



Oversight and Governance

Chief Executive's Department
Plymouth City Council
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Published 12 September 2019

CABINET

Tuesday 17 September 2019
2pm
Council House, Plymouth

Members:

Councillor Evans OBE, Chair

Councillor Pete Smith, Vice Chair

Councillors Haydon, Coker, Dann, Lowry, Penberthy, Jon Taylor, Laing and Kate Taylor.

Members are invited to attend the above meeting to consider the items of business overleaf.

This meeting will be webcast and available on-line after the meeting. By entering the Warspite Room, councillors are consenting to being filmed during the meeting and to the use of the recording for the webcast.

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Tracey Lee

Chief Executive

Cabinet

9. Brexit preparation - Risk Management

(Pages 1 - 18)

Brexit Risk Management

Cabinet



Date of meeting:	17 September 2019
Title of Report:	Brexit Risk Management
Lead Member:	Councillor Tudor Evans OBE (Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Giles Perritt (Assistant Chief Executive)
Contact Email:	giles.perritt@plymouth.gov.uk
Your Reference:	GP/BRC01
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The Council has played an active role in preparing for Brexit since the result of the national referendum in 2016, and much of its activity has been supported and reported through the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee. In recent weeks, the probability of the UK exiting the European Union (EU) without a deal on October 31 2019 has increased. There is still considerable uncertainty as to whether or not October 31 will mark the UK's departure from the EU, and whether or not any departure will be on the basis of a negotiated deal.

This report identifies the key risks associated with a 'No Deal' Brexit for the Council and for the city, the potential impact of those risks, and the plans in place for mitigating them. Appendix 3 of this report comprises the Government's Reasonable Worst Case Planning Assumption for Brexit, published on 11 September by the Rt Hon Michael Gove MP in response to a motion brought forward in the House of Commons on 9 September 2019.

Recommendations and Reasons

That Cabinet:

1. Endorses the risk management approach to a 'No Deal' Brexit
2. Agrees the mitigation priorities set out in the Organisational and City risk management logs at Appendices 1 and 2 of this report
3. Notes the contents of the Government's Worst Case Planning Assumptions as of 2 August 2019 paper
4. Thanks the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee for its contribution to date and asks that its members maintain a close watching brief on mitigation plans to minimise risks to the Council and the city.

Alternative options considered and rejected

The Secretary of State for Housing, Communities and Local Government wrote to the Leaders of all Local Authorities in England on 6 August 2019 (Appendix 4) asking them to ‘take all reasonable steps’ to prepare for the UK’s exit from the EU on 31 October 2019, with or without a deal. Risk identification and management is an essential part of that process.

Relevance to the Corporate Plan and/or the Plymouth Plan

The Council’s values relating to community leadership, transparency and cooperative partnerships are especially relevant to the delivery of our responsibilities during these uncertain times. Priorities relating to economic growth and community safety are potentially impacted by the risks identified from a ‘no deal’ Brexit.

Implications for the Medium Term Financial Plan and Resource Implications:

There are no implications directly relating to the recommendations of this report, though it should be noted that the Council has committed in excess of the £105k grant related to Brexit preparation allocated by the government for Brexit preparation in 2019-20. Expenditure on preparation is being managed from within existing budgets. Broader financial implications arising will be the subject of separate reports when there is greater clarity about specific impacts.

Carbon Footprint (Environmental) Implications:

There are implications arising from potential disruption to established supply chain and logistics arrangements, notably from increased use of the Port of Plymouth in the event of delays at other Channel ports. These are hard to quantify at this time, and will be monitored.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council’s duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

No new policies will adopted as a result of the recommendations of this report, which reflects the Council’s approach to risk management. There are, however implications for community cohesion and child poverty which are identified as risks. These will be monitored and reported on regularly.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Organisational Risk Log							
2	City Risk Log							

3	Government's Reasonable Worst Case Planning Assumption for Brexit							
4	Letter from Secretary of State for Housing, Communities and Local Government							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Giles Perritt											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 10/09/2019											
Cabinet Member approval: Tudor Evans agreed verbally Date approved: 12/09/2019											

