

TITLE OF REPORT: Update on the Council's EU Exit Preparations

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Purpose of the Report

1. The purpose of this report is to provide an update to Cabinet in relation to the Council's preparations for the withdrawal of the United Kingdom from the European Union (EU), also referred to as 'Brexit'.

Background

2. At the time of writing this report (10 October 2019), it is still very unclear as to when or what the final outcome of EU Exit will be. Leaving the EU will result in several changes that will affect, for example, businesses, individual citizens, the local economy, workforce, regulatory services and communities.
3. Due to the ongoing high degree of uncertainty, the Council will need to be prepared for all eventualities (including a no deal exit) while attempting to keep up-to-date with developments, regularly reviewing the areas of highest potential impact and assessing risk.
4. Despite this uncertainty, our overall aim is to have a reasonable, practicable and proportionate plan in place for when the UK leaves the European Union. The heart of our planning has been around the five key themes of the Council's strategic approach – 'Making Gateshead a place where everyone thrives'. A risk assessment of the potential implications has been undertaken with relevant mitigation implemented where appropriate.
5. This report summarises the Council's preparations and mitigations of potential implications, of the UK leaving the EU (Appendix 1).

Recommendation

6. Cabinet is asked to comment and note the Council's preparations for the potential impacts of EU Exit and mitigating responses.

For the following reason:

- (i) To ensure that the Council has proportionate preparations in place for the potential impacts of EU Exit within Gateshead.

Policy Context

1. This report has been prepared taking into consideration the Corporate Risk Management Framework, the Strategic Resilience Management Framework and Making Gateshead a place where everyone thrives.

The Council's planning and readiness to respond

2. In August 2019, the Secretary of State wrote to all local authorities to request the nomination of a Brexit Lead Officer whose role includes:
 - Ensuring the Council has taken all reasonable steps, in line with relevant guidance and messaging coming from Government and its agencies, to prepare for exit from the EU on 31 October.
 - Ensuring the Council has a team in place which is equipped to support the delivery of Brexit.
 - Overseeing the expenditure of the specific Brexit funding allocated to the Council (£314,984).
 - Playing a full part in the Local Resilience Forum to ensure that plans take account of relevant local circumstances and potential impacts on local communities.
 - Bringing together local public service providers, the voluntary and community sector, community groups and businesses to effectively prepare for the potential local impacts of leaving the EU.
 - Acting as the principal contact point for the regional lead chief executive and central Government.
 - Proactively raising with central Government or the regional chief executive representative any emerging trends, issues and other local intelligence that might assist in preparations.
3. A Brexit Task Group within the Council has been formed, headed by the nominated Brexit Lead Officer, and includes the following specific groups and services:
 - Communications Team – overseeing communications to residents, businesses and stakeholders
 - Economic Development – overseeing communication and engagement with businesses and the Local Enterprise Partnership
 - Human Resources and Workforce Development – overseeing the EU Settlement Scheme for employees
 - Corporate Finance – overseeing the expenditure of any specific Brexit funding and identifying cost drivers for the Medium-Term Financial Strategy
 - Development, Transport and Public Protection – overseeing the potential regulatory issues (including trading standards and environmental health) and monitoring of community tensions

- Neighbourhood Management and Volunteering – providing the connection to the voluntary and community sector
 - Care, Wellbeing and Learning: adults, children and commissioning – overseeing the impact of the EU Settlement scheme on looked after children and adults; and impact on commissioned establishments
 - Corporate Commissioning and Procurement – overseeing any impact on the Council’s suppliers and commissioned services
 - Catering and Cleaning Services – overseeing any impact on the provision of supply chain distribution issues for example with the school meals service
 - Gateshead Housing Company – overseeing any direct impacts on residents and tenants
4. The group is acting as a channel to collate any emerging trends, issues and other local intelligence so that the Brexit Lead Officer can proactively raise these with central Government directly and through the regional chief executive representative who ensures significant issues which may impact on local service delivery, local communities and the local economy are flagged, with subsequent action supporting planning in these areas.
 5. As announcements are made by the Government, in the short-term the group is continuing to identify any relevant mitigations and controls using existing business continuity; resilience and emergency planning; financial plans and processes; and the management of concurrent risks.
 6. The group is working in conjunction with the Northumbria Local Resilience Forum.

Potential Implications and Mitigation

7. By exception, these are the main potential implications and mitigation that the Council is considering:
 - a) **Individuals**
 - Going and being abroad – includes changes to passports, foreign travel advice, pet travel and mobile roaming fees.
 - Work – includes workplace rights and working in the EU.
 - Transport – includes advice on changes to driving licenses, vehicle insurance and flying to the EU.
 - Environment – includes advice on changes to environmental standards and labels.
 - Business and Industry – includes advice on changes to consumer rights, banking and selling online.
 - Education, training and skills – includes changes to studying abroad

Mitigating response

- The Council is promoting a link the Government's Prepare for Brexit national campaign on our website and intranet.

b) Workforce

EU Citizens living in the UK can broadly retain all rights and status that they were entitled to prior to exit from the EU if they apply for settled or pre-settled status prior to the end of December 2020.

