU-UK relationship continues, it is very difficult for the LAs to prepare for the Post-Transition Period.
- 1.5 EU funded Council services and their continuity after the Transition Period:** BCC has received £96M of EU funds (£85M European Structural and Investment Fund and £11M of the EU research and innovation fund Horizon 2020) between 2015 and 2020 for projects supporting the Council services in employment and skills, SME growth and development, youth employment, youth and careers, urban regeneration and transport. There is still no clarity about the structure, operational mechanism, terms and conditions of the UK Share Prosperity Fund, which was planned to replace the EU funds supporting the regional development in the UK. If no replacement fund is available, the Council will face the risk of losing 78 full time equivalent staff and approximately £1.5M of estimated potential redundancy cost.
- 1.6 Financial and operational consequences on Council's revenue and demand for services:** There are several studies that estimated the economic impact of Brexit in the UK and in the West Midlands. Based on their predicted economic shock a decrease of LAs’ revenues (e.g. decrease in collected council tax, commercial rents, business rates, etc) and an increase of the demand for services (e.g. benefits, housing, care for the elderly, homeless, business and employment support to the most vulnerable and those most affected etc) are also expected. The economic shock that was expected in 2021 due to

Brexit is happening now because of the COVID-19 crisis, and the post-Brexit circumstances after the Transition Period will increase the challenges for LAs.

- 1.7 **Transformation and adaptation of the relevant Council services:** The LAs will be required to make a lot of preparations and adapt their services to the new processes, responsibilities, rules and regulations, IT systems and ways of working. This change and adaptation will be, for example, due to the transfer of powers from the EU law to the national law (e.g. GDPR, regional development policies and funding), new structures and IT systems due to loss of access to the EU systems (e.g. public procurement, market surveillance) and regulatory changes in trade and other various areas. However, the uncertainty about the government's plans for the Post-Transition Period, it is very difficult for LAs to prepare accordingly and ensure the adaptation of their services.
- 1.8 Birmingham City Council conducted a risk and impact assessment in 2019 and developed a Brexit Readiness Programme to address the key challenges and the necessary preparations in a structured way with a Council-wide approach. "*Annex VI. BCC Brexit Readiness Programme Governance Structure*" provides an overview of the programme structure, workstreams and reporting.
- 1.9 This report aims to provide an overview of the impact of Brexit on Birmingham and the Council's services. It also presents the achievements of the Brexit Readiness Programme and the recommendations for the planned actions for 2021 to ensure a successful post-Brexit transition.

Further impact of Brexit - Operational changes to Brussels office

- 1.10 When the UK becomes a third country in its relations with the EU, it will become more vital to have a strong regional presence in Brussels, in order to ensure that the interests of businesses, universities, local authorities and other stakeholders from Birmingham and the West Midlands continue to be represented.
- 1.11 The future role of the office in Brussels will therefore focus on maintaining European relationships in partnership with West Midlands' stakeholders. This includes providing early intelligence on EU legislation impacting UK organisations, spanning a wide range of policy areas (automotive, energy, health and safety, environment, trade, financial services, etc.) and brokering access to a range of future post-Brexit funding and collaboration opportunities.
- 1.12 This report provides an update on the current financial and operational position of the Brussels Office, including actions taken to transition the office into a post-Brexit and new financially sustainable model of operation.

2 Recommendations

Continuity of the Brexit Readiness Programme

- 2.1 Notes the unresolved risks and challenges of Brexit and prioritise the planned actions to ensure readiness and risk mitigation. As a result of the course of the EU-UK negotiations and the pressures of the COVID-19 crisis, the transition and readiness actions of the Council and the adaptation of its services for the post-Brexit world will continue at the earliest until the end of 2021.

- 2.2 Approves to continue the Programme Delivery in 2021 and leverage from the existing structure, as well as the developed experience by ensuring continuity and consistency that the Council's Brexit Readiness Programme conducts continuous risk and impact assessments (including the COVID-19 impact) and adapts the planned actions also considering the government's plans for 2021.
- 2.3 Approves the Brexit Readiness Programme to be well integrated in the Council's Strategic Delivery Plan and Recovery arrangements to ensure alignment with the Council's plans and priorities for the sustainability of the actions planned and delivered.
- 2.4 Approves the Brexit Readiness Programme to be embedded in the existing Emergency Cell Structure to have a holistic approach for the common risks and avoid duplications. Brexit will have a major impact on the response and recovery from the COVID-19 crisis, especially in 2021. There are close links between the planned Brexit Readiness Actions and COVID-19 recovery (e.g. Economic Recovery Strategy, SME support and EU funding; impact of the economic shock and demand for public services).
- 2.5 Approves a financial contribution of £198,000 from the Council's Policy Contingency Budget. The actions taken under the Brexit Readiness Programme to date and the Programme Management function in 2019 and 2020 have primarily been financed by the Brexit budget provided by Ministry for Housing Communities and Local Government (MHCLG) and West Midlands Combined Authority (WMCA) Pooled Fund. For the continuity of the Programme this budget will cover the cost of the cross-council Programme Management for one year from January 2021 onwards.

