



Report of the Head of Communications & Marketing

Recovery & Future Generations Policy Development Committee –
21 December 2021

Recovery from European Union (EU) Exit

Purpose:	The report presents the preparations undertaken by the Council for EU Exit, the main risks identified at that time and the current post-EU Exit situation.
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1. Background

- 1.1 Following a referendum, the UK left the European Union (EU) at the end of 31 January 2020. This began a transition period that ended on 31 December 2020 during which the UK and EU negotiated their future relationship.
- 1.2 A trade agreement between the UK and EU was ratified and given Royal Assent on 31st December 2020. There was a customs transitional arrangement in place until 1 July 2021. The UK government postponed import checks from the EU to the UK until the end of 2021 in order to avoid supply issues during the ongoing Covid crisis. This was followed by another delay of import controls, in the context of truck driver shortages as a result of the pandemic, which are scheduled to be phased in during 2022. The economic impact of EU exit remains uncertain and continues to be obscured by the ongoing disruption caused by the Covid-19 pandemic.
- 1.3 Other than economic matters, the main issue at a national level is the impact on the border between Northern Ireland and the Republic of Ireland. This is the only UK-EU border following Brexit; the EU and UK

agreed a hard border should be avoided as it might compromise the Good Friday Agreement that ended the Northern Ireland conflict. EU and UK negotiations on the NI Protocol continue at the time of writing this report.

- 1.4 The impact from EU Exit on local authorities in Wales has been difficult to disaggregate from the effects of disruption from the Covid-19 pandemic. This paper briefly describes the preparations undertaken by the Council for EU Exit, the main risks identified at that time and the current post-EU Exit situation.

2. Preparations for EU Exit

- 2.1 The Council established a Brexit Steering Group in 2019 with membership from across the Council to oversee preparations for EU Exit. The Group was co-chaired by the Leader and Deputy Chief Executive.
- 2.2 Preparations were primarily focussed on the possibility of a 'No Deal' Brexit. This included: efforts to identify staff who were EU nationals and to make them and EU nationals in the community aware of the EU Settlement Scheme (EUSS) and supporting them to apply; communicating and sharing information on Brexit (including the EUSS) to staff, the public and to local businesses; seeking assurance on the resilience of supply chains; checking the use, location and storage of data and personal information; reviewing and testing business continuity plans; checking emergency planning and resilience arrangements; reviewing the resilience of local food banks; keeping proposals for EU replacement funds under review, and; maintaining oversight of community cohesion.
- 2.3 A risk of a 'No Deal' Brexit was added to the Corporate Risk Register, which was reviewed at both the cross-Council Brexit Steering Group and at Corporate Management Team. In addition, the Council was represented on the WLGA Brexit Co-ordinators Group, which shared information on how Council's across Wales were preparing for Brexit. The WLGA also commissioned Grant Thornton to provide guidance and recommendations to local authorities in Wales on their Brexit preparedness.
- 2.4 A Scrutiny Working Group on Brexit met on 23rd September 2019 to review the Council's preparedness for Brexit, including the possibility of a 'No Deal' Brexit. The Working Group found the briefing very informative and were reassured that the Authority has done what it could to prepare for Brexit.

3. Post-EU Exit and Recovery

- 3.1 Both the Council and WLGA maintained their respective steering groups following the exit from the EU in order to monitor, gather and

share intelligence on the period following the end of EU transition and to be prepared to mitigate emerging risks or take advantage of new opportunities.

3.2 The impact from EU Exit on local authorities across Wales has been difficult to determine to date because of the obscuring effects of the Covid-19 pandemic; although there has been a more noticeable effect on Council's with large ports, such as Pembrokeshire and Anglesey, as they prepare for border checks. The following were identified during Brexit preparations as key risks associated with EU Exit:

- EU Replacement funding.
- EUSS.
- Ports.
- Supply Chains and disruption.

3.3 *EU Replacement Funding*

3.3.1 The UK Government has established a Shared Prosperity Fund (SPF) to replace EU funding. Wales will get nearly a quarter of the £220m Community Renewal Fund (CRF) to help prepare for the introduction of the SPF. More than 160 projects totalling £46m led by Welsh councils will receive packages between £1.9m and £6,600 and every council in Wales except Flintshire is receiving funds.

3.3.2 Swansea successfully bid for CRF funding totalling £2,668,321 for nine projects, including support for developing the Blue Eden project, the successor to Dragon Energy Island and funds for projects in areas ranging from education and training opportunities for vulnerable groups to green community transport and regeneration schemes. The full list is set out below:

- Community-led Sustainable Transport Solutions – Investing in Communities and Place: £128,821
- Cowork Local (Swansea): £331,891
- Dragon Energy Island – Swansea Bay Tidal Lagoon: £202,650
- Enterprise Swansea: £199,734
- Pathways to Work Swansea: £764,444
- Penderi Green Regeneration: £223,029
- People with Disabilities Employability and Enterprise Project (Swansea Project): £139,855
- Swansea Business Support and Green Recovery: £583,766
- Time to Learn and Work: £94,131

3.3.3 Debate on the level of funding available through the SPF and the UK Government's 'Levelling Up' funding programme and its parity with EU funding, which continues up until December 2023, is likely to continue but there is concern in Wales that CRF funding will not achieve the levels provided under EU Structural Funds.

3.4 ***EUSS (EU Settlement Scheme)***

3.4.1 The EU Settlement Scheme (EUSS) was established to allow EU, EEA and Swiss citizens who were resident in the UK before the end of the transition period, 31st December 2020, and their family members to continue to live and work in the UK lawfully in the post-Brexit era. For those eligible, an application should have been made before the end of the grace period, 30th June 2021.