Mitigating response

- The Council is promoting the Government's EU Settlement Scheme to our communities and employees to access the scheme where required on our website and through our internal communication channels.
- The Council has contacted its commissioned service providers to inform them of the EU Settlement Scheme, to consider how Brexit may impact on their service delivery and consideration for any future support.

c) Local Economy and Business

- HM Treasury (November 2018) predicted the North East will be the worst affected region. Impacts upon businesses could include rising tariff costs, changes in supply chains, increased border checks, access to skilled labour and regulatory approvals.
- A potential fall in the pound is likely to increase overall costs for most residents, although it will have a favourable impact on some businesses.
- Reliable, local intelligence about how the current uncertainty is affecting Gateshead businesses and residents can be hard to obtain, but interactions with local companies will capture any Brexit-related concerns raised with the Council.
- Early indications show most businesses are continuing to operate as usual, although this may also suggest companies are unprepared for various exit scenarios.
- Large scale and/or multiple smaller scale redundancies could occur in and outside of Gateshead resulting in an increase in residents requiring support to access out of work benefits and to gain alternative employment.
- Marginalised and disadvantaged residents may become increasingly distanced from the labour market due to a reduction in demand from businesses for local labour and/or a Brexit related deterioration in household circumstances resulting in more barriers to work.

Mitigating response

- The Council is working together with the Local Enterprise Partnership [LEP], combined authorities and regional partners to develop the region's response to economic issues associated with Brexit. This has included:
 - Developing an online Brexit toolkit to ensure Gateshead businesses can diagnose potential risks and access support to mitigate them.
 - Commissioned research into alternative trade mechanisms.

- Improving cross-agency co-ordination to respond to different Brexit scenarios.
 - Weekly reporting and communication with the Department for Business, Energy and Industrial Strategy.
- Introduction of a weekly bulletin for businesses to raise awareness of risks, support available and encourage preparedness.
 - A local economic assessment will examine the sectors that have growth potential, are vital to Gateshead's future competitiveness, employ significant numbers of people and may be disproportionately affected by changes set out in Government's technical advice papers.

d) Food

- There is not expected to be a shortage of food in the UK but it is likely there will be a reduction in choice due to border disruption, and certain types of fresh food will decrease.
- Critical dependencies for the food supply chain, such as key input ingredients, chemicals and packaging, may be in shorter supply. This may lead to an increase in price, which could impact on vulnerable groups.
- The UK growing season will have come to an end and preparations for Christmas will put the supply chain under increased pressure.
- Food price increases have been forecast by a range of sources; this could increase requests to use local food banks / networks and co-ops across Gateshead.
- Lower income groups are likely to be disproportionately affected by price rises in utilities and services. Therefore, we could see an increase in deprivation within some areas of Gateshead and maybe an increase in free schools meals uptake.

Mitigating response

- The Council has been working closely with our food chain suppliers to mitigate any potential changes or disruptions.
- There is confidence that through these working relationships with our suppliers, services like our catering service within schools, in-house care homes and Promoting Independence Centres will continue uninterrupted.
- It is envisaged that nutritional standards will be maintained, though there may be need to replace some of the fresh ingredients with frozen or tinned products at some stage.
- All schools have been contacted with a reassurance message.
- The Council will engage with our food bank and community food network with the intention of monitoring early warnings about increased demand or decreased donations and assessing any additional support requirements.

e) Fuel

- Fuel production is not thought to be a major risk.
- Regional traffic disruption caused by border delays could affect fuel distribution.
- Motorists' behaviour could then exacerbate any localised shortages.
- If fuel supplies were impacted upon, there may be knock-on impact to the Council's ability to carry out some of our critical activities.

Mitigating response

- The Council is monitoring our fuel supplies and maintaining its stock levels. We have put in place monitoring arrangements with our suppliers who will alert us of any issues.
- As per existing business continuity plans, if the Council needs to extend the duration of fuel supplies, pre-identified critical services will be prioritised including social care (internally and externally).

f) Community tension and cohesion issues

- Immediately after the referendum result was announced in 2016, there was an increase in reports and incidents of hate crime both nationally and locally. This quickly returned to the numbers experienced locally prior to the referendum due to proactive engagement work in the community. There is, however, a potential for a rise in community tension and cohesion issues whatever the outcome.