Context for No Deal Brexit

The European Union (Withdrawal) (No.6) Act, which received Royal Assent on 9 September 2019 is designed to prevent a 'no deal' Brexit on 31 October 2019 without explicit parliamentary approval. However, the government is maintaining that the UK will leave the EU on this date, and EU agreement to an extension of the UK's membership beyond 31 October will be necessary. In addition, there is a standing request from the Secretary of State for Housing, Communities and Local Government to all local authorities to make the necessary preparations to prepare for Brexit, with or without a deal on 31 October 2019. National planning assumptions, including in the South West therefore remain focussed on the risks associated with a no deal Brexit.

Risk Management Approach

The approach taken in preparing the risk logs attached at Appendices 1 and 2 to this report is aligned with the Council's corporate risk management approach. Risk management is not based on what will happen in any given set of circumstances, but on what may happen, given a set of reasonable assumptions. The Government's assumptions at Appendix 3 are broadly in line with the approach taken by the Council. Each risk and its causes is described and rated in terms of likelihood and the severity of its impact based on existing mitigation. Further action is then described where it is deemed necessary. A colour coding is used that illustrates the level of risk following mitigation. Appendix 1 relates to risks identified to the Council's operation as an organisation, and Appendix 2 relates to broader risks potentially affecting the city that the Council is working with other partners and agencies to mitigate.

The Cabinet has responsibility on behalf of the Council for the Brexit risk register, supported by the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee. The Council's Corporate Management Team manages the Council's preparedness and has nominated a Brexit Lead Officer at the request of the Secretary of State. This officer is Giles Perritt, Assistant Chief Executive and his responsibilities are set out in the Secretary of State's letter at Appendix 4.

Within the Council, an officer working group has been in place since September 2018 coordinating activity related to Brexit across the main risk areas identified in the risk logs, and supporting the Council's leadership. The group is supported by dedicated policy officer resources. In addition, the Council's Business Continuity Steering Group has undertaken extensive work in ensuring that plans are in place to ensure continued delivery of services in the event of disruption.

The mitigation against risks identified relating to the Port of Plymouth, Business readiness and broader public sector service delivery issues includes the establishment of multi-agency working groups in these areas to ensure that individual pieces of work are undertaken with appropriate partners to mitigate risks and impacts identified.

At a regional and national level, the Chief Executive has attended the national MHCLG 'sounding board' which hosts cross government representation with key Councils in identifying and responding to key risks associated with Brexit. At a regional level, the Council is a member of the Brexit Resilience and Opportunities Group, chaired by the Chief Executive of Devon County Council and which is co-ordinating the Heart of the South West Councils' response to Brexit.

The Devon, Cornwall and Isles of Scilly Local Resilience Forum (LRF) has been designated by the Government as the coordinating body for the regional response to a No Deal Brexit. Chaired by the Deputy Chief Constable of the Devon and Cornwall Constabulary, it is co-ordinating preparation across all statutory bodies with responsibility for emergency planning against risks associated with a No Deal Brexit.