3.4.2 A large amount of support was offered to eligible citizens to enable them to apply for settled status. Welsh Government funded a number of organisations to assist people to apply through the EUSS, such as Citizens Advice Cymru and Newfields Law. In addition, local authorities in Wales provided support through EUSS co-ordination of advice and guidance, access to IT through the 'We are Digital' scheme, scanning documents for application and providing awareness material. The Home Office also provided a lot of support by providing materials translated into different languages, having staff available to answer questions at local venues and holding national workshops / events for eligible citizens and professionals working with eligible citizens.

3.4.3 Working on a regional basis, the Council undertook a radio campaign with Carmarthenshire and Neath Port Talbot Councils to raise awareness and encourage eligible citizens to apply for settled status through the EUSS by 30 June 2021. The Council also hosted and promoted Home Office Workshops, contacted local employers and held community events to promote the EUSS and help eligible citizens to apply. The cross-Council Brexit Steering Group worked to identify and support staff to apply for settled status through the EUSS scheme.

3.4.4 As at the last quarter to the end of June 2021, approximately 99,100 EU citizens in Wales had applied for settled status. Of those applications 90,580 applications had been concluded, 51,880 have been granted settled status and 34,620 granted pre-settled status. The below table shows the number of concluded applications in the three local authority areas in the Western Bay region, by settled / pre-settled status and other outcome types.

Local authority	Total	Settled	Pre-settled	Other outcomes
Swansea	8,390	4,450	3,580	360
Bridgend	2,370	1,630	660	80
NPT	1,550	890	590	70

3.4.5 Although applications go above and beyond the numbers initially anticipated for Wales, there are still individuals who need to apply and require support. There are increasing numbers of adjoining family members applying and parents realising they need to apply for their children.

3.4.6 Welsh Government has recently announced it will continue to fund Newfields Law, Citizens Advice and Settled until March 2022 to support individuals needing to apply for settled status. Welsh Government are also providing additional funding to Newfields Law to provide support for appeals.

3.5 *Ports*

3.5.1 The re-introduction of border checks on goods to and from the EU could have significant implications for the ports of Holyhead and Fishguard / Pembroke Dock. Anglesey and Pembrokeshire councils have been working with UK and Welsh Governments to identify and put in place the necessary arrangements.

3.5.2 Swansea Port however does not deal with people, food or live animals and so is not subject to additional checks or controls. There is a small risk that there could be some diversion to Swansea Port in the event of major disruption to Fishguard / Pembroke Dock but this is unlikely and is being kept under review.

3.6 *Supply Chains and disruption*

3.6.1 A significant amount of preparations in the Council for EU-Exit went into reviewing and ensuring that supply chains were resilient, including in the event of a 'No Deal' Brexit. This work included contacting suppliers to check their resilience, reviewing current stock levels, identifying alternative supplies / suppliers and reviewing / testing business continuity plans.

3.6.2 There have been some related issues across the UK and Wales post-EU Exit; but a significant element of this appears to be the result of the impact from Covid-19. All authorities in Wales are experiencing increasing contractual costs for various projects, delays in supplies and difficulties in recruiting staff across a range of services and technical roles. Some Authorities are having particular difficulties in recruiting HGV / PCV drivers and care workers for social care settings.

3.6.3 Broadly, the UK's current supply chain issues stem from global shortages of materials, staff shortages and transport delays occurring at the same time as sharp spikes in demand and increased commodity prices and fuel costs. No particular sector is at severe risk but there are areas of concern, which could be exacerbated by a confluence of events such as severe weather, Covid and/or influenza spikes, etc. Although Covid appears to be the main cause of these difficulties, it is difficult to ascertain from this picture what effect, if any, Brexit might be having on these issues within the UK.

3.6.4 Swansea Council has reviewed the situation and is satisfied that, whilst these matters are being contained, they will be kept under review and

closely monitored. The Council continues to engage with WLGA and has incorporated risks into the Corporate Risk Register to mitigate the effects of Covid-19, including on social care and on the supply of construction materials; these are reviewed at least on a monthly basis at Performance & Financial Monitoring meetings and at Corporate Management Team.

4. Recovery

- 4.1 The Council's transformation and recovery plan *Achieving Better Together* sets out how the Council intends to recover from the Covid-19 pandemic and transform itself to be fit for the future. The Council has also developed an Economic Recovery Strategy agreed by the Regeneration Swansea Partnership. The action plan, that was prepared in partnership with key stakeholders, and that is supported by deployment of the Council's economic recovery fund, includes a range of initiatives to stimulate economic activity and resilience within Swansea's local economy.
- 4.2 The Council has also been leading the production of the Regional Economic Delivery Plan in collaboration with other authorities in the region. This work is now advanced and will report to Council in January for adoption of the strategy and its accompanying action plan. The plan identifies transformational project investment in the region that will attract funds from the UK government's Shared Prosperity Funding programme that is envisaged in future years.

5. Integrated Assessment Implications

- 5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
 - Deliver better outcomes for those people who experience socio-economic disadvantage
 - Consider opportunities for people to use the Welsh language
 - Treat the Welsh language no less favourably than English.
 - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 5.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development.

Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

5.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

5.1.3 This briefing is 'for information' and so is not relevant for an IIA.

6. Legal Implications

6.1 There are no legal implications.

7. Financial Implications

7.1 There are no financial implications.

Background papers: None

Appendices: None.