Mitigating response

- Working with the Community Safety Team, community tension and cohesion issues will be responded to via normal business as usual process using the Community Tension Framework.
- In the event of any civil unrest issues, there will be appropriate escalation to Emergency Response Arrangements and Command and Control arrangements.

g) Management of concurrent issues

- There is concern on the management of concurrent incidents and other issues that is a major risk in terms of council staffing, resources and capability to respond.
- This is coupled with the Halloween and Bonfire Night periods and winter weather season impacts around the time of the current EU Exit date.

Mitigating response

- A duplicate duty officer Emergency Response Team structure will be implemented to mitigate the management of concurrent risks and incidents and assist with the reporting.

h) Monitoring and Reporting

- Continued engagement and monitoring with partners and suppliers is essential.
 - The Council is utilising its existing plans and networks to implement a mechanism for any Brexit related issues or concerns to be reported, whether this is internal or external.
 - This will allow us to monitor the impact of Brexit and inform any national and local reporting arrangements that are implemented.
8. The longer-term impacts of Brexit are unknown, and work is continuing with regional partners to understand any future requirements to mitigate them.

Additional Resources

9. On 16 August 2019, it was announced by the Secretary of State for Housing, Communities and Local Government that the Council would receive a further £104,984 to assist with Brexit preparations. Following the previous allocation of £210,000, this brings it to a total of £314,984.

Communications

10. On 1 September 2019, the Government launched a new public information campaign, 'Get Ready for Brexit', which is running across television, radio, social media, billboards and other platforms.
11. Within the Council, we have communicated the Government's Prepare for Brexit campaign. Links to the campaign have been included on our website and staff intranet.

<https://www.gateshead.gov.uk/article/305/Council-and-democracy>

Civil contingency planning and partnership working

12. Local Resilience Forums (LRFs) have continued to undertake proportionate contingency planning in the event the UK leaves the EU with no deal or alternative measures in place.
13. The Council is continuing to work with its partners within Gateshead and wider region to ensure continued appropriate plans and support, including the North East LEP and North East Brexit Group; and with the region's Local Resilience Forums to ensure that appropriate response arrangements are in place and tested enable sharing of information and highlighting of potential impacts.
14. The Council is liaising closely with neighbouring local authorities on our approach and co-ordinating joint collaborative action where necessary.

Future Announcements

15. Further information will be provided to Councillors when EU Exit-related announcements are made by the Government.

Consultation

16. Relevant Portfolio Holders have been consulted and a members seminar was held on 8 October 2019.

Implications of Recommended Options

17. **Resources:**

a) Financial Implications – The Strategic Director, Corporate Resources confirms that funding of £314,984 has been made available by Government to the Council to assist in EU Exit planning and preparations.

The wider financial implications following EU Exit remain very uncertain and will be the subject of future reports, including the implications for inward investment from the private sector and Government grant funding into Gateshead.

b) Human Resources Implications – the Council is closely monitoring current Government advice in relation to employees and the EU Settlement Scheme, utilising the <https://euexit.campaign.gov.uk/> for the most up to date advice and guidance.

c) Property Implications - There are no property implications directly arising from this report.

22. **Risk Management Implications** – the impact of the UK's exit from the EU is being monitored and is included as a key corporate risk in the Council's Strategic Risk Register.
23. **Equality and Diversity Implications** - There are no current equality and diversity implications identified however this will be monitored once a final agreement is known to ensure there is continued support to residents and communities.
24. **Crime and Disorder Implications** – There is a potential for the UK's Exit from the EU to lead to a rise in community tensions and increased instances of hate crime – monitoring and mitigation is in place.
25. **Health Implications** – There is potential that the health effects of EU Exit are wide-ranging. Potential impacts at a system level could include staffing within the NHS, access to health care for UK Citizens in the EU and EU citizen's access to UK services, supply of medicines, access to medical radioactive isotopes and the loss of EU legislation in areas such as tobacco, environment,

housing and food safety and nutrition. A comprehensive assessment of the exact impact upon the population of Gateshead however, cannot be made until a final agreement is in place.

26. **Sustainability Implications** – The preparations and plans in place will ensure as far as possible that the Council maintains a sustainable position.
27. **Human Rights Implications** – There are no imminent implications in relation to changes to Human Rights Law. Statistics show that Gateshead and the North East has experienced relatively little migration, and suggests population and workforce change in Gateshead is potentially more heavily influenced by free movement than international migration.
28. **Area and Ward Implications** - This report affects all wards.
29. **Background Information**
 - ‘Making Gateshead a place where everyone thrives’
<https://www.gateshead.gov.uk/article/11956/Thrive-our-strategic-approach>
 - Civil Contingencies Act (2004)
 - <https://euexit.campaign.gov.uk/> - Government advice and guidance