

REPORT TO: POLICY AND RESOURCES COMMITTEE - 30 SEPTEMBER 2019
REPORT ON: BREXIT UPDATE
REPORT BY: CHIEF EXECUTIVE
REPORT NO: 329-2019

1. PURPOSE OF REPORT

This report provides an update on the Brexit process and on the work being done to prepare for the implications of the UK leaving the EU, including the possibility of a 'no deal' Brexit.

2. RECOMMENDATIONS

It is recommended that members:

- (i) note the latest developments in the Brexit process.
- (ii) note the preparations being made.

3. FINANCIAL IMPLICATIONS

None.

4. POLITICAL DEVELOPMENTS

- 4.1 Since the last update to Committee on Brexit, the UK has a new Prime Minister, Boris Johnson, who has said the UK will leave the EU on 31 October, with or without a withdrawal deal. He says he does wish to negotiate a deal if an alternative can be agreed to the 'backstop' (the arrangement designed to prevent a hard border in Ireland whatever happens with future trade negotiations) but sees signalling a willingness and preparedness to leave with no deal as an important part of his bargaining strategy.
- 4.2 A majority of MPs believe that a 'no deal' Brexit would damage the economy because of tariffs applying to exports/imports and border checks causing delays at ports. They have passed a law requiring the UK Government to seek an extension to the Brexit deadline to 31 January 2020 unless a withdrawal deal (or a 'no deal' Brexit) is agreed by 19 October. Ministers have suggested that the Government will abide by the law but 'test to the limit' what it actually requires them to do. Any attempt by the Government to disregard some of the legislation could lead to legal action.
- 4.3 Parliament was suspended on 9 September and the Government's plan was to re-open with a Queen's speech on 14 October. However, the Supreme Court ruled that the suspension was unlawful, and the Speaker re-convened Parliament from 25 September.
- 4.4 The UK Government tried twice but failed to get the necessary two-thirds of MPs to approve an early election before the next EU Summit on 17/18 October. Opposition parties have said they want the possibility of a 'no deal' Brexit on 31 October to be ruled out before they will support an election.
- 4.5 Regarding preparations, Theresa May's government had promised £4.2 billion to prepare for a range of Brexit scenarios. Boris Johnson has pledged a further £2.1 billion, specifically to prepare for leaving without a deal. That will fund 500 extra border force officers, improvements to infrastructure around ports, managing traffic disruption in Kent, increasing freight capacity, warehousing and stockpiling of medicines, and public communications. In general, preparations for a 'no deal' departure have been given greater urgency since the new Prime Minister took office.

- 4.6 An information campaign urging the public to "Get Ready For Brexit" has been launched by the UK Government. The campaign began on 1 September with the launch of a website, gov.uk/brexit. Billboards, social media adverts, TV adverts, leaflets, online seminars, and information stands at events will be used. Specific groups targeted by the campaign include British citizens who are intending to travel to Europe and businesses which export to the EU. It has been reported that the information campaign could cost as much as £100 million.

5. RESILIENCE/NO DEAL PREPARATIONS

- 5.1 Despite the legislation mentioned above, a 'no deal' Brexit on 31 October has not been completely ruled out and there are some scenarios in which that might happen.
- 5.2 The Council is linked to national, regional and local resilience planning arrangements for the possibility of a 'no deal' Brexit, and officers from relevant services have been registered to share information using the Resilience Direct system. Plans were in place for the previous planned leave date of 29 March and are being reviewed and updated for 31 October. Specific details are confidential, but themes include travel, freight and borders; disruption of services; information and data sharing; demonstrations and disorder; remote and rural issues; and workforce issues. Planning is being undertaken on the basis of 'reasonable worst case scenarios'. Concerns have been expressed over disruption to supplies of food, fuel and medicines, and about the cost and availability of some foods. An additional concern about a 'no deal' exit on 31 October is the greater likelihood of other concurrent events which may exacerbate the situation, such as severe weather or seasonal flu.

6. COUNCIL PREPARATIONS

6.1 Brexit Advisory Team

The officers' team has continued to meet regularly to consider the risks facing the Council and the city and to make any preparations possible. In addition, to resilience planning, other work is outlined below.

6.2 Horizon Scanning/Engagement with Governments

Contact details of Brexit lead officers have been provided to the UK and Scottish Governments, COSLA, etc and officers are very actively participating in 'dial in' and face-to-face sessions on a wide range of areas and ensuring that risks flagging from other local authorities are assessed here.

Various officers within the Council are actively participating with key professional networks and liaising with other Councils/COSLA/ESEC/Scottish Cities Alliance etc on a regular basis. We have responded, and will continue to respond, to consultations on any changes to the regulatory environment as and when these occur.