No deal Brexit Organisational Risk Log

PREPAREDNESS/RESPONSE	OPERATIONAL / STRATEGIC / PROGRAMME	RISK TYPE	RISK REF	DESCRIPTION OF RISK CAUSE IMPACT	CRITICAL SUCCESS FACTOR (must be vital to the Depts. success / be synonymous with a high-level goal / link directly to a business plan, legislation, strategy or project)	Likelihood	Impact	Rating	CURRENT EXISTING MITIGATION	ACTION PLAN / FUTURE MITIGATION / OPPORTUNITIES TO BE EXPLORED	TARGET DATE (or review date if target unknown)	Likelihood	Impact	Rating
Preparedness	Operational	Staffing	EU/S01	Description: Failure to co-ordinate/respond to no-deal planning and preparedness demands Cause: Insufficient/non-provision of appropriate staffing resources Failure to address competing organisational demands Lack of clarity from government about planning scenarios Impact: Insufficient staff to cover information demands/provide strategic and tactical leadership/provide and analyse data/deliver mitigation actions	Sufficient, suitable and experienced staff to undertake all operational/strategic processes in preparation for 31 October deadline	4	4	16	Appointed Brexit Lead Officer and deputy Officer working group in place Experienced civil protection staff in place	Establish Brexit Office: semi virtual team with physical location. Dedicated 0.5 FTE policy officer, 0.25 FTE policy manager, 0.25 civil protection officer, 0.25 communications resource. On call tactical commander as per Council rota with virtual management responsibilities with daily check in	13/09/2019	3	4	12
Preparedness	Operational	Staffing	EU/S02	Description: Failure to respond to new burdens relating to new port responsibilities Cause: Insufficient staffing resources to prepare for likely Port Health responsibilities/lack of clarity about specific responsibilities for import/export port health role and likely volume of work Impact: Breach of legislation Reputational damage	Clear understanding of roles duties and quantum, with adequate resources trained and in place to meet projected demand	4	4	16	Clarification of roles/responsibilities underway Partial funding (£34k in 2018-19 and £25k in 2019-20) received from DEFRA for staffing	Establish Port working group with clear terms of reference to clarify brief, establish action plan, coordinate response and implement plan in advance of 31 October, specifically addressing training and infrastructure	16/09/2019	3	4	12
Preparedness	Operational	Information advice and guidance	EU/I01	Description: Failure to manage stakeholder Brexit queries in advance of 31 October 2019 Cause: Large volume of calls from Businesses, EU nationals, tourists, expats and haulers in period to 31 October 2019 Impact: Lack of information availability to stakeholders Businesses unable to make adequate preparation for business continuity prior to Brexit Wrong advice given	Comprehensive online links to information for each stakeholder group from Council website complemented by multi media campaign making use of government material where appropriate. Service centre scripts in place, and back office specialist resources ready to deal with remaining queries. Members and partners briefed and able to respond where necessary	4	3	12	Heart of the South West Growth Hub website contains detailed information for businesses tailored to Plymouth businesses Subject matter expertise in place in officer working group Regional expertise available through LEP/LRF/LGA/government departments Communications plans in place from March 2019	Establish communications and advice working group to further develop existing plans and cover website/government links/service centre work and stakeholder briefings Establish costs and interdependencies	13/09/2019	3	3	9
Preparedness	Operational	Supply chain	EU/SC01	Description: Disruption to service delivery through lack of availability of products/resources Cause: Import/delivery/logistics disruption due to Brexit factors, including those as yet unknown Impact: Service disruption/service delivery failure Reputational damage Potential harm to citizens Unsustainable workload for existing staff	Up to date business continuity plans taking account of known no deal Brexit risks in place for all critical and high risk supply chains	4	4	16	Business Continuity Plan review undertaken for 530 supply chain businesses in March 2019 and contingency plans developed	Review of March 2019 work, and analysis of any high risk gaps, taking account of broader indirect supply chain risks (eg private residential care homes and schools) Consider moving resources to cover Brexit mitigation.	16/09/2019	3	4	12
Preparedness	Operational	Financial resources	EU/EI01	Description: Financial impacts of preparation and response on the Council given current financial constraints. Cause: Costs of preparation and response exceed allocated resources Impact: Council's ability to balance budget compromised	Adequate financial provision in place to meet Brexit related demand pressure	4	5	20	Government grant of £105k for 2019/20 Partial DEFRA grant for port health response Council contingency and working balance Monitoring of demand for key services with providers	Revise financial estimates for 2019/20 in light of no deal exit assumptions Further review of DEFRA decision re port funding to be arranged Seek additional support from government where evidence of Brexit related demand increases is identified	20/09/2019	4	5	20
Preparedness	Strategic	Economic impacts	EU/EI02	Description: Economic impact creates financial impacts on the Council (given current financial constraints) Cause: Sterling devaluation and supply and demand pressures increase major contract delivery costs Economic impact on business reduces NNDR and rental income to the Council Impact: Council's ability to balance budget compromised	Major contract financial provision adequate for foreseeable costs Maintain economic growth forecasts in Plymouth in particular for our Foreign Direct Investment (FDI) businesses Maintain NNDR income	4	5	20	All major construction contracts reviewed against foreseeable Brexit financial risks Regular engagement with our Foreign Direct Investment (FDI) businesses	Creation of an attractive relocation offer by fostering cluster and supply chain opportunities. Progress conversations with key business stakeholders such as Chamber, FSB etc to explore programme to develop and support local supply chain Establish Plymouth Business Brexit Group with Chamber of Commerce	19/09/2019	4	5	20