Brussels Office

- 2.6 Approves the one-off financial contributions totalling £288,000 in 2020/21 to manage cashflow pressures resulting from loss of income to the office and transition to new arrangements. £100,000 of these costs have been absorbed by the European and International Division through their other income generating activity. This report seeks approval for a further one-off/in-year £188,000 from the Council's Policy Contingency Budget to transition the office into a financial sustainable operation effective from April 2021.
- 2.7 Authorises the Interim City Solicitor (or their delegate) to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

3 Background

BCC Brexit Readiness Programme

- 3.1 In 2019 BCC's Brexit Readiness Programme (BRP) was developed with 8 Workstreams focusing on the Council's priority areas based on the Brexit Impact and Risk Assessment conducted for Birmingham. The programme provides the structure for the Council's services to identify, plan and execute the necessary actions to mitigate the risks and make the necessary preparations for the Post-Transition Period.
- 3.2 The Council has an internal Brexit Contingency Working Group (BCWG) representing all services actively involved in the City Council's Brexit Readiness Programme (BRP). The Assistant Chief Executive is the Council's Brexit Lead Officer and chairs the monthly BCWG meetings. The progress achieved by the BRP was also presented at the WM Brexit Commission meetings chaired by the Deputy Leader Councillor Jones.

- 3.3 The BRP has a dedicated Programme Management function ensuring the collaboration and communication of this group and coordinates and documents the monthly BCWG meetings. The Programme Management monitors, coordinates and documents all Workstreams on behalf of the Council's Brexit Lead Officer. It is the single point of contact for all Brexit related issues, plans, assessments, report and actions. The Project Management function has the full overview of the ongoing Brexit Readiness Actions within the Council and is also the liaison with the Combined Authority, other LAs in WM, relevant government departments (e.g. BEIS, Home Office, DEFRA, FSA, MHCLG), as well as the external stakeholder groups (e.g. business and community groups, voluntary sector organisations) and delivery partners. (e.g. Children's Trust)
- 3.4 The BRP Project Management is also responsible for monitoring of the political landscape and government's technical notices, as well as conducting continuous impact and risk analysis in relation to Brexit. Based on the analysis regular briefs and reports are provided for the relevant services, CLT and the Deputy Leader.

Focus and Achievements of the Council's Brexit Readiness Programme

- 3.5 **Workstream I - Trading Standards**: This Workstream aims at planning and execution of the necessary actions to mitigate the identified risks and prepare for the regulatory changes and Brexit impact on imports, exports, product safety, surveillance, fraud, regulatory regimes, such as:
- **Importers**: UK distributors of EU goods in the UK market will become importers and will need to comply with the labelling requirements. Business advice to these "new importers" will be required.
 - **Exporters**: UK businesses that place products on the EU market will need business advice in relation to compliance including labelling.
 - **Product Safety**: If tariffs are applied to EU goods then it is probable that importers increase imports from third party countries in the rest of the world. Products from these countries are far more unlikely to meet UK product safety requirements. Trading Standards will have to significantly increase market surveillance to ensure product safety.
 - **Intelligence database**: Local authorities' Trading Standards teams will not have full access to the EU intelligence databases though where information is shared about unsafe consumer products (e.g. RAPEX or ICSMS). The Office of Product Standards and Safety has developed a new UK wide system. Trading Standards teams will need to be trained to use this new database.
 - **Misleading claims/fraud**: Disruption in normal trading conditions provides opportunities for rogue traders to exploit consumers and in particular vulnerable adults using Brexit as a pretext for entering into unwanted/fraudulent contracts. Intelligence led intervention will enable the most prolific offenders being identified and tackled. A rapid response service will be required to the vulnerable.
 - **Regulatory Regimes**: There will be confusion around the different regulatory regimes operating simultaneously. Trading Standards Teams will need to monitor activities and mitigate the risks.

3.6 *Annex I. UK's Border Plan and Impact on LAs* outlines the new responsibilities of the local authorities and the expected additional work load for this service. The background document [“The Border with the European Union Importing and Exporting Goods”](#) presents the government's plan for 2021 and beyond, which will have a major impact on the trading standards and the role of the local authorities. This will be an addition to the already increased workload of the Council's Trading Standards Officers due to the COVID-19 crisis.

3.7 **Planned actions for 2021:** This service will need to be adapted based on the new EU trading standards. Ensuring product safety and surveillance will require additional work for the Trading Standards teams, such as:

- Ensuring advice and guidance for businesses on trading standards and labelling requirements,
- Ensuring readiness for market surveillance & product safety: Checking products, responding to port authorities, populating the new UK data base, monitoring the database, intercepting/dispose goods,
- Providing services & guidance for exporters to gain access to the EU market after Brexit
- Ensuring advice and guidance for businesses on exporting to the EU,
- Implementation of new food safety regulations & certification processes for exporters,
- Conducting regular audits where required for the registered exports.

3.8 **Workstream II - Environmental Health:** This Workstream focuses on the new role of the local authorities and supporting businesses for exports to the EU in relation to Export Health Certificates and EU establishment listings. *Annex I. UK's Border Plan and Impact on LAs* outlines the new responsibilities of the local authorities. While some of these will have direct impact on the demand for BCC's services, the Council also has a role to play to support businesses and prevent high fees that might be privately charged for the different steps of the certification processes to export animal products to the EU. The background document [“The Border with the European Union Importing and Exporting Goods”](#) presents the government's plan for 2021 and beyond.