6.3 Communications/Awareness Raising

We have reviewed and updated our Brexit webpages, linking into key UK/Scottish Government information and communications. Information is available for citizens, businesses and also on what we are doing as a Council to prepare. The website has been updated to include a link to the Government's new 'Get Ready For Brexit' public awareness campaign. Social media channels are also being used to highlight events and key information. Frontline services, including across the Dundee Partnership, have been briefed and given information to support citizens.

6.4 Citizens' Rights

The Council has sought to publicise the 'settled status' scheme for EU citizens and signpost people to advice and support (eg through posters, handouts and the Brexit page on our website).

Central Library is a location for the Assisted Digital Scheme for those needing help to make online applications - 27 digital sessions had been provided up to the end of August - and the Council is also publicising the assistance available locally from the Citizens Advice Bureau.

A report from the Home Office on take-up of the scheme indicated that 1,640 people living in Dundee made applications in the period up to 30 June 2019. (The total for Scotland was 45,160, around a quarter of which were from Edinburgh, with the top five nationalities being Polish, Italian, Romanian, Spanish and Latvian).

Further work will be developed nationally and locally to support vulnerable groups, including looked after children.

6.5 Local Economy/Businesses

We have encouraged local businesses to use the Scottish Enterprise Toolkit to help them prepare for Brexit, and promoted the Scottish Government's grant scheme to support business preparations. We have also worked with Dundee and Angus Chamber of Commerce and the Business Gateway on a survey of the preparedness of local businesses, to promote resources (including the grants available) and to publicise events.

The latest bulletin from the Chamber of Commerce to its members highlights that all firms - not just those directly and immediately affected - should be undertaking a Brexit 'health check' and starting to plan, including understanding where their supply chain sources its goods. The Chamber say that many businesses have held off undertaking a review of the implications of Brexit due to the unknowns and the ever-changing landscape but understanding the resources available to develop Brexit plans should now be top of their 'to do' list.

6.6 Workforce

We have continued to communicate with our workforce about EU settled status, particularly targeting fields such as teaching and social care. Although the likely impact on service delivery if the number of EU citizens in our workforce was reduced has been assessed as low, we want to engage with and re-assure those affected that we want them to stay, and signpost them to information and support.

6.7 Procurement

The impact of leaving the EU on contracts is being addressed, as well as any issues about the resilience of supply chains necessary to deliver Council services. All services have been asked to identify any concerns/issues they have, or any intelligence they receive from professional networks regards:

- any particular sectors of the workforce, or the workforce of any private or third sector organisations they deal with, which may be affected by Brexit.
- any issues about supply chains and the cost and availability of any products or services we use.

We have also liaised with Tayside Contracts about arrangements for menus in schools and residential homes. They have confirmed arrangements for contingency menus based on using tinned or frozen produce if supplies of fresh food are disrupted.

6.8 Food Insecurity

Part of the resilience planning in the event of a 'no deal' Brexit will be to liaise with local foodbanks to find out if they are experiencing any increase in demand (eg if prices of food rise) or decreases in donations (if donors themselves are affected by price rises or shortages).

Officers have spoken to Scottish Government officials regarding Dundee's involvement with Fareshare - an initiative which co-ordinates the distribution of surpluses from food producers - and how they can assist the Council in the area of food insecurity. Information has been provided on the Council's work to address food insecurity, including the work we do with 'A Menu For Change' in partnership with independent advice agencies, emergency food providers, community food initiatives and members of the community; referral pathways; and sources of funding available to organisations responding to food insecurity.

6.9 Regulatory Matters

Officers are monitoring any discussions about regulations, potential changes to regulations, or opportunities to streamline or improve the regulatory environment after Brexit.

One issue that has come up is the likelihood that many more Export Health Certificates may have to be issued by Environmental Health Officers for Scottish businesses exporting animal-based products. Although this may not appear to be a major issue for Dundee, qualified EHOs might be asked to work in centralised hubs or might just be in short supply as demands on the service increase.

6.10 Funding

A detailed analysis of the projects and staffing supported by EU funding was carried out and is being reviewed again. Some funding streams are expected to run to 2022. Decisions on priorities may be required if the level of funding currently received from the EU is not replicated.

We are engaging at all levels to ensure our needs and views are included in the development of future funding programmes. We have taken part in informal consultation, made submissions and will participate in any formal consultation on the proposed UK Shared Prosperity Fund once this is launched, now likely to be in 2020 following the Comprehensive Spending Review.

6.11 Other Financial Impacts

Assessment of current capital plan implications has been undertaken, including a review of scenarios of interest rate changes on plans and borrowing.

7. **POLICY IMPLICATIONS**

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

8. **CONSULTATIONS**

The Council Management Team were consulted in the preparation of this report and agree with its contents.

7. **BACKGROUND PAPERS**

None.