No deal Brexit Organisational Risk Log

PREPAREDNESS/ RESPONSE	OPERATIONAL / STRATEGIC/ PROGRAMME	RISK TYPE	RISK REF	DESCRIPTION OF RISK CAUSE IMPACT	CRITICAL SUCCESS FACTOR (must be vital to the Depts. success / be synonymous with a high-level goal / link directly to a business plan, legislation, strategy or project)	Likelihood	Impact	Rating	CURRENT EXISTING MITIGATION	ACTION PLAN / FUTURE MITIGATION / OPPORTUNITIES TO BE EXPLORED	TARGET DATE (or review date if target unknown)	Likelihood	Impact	Rating
Preparedness	Operational	Staffing	EU/S03	<p>Description: Failure to respond to new burdens relating to trading standards responsibilities</p> <p>Cause: Insufficient staffing resources to prepare for likely trading standards responsibilities/lack of clarity about specific responsibilities for import/export role and likely volume of work</p> <p>Impact: Breach of legislation Reputational damage</p>	Clear understanding of roles duties and quantum, with adequate resources trained and in place to meet projected demand	4	3	12	Clarification of roles/responsibilities underway	Work allocation to Trading Standards colleagues with Brexit office support to quantify likely impacts from European standards issues with exported products	28/08/2019	2	4	8
Preparedness	Strategic	Economic impacts		<p>Description: Brexit impacts drive increased service demand</p> <p>Cause: Cost of living increases drive poverty</p> <p>Impact: Greater demand on needs assessed services</p>	Adequate financial provision in place to meet Brexit related demand pressure	4	5	20	Demand forecasting in place	Further planning and analysis necessary	20/09/2019	4	4	16