Role	Policy Bodies	Operational Bodies
Imports and exports of live animals and animal products	Department for the Environment, Food & Rural Affairs or Devolved Administration Equivalent Animal and Plant Health Agency, Food Standards Agency, Food Standards Scotland, Fish Health Inspectorate, CEFAS Fish Health Inspectorate and Marine Scotland Fish Health Inspectorate	Animal and Plant Health Agency, Port Health Authorities, Rural Payments Agency, Scottish Government
Imports and exports of fruit and vegetables, plants and wood	Defra, Devolved Administration Equivalent , Animal and Plant Health Agency, Food Standards Agency, Food Standards Scotland	Animal and Plant Health Agency, Forestry Commission (and Scottish and Welsh equivalents), Port Health Authorities, Local Authorities, Rural Payments Agency, Scottish Government

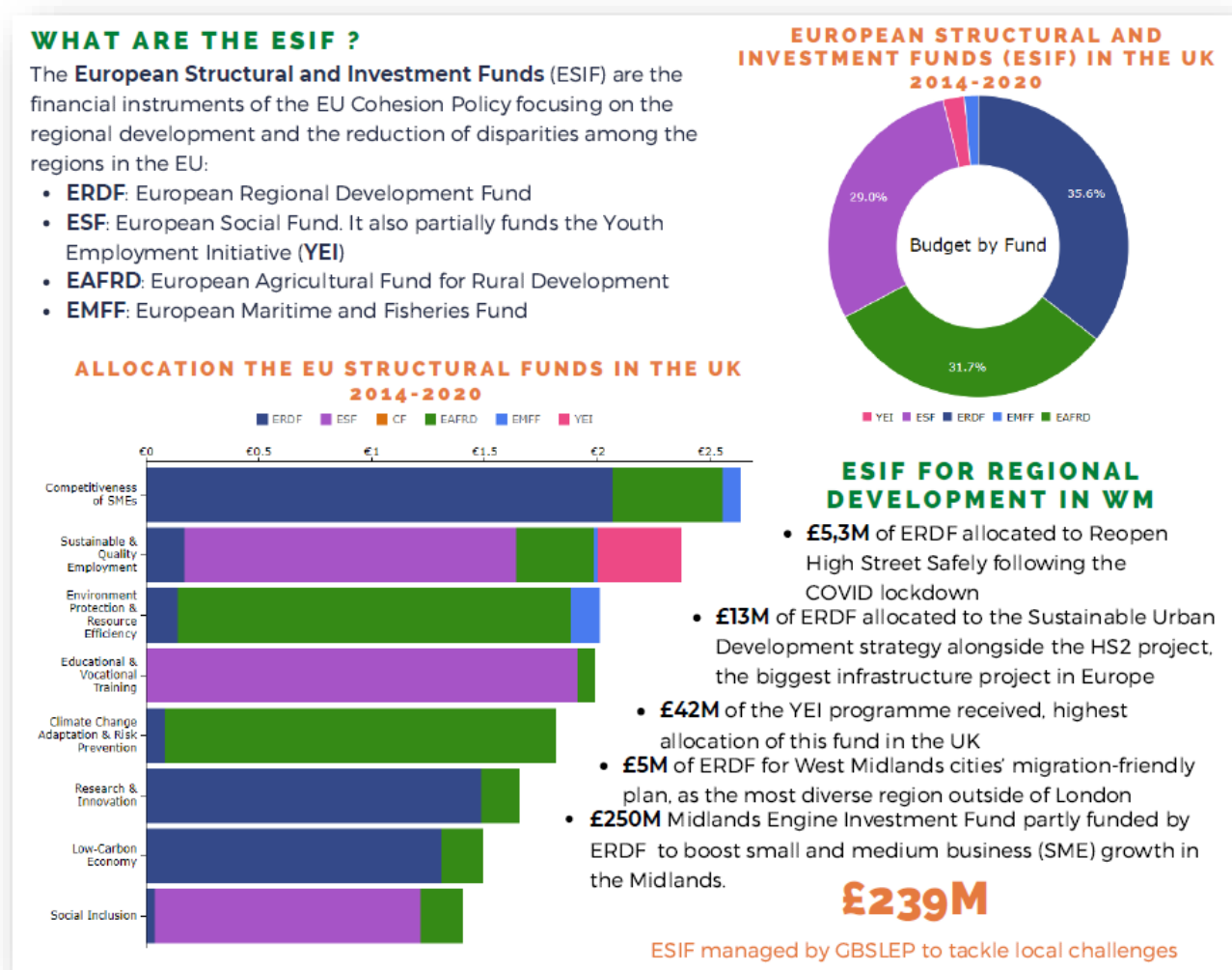
3.9 Planned actions for 2021: This service will need to be adapted to its new role assigned by the government's Post-Transition Border Plan. The UK Government has taken the decision to introduce the new border controls in three stages up until 1 July 2021.

