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|  | **Date** | **23.01.20** |
|  | **Item** |  |

**Brexit Working Group Update**

Since the Brexit Working Group last met on 23rd October 2019 there has been a general election which saw the Conservative party voted in with a clear majority meaning that the UK will leave the EU on 31st January 2020 under the terms of the Withdrawal Agreement Bill. This means we now enter a Transition period whilst discussions take place around the terms of any future trade arrangements with the EU. It is not anticipated that Transition period will see many changes. Key dates will be 1st July which is the deadline for extending the Transition phase (although the UK have legislated against an extension) and 31st December, which is when the Transition phase ends meaning that the UK will leave without a deal unless one is in place.

The Prime Minister has agreed that Operation Yellowhammer should be halted with immediate effect due to the decreased likelihood of the UK leaving the EU without a deal on 31 January 2020. This means that:

* The operational phase of Yellowhammer should not be stood up in January 2020.
* New spending to prepare for leaving without a deal on 31 January 2020 should not be authorised.
* Staff should not be surged into Yellowhammer roles to be ready for 31 January 2020.
* Plans for no deal exit on 31 January 2020 should not be advanced further.
* Public communications to third parties on the need to prepare for or maintain readiness for no deal on 31 January 2020 should cease.

Until there is more information available on policies and deals arising from the UK’s departure from the EU it is not possible to know what the implications are for the Council. If more information does become available, it is the intention to hold a Brexit seminar in the Autumn of 2020.

**Summary of key issues**

**Brexit Costs Funding Bid**

Highland Council made application to the Scottish Government for £12.515 million in September 2019 in the context of a no deal Brexit being actively considered. This included costs associated with Brexit Planning, Vulnerable people support, Export Health Certificate (EHC) and infrastructure issues. Following on from this there was a specific request in November 2019 from the Scottish Government for more information around contingencies, workloads and funding for EHC’s. This request placed several tight parameters from the UK Treasury, around any funding, to restrict activities that could be claimed for and a time limited claim period (up to 31st January 2020). Highland council submitted their claim to fit these criteria for £111,300 and received notification that they had been successful for the full amount.

Highland Council will also receive £50,000 for the support/planning role for Brexit.

In terms of the vulnerable persons element, additional support was given via FareShare of 900 food bags to Highland Council which was distributed to individuals, families, partner organisations and charities.

As the UK will now leave the EU on 31st January 2020 and enter a Transition period, any immediate concerns about a no deal Brexit have been parked in the meantime. In the event of any future Brexit scenarios, that will require planning and resourcing, it is likely that Highland Council will require external funding so that they are able to deal with it.

**EU Settlement Scheme**

EU Citizens (including EEA and Swiss citizens) and their family members (including children) will need to apply to the EU Settlement Scheme to stay in the UK post Brexit. So far, an estimated 3,880 (43.1%) out of an estimated 9,000 impacted individuals in the Highland Council area have already applied. EU Citizens have until 30 June 2021 to apply or 31 December 2020 in the event of a no deal. Following an internal Highland Council meeting a distribution model of Home Office literature on the EU Settlement Scheme was agreed and distributed as follows;

* All elected Members.
* All Ward Managers for onward distribution to Area Offices/Depots
* High Life Highland for onward distribution to Libraries, Leisure Centres, Community Centres and ESOL learners
* Global Language Services
* Business Gateway
* Job Centres
* Citizens Advice Bureau
* Highland Migrant and Refugee Advocacy
* The Polish Consulate for wider distribution amongst the Polish Community
* HQ Canteen & ground floor notice board
* Foodbanks

In addition to this Highland Council will look to amend the intranet and Council website to increase EUSS awareness. They also put out a press release on an information session on 16th December 2019 at Eden Court, Inverness for EU citizens on the EU Settlement Scheme. This was organised by the EU Citizens Rights Project and the Hungarian Consulate. All EU citizens were welcome to view a presentation on the EU Settlement Scheme by an immigration lawyer, who explained what EUSS is, who needs to apply and how to do it. Advisors from the Citizen’s Advice Bureau also presented their free EUSS support service and explain how to contact them. Opportunities to book an appointment with advisers for a later date if people need help with their EUSS application was also offered.

**EU Funding**

There is a lot of activity on the go around Suspension, Underspend and Performance Reserves in the European Social Fund (ESF) and the European Regional Development Fund (ERDF) as they pertain to the Highlands and Islands Transition Area.

In terms of the Suspension issue, all payments from the EU to the Scottish Government (Managing Authority) for ESF Funding have been suspended due to audit issues. Hilary Pearce, Deputy Director, European Structural Funds and State Aid Division has expressed confidence that the suspension will be lifted and has encouraged Lead Partners to continue making payments to Delivery Agents.

Cllr Margaret Davidson has written to Hilary Pearce and Derek Mackay Finance Secretary highlighting the significant financial pressure this puts on Highland Council and seeking resolution.

In relation to the issues surrounding Underspend & Performance Reserves work is ongoing with the Managing Authority (Scottish Government), who are in dialogue with the EU Commission, to retain the funding in the Highlands & Islands.

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| **Recommendation**  The Brexit Working Group to note the paper. |