Plymouth City Council
No deal Brexit City Risk Log

PREPAREDNESS/ RESPONSE	OPERATIONAL / STRATEGIC/ PROGRAMME	RISK TYPE	RISK REF	DESCRIPTION OF RISK CAUSE IMPACT	CRITICAL SUCCESS FACTOR (must be vital to the Depts. success / be synonymous with a high-level goal / link directly to a business plan, legislation, strategy or project)	Likelihood	Impact	Rating	CURRENT EXISTING MITIGATION	ACTION PLAN / FUTURE MITIGATION / OPPORTUNITIES TO BE EXPLORED	TARGET DATE (or review date if target unknown)	RESPONSIBLE OFFICER	STRATEGIC DIRECTOR	Likelihood	Impact	Rating
Preparedness	Strategic	EU Workforce	EU/W01	Description: Loss of proportion of current EU workforce, particularly in academia, advanced engineering, manufacturing, construction, tourism and care. Cause: Brexit related factors reduce EU nationals amongst workforce Impact: Economic growth forecasts adversely affected	Sufficient workforce supporting priority economic sectors in the city: - Manufacturing - Higher Education - Construction - Tourism - Health and Social Care	4	4	16	Settled status scheme deadline of December 2020. The Home Office are briefing the Council regularly on the settlement scheme for EU citizens who will be eligible under the terms of the draft withdrawal agreement. Migrants with professional skills may still be able to get visas through the tier 2 route; it is unlikely that tradespeople would meet the criteria.	Develop programme to retrain our domestic workforce (consider using Skills element of Controlling Migration Fund). LGA led lobbying strategy to broaden eligibility criteria	01/12/2019	NS	AP	3	4	12
Preparedness	Operational	Domestic and international connectivity	EU/D01	Description: The import or export of goods is impeded due to requirements for licences or other checks Cause: New regulations regarding import / export cause increased transit times and increased traffic Impact: Economic impact on businesses and restrictions on imported goods	The timely transit of goods in and out of Plymouth, effective business continuity arrangements in place Guidance to local businesses in place for export support	5	4	20	Business advice being provided by Chamber of Commerce, Econ. Development, LEP. Business continuity planning prioritised across business sector.	PCC to establish a local port cell to bring external and internal stakeholders together for information exchange and help secure FSA funding. Continue to promote Government advice to business (ongoing). Lobbying to become a Border Inspection Post and recognised as a strategic port.	20/09/2019	KoC	RH	5	4	20
Response	Strategic	Economic; Foreign Direct Investment	EU/EI03	Description: Loss of Foreign Direct Investment (FDI) into the city Cause: Imposition of tariff barriers creating adverse economic environment Impact: Negative impact on the economy of the city (employment, project delivery)	Maintaining (and growing) economy in Plymouth in particular our Foreign Direct Investment (FDI) businesses	4	5	20	Regular engagement with our Foreign Direct Investment (FDI) businesses	Creation of an attractive relocation offer by fostering cluster and supply chain opportunities through Local Exchange Parlour, supported by HotSW Brexit Resilience and Opportunities Group (BROG) Progress conversations with key business stakeholders such as Chamber, FSB etc to explore programme to develop and support local supply chain	19/09/2019	NS	AP	3	5	15
Response	Strategic	Economic; impact on HE sector	EU/EI04	Description: A reduction in EU student numbers and difficulties in accessing EU grants Cause: Lack of access to EU funding and increased barriers to student entry Impact: Loss of income and employment, research and a reduction in the number of skilled graduates available to the economy.	Maintenance of research funding and student numbers	4	4	16	The government guarantee applies to the Horizon programme and other EU research. The UK will participate in the Erasmus+ student exchange programme until 2020 funds.	Liaise with Higher Education sector over notification	01/12/2019	JH	GP	3	4	12
Preparedness	Operational	Community Cohesion	EU/C01	Description: Reduction in community cohesion / civil disorder. Cause: Brexit has proved to be divisive in communities / access to food/fuel affected Impact: Reductions in perception of Plymouth as a Welcoming City; increases in hate crime / community disorder	Effective community engagement and established plans for multi-agency response to disorder	3	5	15	The Controlling Migration Fund plan will help to address tensions within our least cohesive communities as well as encouraging people to reconnect with the labour market. Close working with Police, Local Resilience Forum and other partners through Safer Plymouth	Public sector group to be established, Local Resilience Forum plans to be agreed and socialised in Plymouth context	20/09/2019	DBE	GP	3	4	12
Response	Strategic	Economic	EU/EI05	Description: Economic impact on the city due to loss of direct support from the EU Cause: Removal of EU funding Impact: It is difficult to quantify the full extent of funding but funding allocated on this basis may still significantly benefit the City whether through the direct allocation of funds or through some other benefit within the projects	Maintaining current levels of support to those functions and businesses currently supported via EU money	4	3	12	The Government guarantee now extends to cover all EU funding secured before December 2020.	Continue to influence the design of future funding streams, principally through our engagement with the HotSW LEP and relevant Government Departments in the context of the industrial strategy.	01/12/2019	NS	AP	2	4	8

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Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
Cabinet Office 70 Whitehall London SW1A 2AS

Rt Hon Hilary Benn MP (Chair)
Exiting the EU Committee
House of Commons
London
SW1A 0AA

Our reference: CDL/00319

11 September 2019

Dear Hilary,

Operation Yellowhammer: planning assumptions

Thank you for the opportunity to appear before your EU Exit Select Committee last week. You were, naturally, interested in Operation Yellowhammer, the Government's planning for a reasonable worst case scenario in the event of a no deal Brexit.