From January 2021: Traders importing standard goods, covering everything from clothes to electronics, will need to prepare for basic customs requirements, such as keeping sufficient records of imported goods.

From April 2021: All products of animal origin (POAO) – for example meat, honey, milk or egg products – and all regulated plants and plant products will also require pre-notification and the relevant health documentation.

From July 2021: Traders moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs.

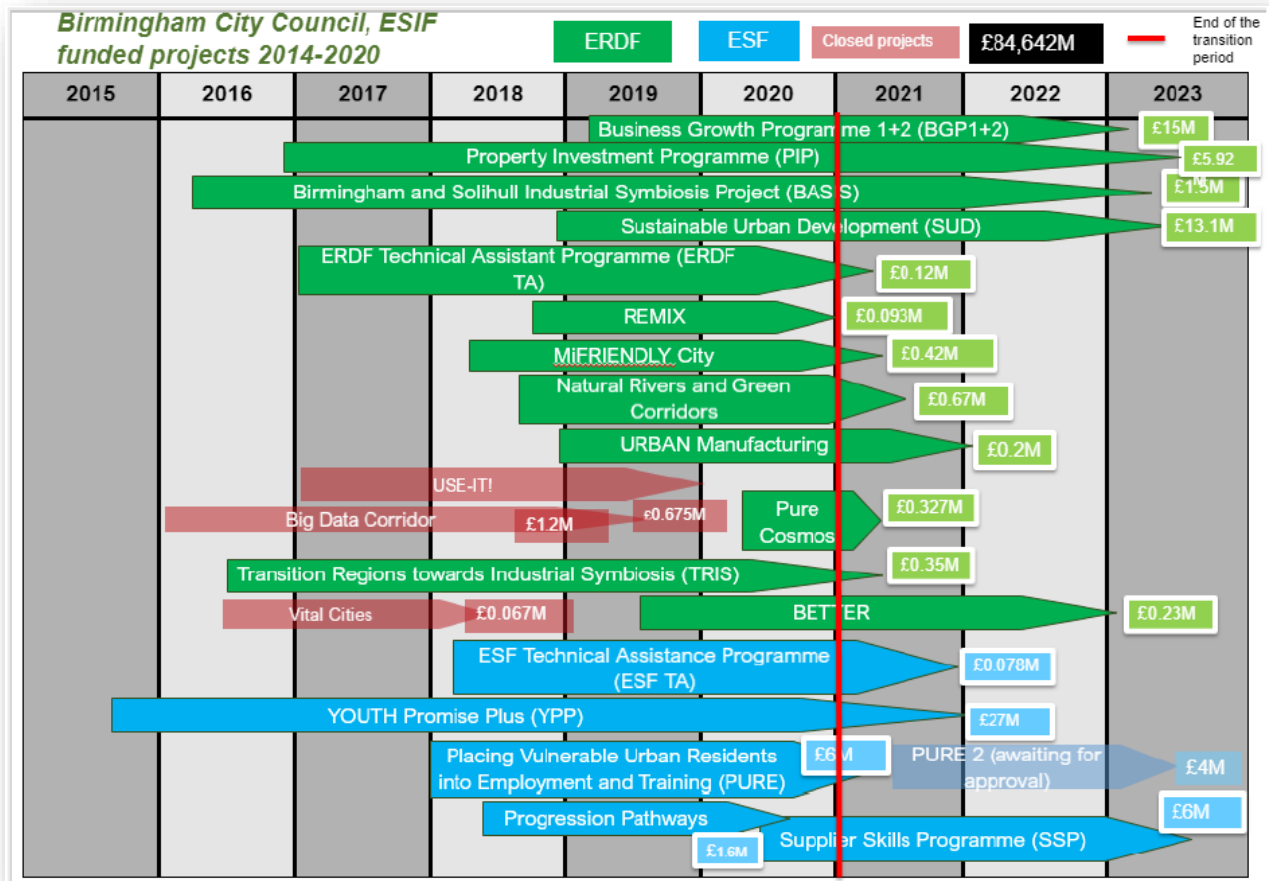
3.10 Workstream III - EU Funding: This Workstream aims to understand the impact of the loss of EU funding, identify the risks and mitigation actions for Council's EU funded services and their continuity. One of its objectives is developing a road map for the transition period of the programmes moving from EU funding to UK funding, initiating budget conversations with



the government and understanding of the terms and conditions of the UK Shared Prosperity Fund (EU funding replacement), developing alternative strategies and ways of working for

fund raising and continuity of services (e.g. transforming the services into less funding dependent ways of working, looking into new fund raising opportunities)

- 3.11 The European Structural and Investment Fund (ESIF) received by BCC between 2014 and 2020 is £85M. The impact assessment, conducted as a part of the Brexit Readiness Programme, shows that BCC's EU funded services are closely linked to the key areas for post-Covid-19 economic recovery. These are SME support, employment and skills, youth and career services, innovation, urban planning and regeneration, transport, environment and zero carbon, sustainable urban mobility, e-government and big/open data.