We are currently updating the assumptions for Operation Yellowhammer but in light of the motion brought forward by the Rt Hon Dominic Grieve MP that was passed in the House of Commons on Monday night, I thought it would be helpful to publish the Operation Yellowhammer document based on assumptions drawn up under the last Government. This document is complete save for one section that has been marked as redacted on the basis of its commercial sensitivity. I am, of course, happy to offer the opportunity for Privy Counsellors to read the full unredacted version in person.

It is also my intention, as I stated at your committee, to publish revised assumptions in due course alongside a document outlining the mitigations the Government has put in place and intends to put in place. I hope to publish these as soon as possible and will write to you shortly with publication plans.

As you will be aware, by longstanding convention the Government does not release Cabinet and Cabinet Sub Committee papers. This is an important principle stated within the Ministerial Code and recognised by the exemption at section 35 of the FOI Act to protect the requirement for Ministers to receive free and frank advice and to maintain the ability to engage in open discussion, in the public interest, in order to reach a collective decision. It is important to note that this document is not a formal Cabinet Committee paper and so its release does not compromise this principle.

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Finally, during the debate on 9 September, the Shadow Secretary for Exiting the EU incorrectly stated that the Yellowhammer assumptions represent a 'most likely scenario' and are a Brexit 'impact assessment'. I should reiterate that the document is neither an impact assessment, nor a prediction of what is most likely to happen. It describes what could occur in a reasonable worst case scenario, thus providing a deliberately stretching context for government planning to ensure that we are prepared for Exit.

I am copying this letter to the Rt Hon Dominic Grieve MP, the Rt Hon John Whittingdale MP and the Rt Hon Keir Starmer MP.

I am also publishing this letter on Gov.uk, so that this is available to all MPs and members of the public.

With every good wish,

A handwritten signature in black ink, appearing to read "Michael Gove". The signature is written in a cursive, slightly slanted style.

Rt Hon Michael Gove MP

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Operation Yellowhammer

HMG Reasonable Worst Case Planning Assumptions

As of 2 August 2019

- When the UK ceases to be a member of the EU in October 2019 all rights and reciprocal arrangements with the EU end.
- The UK reverts fully to 'third country' status. The relationship between the UK and the EU as a whole is unsympathetic, with many MS (under pressure from the Commission) unwilling to engage bilaterally and implementing protections unilaterally, though some MS may be more understanding.
- No bilateral deals have been concluded with individual member states with the exception of the reciprocal agreement on social security coordination with Ireland. EU Citizens living in the UK can retain broadly all rights and status that they were entitled to prior to exit from the EU, at the point of exit.
- Public and business readiness for a no-deal will remain at a low level, and will decrease to lower levels, because the absence of a clear decision on the form of EU Exit (customs union, no deal etc) does not provide a concrete situation for third parties to prepare for. Readiness will be further limited by increasing EU Exit fatigue, due to the second extension of Article 50, which will limit the effective impact of current preparedness communication. [To be reviewed]
- Business readiness will not be uniform – in general larger businesses across sectors are more likely to have better developed contingency plans than small and medium sized businesses. Business readiness will be compounded by seasonal effects, impacting on factors such as warehouse availability.
- Concurrent risks associated with autumn and winter such as severe weather, flooding and seasonal flu could exacerbate a number of impacts and stretch resources of partners and responders.
- Private sector companies' behaviour will be governed by commercial considerations, unless influenced otherwise.
- HMG will act lawfully and in accordance with the rule of law, including by identifying the powers it is using to take specific actions.