- 3.12 The Impact Assessment also shows that 78 full time equivalent BCC staff are estimated to be fully funded by ESIF, which corresponds to £1.5M of estimated potential redundancy costs for the Council if no replacement fund is available. The loss of funding and the projects would have a wider impact in Birmingham. The estimated number of the external jobs (delivery partners, suppliers, service providers, consultants, experts, etc.) created by the ESIF projects within 2015-2023 (some projects continue until 2023) is 177.
- 3.13 The key findings of the Impact Assessment conducted as a part of the Brexit Readiness Programme are presented in *Annex II. Impact of the EU funding on UK, WM and GBSLEP* and *Annex III. Impact of the loss of EU funding in Birmingham*.
- 3.14 **Planned actions for 2021:** If the UK remained in the European Union, the Conference of Peripheral Maritime Regions (CPMR) estimates that it would be entitled to a 22% increase of regional development funding (under the EU Cohesion Policy) for the 2021-2027 period.

Such an increase can largely be explained by the fact that many areas of the UK are falling behind the EU average in terms of regional prosperity. Therefore, it is necessary to have continuous communication with the government on the UK Shared Prosperity Fund to discuss its terms and conditions, especially:

- The Fund's budget should be no less in real terms than the funding streams that it replaces;
 - It should be administered in multi-year financial allocations "of the longest practicable duration"
 - The shares of funding received by the four nations of the UK should be maintained and funding allocations within those nations should be a devolved matter;
 - Funding within England should be almost entirely allocated based on a needs-based formula that uses up-to-date statistics;
 - Narrowing the differences in prosperity across the UK should be the Fund's main objective;
 - The Fund should engage closely with local authorities and local partners.
- 3.15 The background documents [LGA Briefing on UK Shared Prosperity Fund](#), and [House of Commons Briefing Paper on The UK Shared Prosperity Fund, 22 May 2020](#) present recommendations to the government for the future funds replacing the EU funds. They emphasise the importance of the close engagement with local authorities and local partners, as well as the new Fund's budget to be no less than the funding streams that it replaces.
- 3.16 **Workstream IV - EU Settlement Scheme:** There are 94,000 European citizens estimated in Birmingham, and they represent a valuable part of our community. They now need to apply for the EU Settlement Scheme (EUSS) to keep their right to live and work in the UK and have access to public services. The deadline for applications is 30 June 2021. According to the June 2020 statistics there are still 20,000 EU citizens in Birmingham, who need to apply to the EUSS. A big part of this group is estimated to be vulnerable citizens who need guidance and support for their applications. There is an important role to play for the Council to help the EU citizens in Birmingham to keep their rights to live and work in the UK and have access to public services.
- 3.17 Local authorities and health and social care trusts supporting looked after children and care leavers have mandatory obligations to identify and register eligible children to the EUSS. The government guidance documents [EU Settlement Scheme: local authorities toolkit](#) and [EU Settlement Scheme: looked-after children and care leavers guidance](#) outline the LAs' tasks and responsibilities.
- 3.18 "*Annex V. EUSS tracking for children in care*" provides the latest numbers reported by the Children's Trust to the Home Office in July 2020.
- 3.19 **Population Estimates for older EU Nationals in Birmingham:** LAs are also likely to have a duty under the Care Act to help identify vulnerable adults, who may be at risk of losing access to services or benefits by the end of the Transition Period on 1 January 2021. However, no figures or estimates exist showing the demographic makeup of EU citizens at a Local Authority level.
- 3.20 As a part of the BCC's Brexit Readiness Actions a model was developed that provides an indicative estimate for any targeted work in relation to the EUSS. The estimated numbers for Birmingham are 4,368 for the EU population aged 65+, 1258 for the EU population 65+ needing help with care and 306 for the EU citizens 65+ with dementia.

- 3.21 *Annex IV. EUSS Statistics for WM and Birmingham* provides an overview on the number of EU Settlement Scheme applications by local authority in WM between 28 August 2018 and 30 June 2020.
- 3.22 **Planned actions for 2021:** BCC's Brexit Readiness Programme has explored all funding opportunities to finance the EUSS related actions to support EU citizens and reach out to the vulnerable groups in Birmingham to provide information and guidance.
- The grant funding bid was successfully submitted to the Home Office in July 2020 requesting £149K for activities, such as providing basic advice, engagement and signposting, expert immigration advice for practical support with EUSS applications, organising small-scale community events, training for frontline staff, designated monitoring and tracking capacity for children in care and care leavers. If the funding is granted BCC will conduct these activities between October 2020 and April 2021.
 - BRP also secured £80K funding from the WMCA Pooled Brexit Fund for developing and implementing a West Midlands specific communication campaign to encourage EU citizens to apply for the EUSS before the deadline of 30 June 2021. This initiative will cover printed information material for schools, GP surgeries, police stations, community churches. Housing associations to reach out to the vulnerable groups in Birmingham as much as possible. These activities will also strengthen the collaboration among the LAs in WM.
- 3.23 **Workstream V - BCC's Supply Chain and Procurement:** This Workstream focuses on the potential challenges with the Council's supply chain due to the changes in exchange rate, import costs, as well as the potential legal and operational issues with the existing supplier contracts.
- 3.24 This Workstream is very important for the Council's business continuity and provision of services. It is an area heavily affected by the COVID-19 crisis. The potential no-deal Brexit in 2021 will increase the risk of financial instability of the suppliers and work force shortages, as well as increased cost of services, potential delays in delivery, and potential contractual issues due to potential regulatory changes (e.g. GDPR, import/export regulations and standards, etc)
- 3.25 From 1 January 2021 a new e-notification service called "*Find a Tender*" will be used to post and view public sector procurement notices. It will replace the requirement to publish notices in the Official Journal of the European Union. The government guidance [Public-sector procurement from 1 January 2021](#) outlines the new structure and the service.
- 3.26 **Planned actions for 2021:** This Workstream will focus on identifying the risks and the mitigation actions in relation to:
- Potential disruption in supplying of goods from the EU
 - Robustness of the service providers/suppliers in case of an economic shock,
 - Potential data issues due to personal data held in the EU or services with data exchange required with the EU (GDPR)
 - Ensuring the necessary assurances to be provided by the services/suppliers/service providers for alternative sources of supply from outside the EU,
 - Alternatives/solutions for suppliers/service providers/sub-contractors with an EU registration and Identification Number (EORI),
 - Alternatives/solutions for suppliers/service providers based in the EU,

- Potential workforce issues due to workers/contractors from the EU,
- Initiating and managing continuous communication with the service providers to identify the risks in advance and find solutions in a collaborative manner.

3.27 **Workstream VI - Economic Impact on BCC Revenue and Services:** This Workstream aims to understand and prepare for the impact of the economic shock on the Council's revenue and demand for services. As a strategic forecast, it is planned to develop an econometric model based on the data collected from the Council's relevant services to estimate the impact of the economic shock in relation to revenue, demand for services and their costs.

3.28 There are several studies estimating the economic impact of Brexit and the implications of the potential deal scenarios in the West Midlands. While some analyses provide projections on employment, GDP, trade and migration, as well as the impact on SMEs, no thorough analysis has been conducted so far to understand the economic impact on the local authorities. It is very difficult for local authorities to prepare for the end of the Transition Period and negotiate budgets with the government without having any estimations on the potential decrease of their revenues (e.g. decrease in collected council tax, commercial rents, business rates, etc) and the increase of the demand for services (e.g. benefits, housing, care for the elderly, homeless, business and employment support to the most vulnerable and those most affected etc) in case of an economic shock.

3.29 **Planned actions for 2021:** The current economic situation due to COVID-19 and the enhanced role of the local authorities to provide financial support to businesses emphasise the importance of this Workstream. The economic shock that was expected in 2021 due to Brexit is happening now, and the post-Brexit circumstances after the Transition Period will increase the challenges for Local Authorities. Therefore, the possibility to join forces with NHS Birmingham and Solihull Clinical Commissioning Group will help to have a better understanding of the impact taking Brexit and the COVID-19 crisis into account.

As a part of this Workstream there is also a study being conducted on "Response in Health and Wellbeing during an economic shock", which addresses the impact of COVID-19 and Brexit together. It aims to:

- Identify and describing what is known about unemployment/financial insecurity, caused by economic shock, and its implications for health and wellbeing.
- Produce a tool kit that helps plan services in context of economic shock

3.30 **Workstream VII - Communication:** This Workstream focuses on developing and implementing a Communication Plan to inform and raise awareness internally and externally on all Brexit related risks and necessary actions for citizens and BCC services, including collaboration with WM LAs to reach out to all stakeholders in relation to the EU Settlement Scheme and business readiness.

3.31 As a part of the Brexit Readiness Programme a dedicated EUSS page was developed and published on the Council's website. It is available at:

https://www.birmingham.gov.uk/info/20057/about_birmingham/2011/city_of_sanctuary/4

3.32 Another outcome of this Workstream was the Deputy Leader's digital letter to the Birmingham citizens to support European citizens to apply to the EUSS:

https://www.birmingham.gov.uk/downloads/file/15406/euss_letter_to_all_residents

3.33 The BCC EUSS Social Media Campaign was launched with the videos of the EU citizens working for BCC sharing their own experiences with the EUSS. The first video can be found at: <https://twitter.com/bhamcitycouncil/status/1232660323376738306?s=21>

3.34 Planned actions for 2021:

- WM specific EUSS communication campaign will target:
 - ❖ A WM specific approach to guide, support and encourage the EU citizens to apply for the EU Settlement Scheme (EUSS),
 - ❖ Better collaboration and coordination of the EUSS initiatives in WM led by the Home Office, local authorities, voluntary sector organisations and community groups,
 - ❖ To establish an umbrella of the WM EUSS Working Group and target vulnerable groups by addressing areas they live in or the places they attend. (e.g. schools, GPs, hospitals, libraries)
- EU citizens with BCC staff: The internal communication campaign for Council staff will aim to encourage the EU citizens with BCC staff to apply for the EUSS to prevent any workforce related potential disruptions in 2021.
- Business readiness: The continuous communication and collaboration with the chambers of commerce, growth hubs and WM Combined Authority will focus on the communication campaigns targeting the businesses readiness to signpost the information from the relevant sources.

3.35 **Workstream VIII - Regulatory change**: This Workstream supports other workstreams and the Council's relevant services for monitoring the regulatory changes due to Brexit to have a good understanding of their impact on local authorities and their services.