Key planning assumptions

1. For the purpose of freight flow and traffic management as 31 October is a Thursday, day 1 of exit is now on a Friday rather than the weekend which is not to our advantage. Exit day may coincide with end of October half term school holidays, which vary across the UK. (CCS/DExEU)
2. In a small number of instances where the impacts of Brexit would be felt negatively in the EU as well as in the UK, Member States may act in way which could also benefit the UK (e.g. energy for Ireland). (CCS/DExEU)

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3. France will impose EU mandatory controls on UK goods on Day 1 No Deal (D1ND) and have built infrastructure and IT system to manage and process customs declarations and support a risk based control regime. On D1ND, between 50-85% of HGVs travelling via the short Channel Straits may not be ready for French customs. The lack of trader readiness combined with limited space in French ports to hold "unready" HGVs could reduce the flow rate to 40-60% of current levels within one day as unready HGVs will fill the ports and block flow. The worst disruption to the short Channel Straits might last for up to 3 months before it improves by a significant level to around 50-70% (due to more traders getting prepared), although there could continue to be some disruption for significantly longer. In the event of serious disruption, the French might act to ensure some flow through the short Channel crossings. Disruption to flow across the short Channel Straits would also cause significant queues in Kent and delays to HGVs attempting to use the routes to travel to France. In a reasonable worst case scenario, HGVs could face maximum delays of 1.5-2.5 days before being able to cross the border. HGVs that are caught up in congestion in the UK will be unable to return to the EU to collect another load and a proportion of logistics firms may decide to avoid the route should there be significant and prolonged disruption. Analysis to date has suggested a low risk of significant sustained queues at ports outside of Kent which have high volumes of EU traffic, but BDG will continue to work directly with stakeholders at those ports to support planning readiness (BDG/DfT)
4. UK citizens travelling to and from the EU may be subject to increased immigration checks at EU border posts. This may lead to passenger delays at St Pancras, Cheriton (Channel Tunnel) and Dover where juxtaposed controls are in place. Dependent on the plans EU Member States put in place to cope with these increased immigration checks it is likely that delays will occur for UK arrivals and departures at EU airports and ports. This could cause some disruption on transport services. Travellers may decide to use alternative routes to complete their journey. (BDG/FCO/HO/DfT)
5. Demand for energy will be met and there will be no disruption to electricity or gas interconnectors. In NI there will be not be immediate disruption to electricity supply on Day 1. A rapid SEM split could occur months or years after EU Exit. In this event, there would not be security of supply issues. However, there will likely be significant electricity price increases for consumers (business and domestic), with associated wider economic and political impacts. Some participants could exit the market, thereby exacerbating the economic and political impacts. (BEIS)
6. The BDG/DfT planning assumption on reduced flow rates describes a pre-mitigation reasonable worst case flow rate that could be as low as 40% D1ND via the short Channel Straits, with significant disruption lasting up to six months. Unmitigated, this will have an impact on the supply of medicines and medical supplies.

The reliance of medicines and medical products' supply chains on the short straits crossing make them particularly vulnerable to severe extended delays; three-quarters of medicines come via the short straits. Supply chains are also highly regulated and require transportation that meets strict Good Distribution Practices. This can include limits on time of transit, or mean product must be transported under temperature controlled conditions. Whilst some products can be stockpiled, others cannot due to

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short shelf lives - it will also not be practical to stockpile products to cover expected delays of up to six months. DHSC is developing a multi-layered approach to mitigate these risks. (DHSC)

ii. Any disruption to reduce, delay or stop supply of medicines for UK veterinary use would reduce our ability to prevent and control disease outbreaks, with potential detrimental impacts for animal health and welfare, the environment, and wider food safety/availability and zoonotic diseases which can directly impact human health. Industry stockpiling will not be able to match the 4-12 weeks' worth of stockpiling which took place in March 2019. Air freight capacity and the special import scheme is not a financially viable mitigation to fully close risks associated with all UK veterinary medicine availability issues due to border disruption. (DEFRA)