3.36 **Planned actions for 2021**: The continuous monitoring will be the key to ensure quick response and mitigating risks related to the upcoming regulatory changes. All services will be impacted by the government's decisions and new policies in 2021 and beyond.

Further impact of Brexit - Operational changes to Brussels office

3.37 The Brussels Office was initially established by Birmingham City Council back in 1986. This coincided with BCC establishing the Eurocities network in the same year alongside the cities of Lyon, Milan, Frankfurt, Barcelona and Rotterdam. Birmingham was the first UK city to establish a city/regional presence in Brussels and it has consequently developed significant connectivity with key European institutions and bodies.

3.38 Since 1986 the Office has taken on a range of different guises including, in more recent years as a regional office supported by ERDF funds by the now abolished AWM Regional Development Agency, and subsequently by the WM Local Government Association supporting the interests of the West Midlands Local Authorities. This arrangement ceased in 2012 when the City Council re-established control of the office and its services.

3.39 In July 2012 Cabinet approved that the Council re-take overall control and ownership of the Office, establishing the Greater Birmingham and West Midlands Brussels Office, including the TUPE transfer of the 5.1 FTE employees that were working for the service at that time. It also approved an ongoing budget of £314k per annum.

- 3.40 Since this time, the Head of European and International Affairs has sought to subsequently manage the service to a position in which it could reduce the financial pressures on the council without wholly compromising the services it provides. The Council decisions taken since 2016/17 have since required the Head of Service to manage the operation down to the full withdrawal of any financial support for the office. Council funding for the office ceased in March 2018.
- 3.41 In March 2018 after a formal communication from the Leader of the Council, a new management structure was developed, and a formal invitation went out to the key local partners inviting them onto a new Management Board in return for additional financial contributions towards the running costs of the office. The University of Birmingham (UoB), University of Warwick (UoW) and Birmingham City University (BCU) subsequently accepted this invitation and the Board has since been operational for two years securing in excess of £100k per year of additional resources in addition to service level agreements, for services provided by Brussels Office staff) held with each. The aim of the new Board was to secure additional partners and develop the Office towards being a Regional Hub.
- 3.42 Full Council passed a motion in January 2019 supporting the BCC's European engagement. This indicated the Council's commitment maintaining its European engagement and all relevant actions reinforcing this commitment.
- 3.43 Notwithstanding this new arrangement, due to both Brexit and the unfolding COVID 19 crisis, it has proved impossible to secure immediate additional investment from local/regional partners and the financial position of the office reached a critical point in mid-2020.
- 3.44 Actions taken in 2020: At the request of the Management Board, a draft sustainability plan was developed in February 2020 to set out requirements and scenarios for the future sustainability of the office. The initial catalyst for the development of a revised forward plan was the need to enhance and progress regional partner engagement in Brussels, to extend stakeholder investment into the office and as a result create a more sustainable funding model for the Brussels office. In addition, the post-Brexit landscape required a more strategic and visible link to the research and innovation and business, international trade and inward investment priorities for the region, as well as maintaining the opportunities for sustaining and extending collaboration with other cities and regions across Europe.
- 3.45 The work programme of the office has been largely driven by current SLAs with the individual universities. However, they have also been significantly impacted by COVID 19, particularly in relation to the recruitment of overseas students, including the significant numbers from China. Whilst it was acknowledged that the partnerships, networks and relationships enabled through the office remained increasingly important, both the UoB and the UoW both took the decision to withdraw from the Brussels Office at the end of their last SLA which ended on 31 July 2020. Ultimately this has resulted in the loss of both their SLA income and their additional contributions which amounts to approximately €200k per year. This decision has had a significant impact on the 2020/21 budget situation.
- 3.46 In the pursuit of expenditure savings, notice was served to the current landlord in March 2020, as a precaution, as 6 months' notice was required to end the current leasing arrangements. This proved to be a wise decision in light of both the universities subsequent decisions to withdraw from the relationship and the COVID 19 pandemic changing the current and future needs of the presence in Brussels and impacting on the ability to secure

immediate new investment partners. The annual rental costs for the existing premises were €238k per year.

- 3.47 Alternative, and significantly smaller, premises have subsequently been identified and an annual rental contract of €12k per year agreed, subject to the signing of contracts.
- 3.48 The Office will move from the rental of the whole floor of a building in a prime location 200 metres from the key European Offices in the European Quarter of Brussels, to a single office in a shared facility. The current premises included offices that were sub-let (e.g. to Jaguar Land Rover), meeting rooms and conference space.
- 3.49 Following consultation with staff, notice was also served to one member of staff in July and there are plans for one further member of staff to retire in April 2021. This will leave the office with one full time member of staff from April 2021.
- 3.50 In summary a balance between maintaining a presence and associated benefits of an office in Brussels alongside transitioning this presence into a financially sustainable operation in the light of both Brexit and COVID 19 challenges has been sought.
- 3.51 The Brussels Office will help BCC to maintain the existing European relationships. It will provide early intelligence on EU legislation impacting UK organisations, spanning a wide range of policy areas (automotive, energy, health and safety, environment, trade, financial services, etc.) and broker access to a range of future post-Brexit funding and collaboration opportunities. The benefits of maintaining an office in Brussels are set out in Annex VIII.

4 Options considered and Recommended Proposal

- 4.1 The following options were considered in the preparation of this report:

Brexit Readiness Programme

- 4.2 Option 1: Continue with the Brexit Readiness Programme and the PMO function for a centrally coordinated delivery as we do now and allocate the requested budget for 2021.
- 4.3 Option 2: Discontinue the Brexit Readiness Programme and handover the work to the relevant individual service areas with no central coordination. This option is not supported as this would negatively affect the delivery and risk Council's readiness for the Post-Transition Period.
- 4.4 Option 3: Stop all Brexit related actions. Draw a line under work done and take no further actions.

We recommend Option 1.

Brussels Office

- 4.5 Option 1: Provide one-off/in-year financial support to enable the operational transition to a new financially sustainable model from April 2021 noting actions taken regarding accommodation and staff.
- 4.6 Option 2: Close the Brussels Office and discontinue its activities. This is not the preferred option considering the Council's ongoing commitment to its European engagement and the 'Birmingham remains open for business' message. It would have a negative impact on Birmingham's image.

We recommend Option 1.

5 Consultation

5.1 N/A

6 Risk Management

6.1 In September 2019 a thorough risk and impact analysis of Brexit was conducted. The results were reported and published as a Risk Register, which can be found in Annex IX. The Brexit Readiness Programme was developed as the Council's response to these identified risks – see Annex VI and VII.

7 Compliance Issues

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies: The recommended decisions support the Council's priorities, strategic plans, such as low carbon, inclusive growth and economic recovery. The recommendations are also in line with the Council's approach for Brexit readiness to mitigate the risks and identify the opportunities at the national and international level.

7.2 Legal Implications: For the Brussels Office there will be a new rental agreement. The draft document is currently being reviewed by the Legal Team.

7.3 Financial Implications:

7.3.1 The recommended decisions require the approval of the total sum of £0.486m spend with £0.386m from the Council's Policy Contingency Budget. This includes the financial support of £198,000 for the Brexit Readiness Programme (BRP) and £288k on Brussels office with £100k funded from the European & International Affairs Budget.

7.3.2 The requested BRP budget covers the annual cost of the Programme Management, which is £198,000 for the period of 1 January - 31 December 2021.

7.3.3 The recommendation for the Brussels Office requires the approval for a further one-off/in-year £188,000 to transition the Brussels office into a financial sustainable operation effective from April 2021. The amount will cover a part of the cost of the annual rental contract of €12,000 and the cost of 1 permanent staff member.

7.3.4 It is also important for the Council to continue negotiating with the West Midlands Combined Authority and the Government for future resources and funding for the Brexit related actions.

7.4 Procurement Implications: The recommended decisions will have procurement implications, and all will comply with BCC regulations.

7.5 Human Resources Implications: The recommended decisions have HR implications. Brussels Office: HR actions taken by reducing staff levels from three to one, result in further longer-term savings. All staff are directly employed by the Office, which is registered as a not-for-profit organisation under Belgian law. These are therefore not employed as City Council staff.

7.6 Public Sector Equality Duty: The recommended decisions on the Brexit Readiness Programme play an important role for the Public Sector Equality Duty. The Programme covers a lot of areas where vulnerable groups are targeted, and the related risks are addressed as a part of the Programme.

8 Appendices

- 8.1 Annex I. UK's Border Plan and Impact on LAs
- 8.2 Annex II. Impact of the EU funding on UK, WM and GBSLEP
- 8.3 Annex III. Impact of the loss of EU funding in Birmingham
- 8.4 Annex IV. EUSS statistics for WM and Birmingham
- 8.5 Annex V. EUSS tracking for children in care July 2020
- 8.6 Annex VI. BCC Brexit Readiness Programme Governance Structure
- 8.7 Annex VII. Brexit Readiness Programme Planning for 2021
- 8.8 Annex VIII. Benefits of the Brussels Office
- 8.9 Annex IX. Brexit Risk Register

9 Background Documents

- 9.1 [The Border with the European Union Importing and Exporting Goods](#)
- 9.2 [LGA Briefing on UK Shared Prosperity Fund](#), 5 September 2019 (EU funding replacement)
- 9.3 [House of Commons Briefing Paper on The UK Shared Prosperity Fund, 22 May 2020](#)
- 9.4 [United Nations Human Rights Council Report on Extreme Poverty and Human Rights in the UK](#)
- 9.5 The worsening level of regional disparities in the UK in recent years also plays a large part in explaining the significant differences in aid intensity (e.g. funds per capita) from Cohesion Policy from one area to another, as forecast by the CPMR. [United Nations Human Rights Council Report on Extreme Poverty and Human Rights in the UK](#) also points out the policies of austerity introduced in 2010 and the drastic cuts to local authorities' budgets, which have eliminated many social services or left them dependent on EU funding.
- 9.6 [EU Settlement Scheme: local authorities toolkit](#)
- 9.7 [EU Settlement Scheme: looked-after children and care leavers guidance](#)
- 9.8 [Public-sector procurement from 1 January 2021](#)