7. Certain types of fresh food supply will decrease. Critical dependencies for the food supply chain (such as key input ingredients, chemicals and packaging) may be in shorter supply. In combination, these two factors will not cause an overall shortage of food in the UK but will reduce availability and choice of products and will increase price, which could impact vulnerable groups. The UK growing season will have come to an end and the Agri-food supply chain will be under increased pressure at this time of year, due to preparations for Christmas, which is the busiest time of year for food retailers. Government will not be able to fully anticipate all potential impacts to the agri-food supply chain. There is a risk that panic buying will cause or exacerbate food supply disruption. (DEFRA)

ii. Public water services are likely to remain largely unaffected due to actions now being taken by water companies. The most significant single risk is a failure in the chemical supply chain. The likelihood of this occurring is considered low and the impact is likely to be localised, affecting up to 100,000's of people. Water companies are well prepared for any disruption; they have significant stocks of all critical chemicals, extensive monitoring of their chemical supply chains (including transportation and all deliveries) and mutual agreements in place. In the event of a supply chain failure, or the need to respond rapidly to other water supply incidents, urgent action may need to be taken to make sure people continue to have access to clean water. (DEFRA)

8. Some cross-border UK financial services will be disrupted. (HMT)

9. The EU will not have made a data decision with regard to the UK before exit. This will disrupt the flow of personal data from the EU where an alternative legal basis for transfer is not in place. In no deal an adequacy assessment could take years. (DCMS)

10. Law enforcement data and information sharing between UK and EU will be disrupted. (HO/NSS)

11. UK nationals will lose their EU citizenship and, as a result, can expect to lose associated rights and access to services over time, or be required to access them on a different basis to now. All MS have now published legislative proposals, but not all have passed legislation to secure all rights for UKNs. There is a mixed picture across MS in terms of the level of generosity and detail in the legislation. In some MS, UKNs need to take action now, whilst others they do not. Complex administrative procedures within MS, language barriers and uncertainty regarding the UK political situation are contributing to some UKNs being slow to take action. There will be gaps in both substance and understanding. Demand for help from HMG will increase significantly leading to an increase in consular enquiries and more complex and time-consuming consular assistance cases for vulnerable UKNs. Cross HMG support,

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including continued close engagement and clear communications messaging from UKG departments and the DAs will be needed to help manage the demand. (FCO)

ii. An EU Member State would continue to pay a pension it currently pays to a UK national living in the EU. (DWP)

iii. The Commission and individual Member States do not agree to extend the current healthcare arrangements for UK state pensioners and tourists beyond 31 October 2019 and refuse offers by the UK to fund treatments. Member States take no further action to guarantee healthcare for UK nationals and treat them in the same way as other 3rd country nationals.

UK pensioners, workers, travellers and students will need to access healthcare in different ways, depending on the country. Healthcare may require people to demonstrate residency, current or previous employment, enter a social insurance scheme, or purchase private insurance. Member States should treat people with urgent needs, but may require them to pay after the fact. There is a risk of disruption for patients and a minority could face substantial costs. (DHSC)

12. Gibraltar, due to the imposition of border checks at its border with Spain (and the knock-on effect of delays from the UK to EU), will see disruption to supply of goods (including food), medicines, trans-frontier shipment of waste and delays of 4+ hours for at least a few months in the movement of frontier workers, residents and tourists across the border. Prolonged border delays over the longer term are likely to adversely impact Gibraltar's economy. Like the UK mainland, cross-border services and data flow will also be disrupted. Despite the time extension to EU Exit, Gibraltar has still not taken decisions to invest in contingency infrastructure (port adjustments; waste management equipment) and there are still concerns that Gibraltar will not have passed all necessary legislation for No Deal, opening up potential legal gaps/risks mainly for the Government of Gibraltar. Gibraltar continues to plan for less significant border delays than our Yellowhammer scenario. Crown Dependencies may be affected by supply chain disruption. (FCO/MoJ)

13. Protests and counter-protests will take place across the UK and may absorb significant amounts of police resource. There may also be a rise in public disorder and community tensions. (HO)

14. Regional traffic disruption caused by border delays could affect fuel distribution within the local area, particularly if traffic queues in Kent block the Dartford crossing, which would disrupt fuel supply in London and the South-East. Customer behaviour could lead to local shortages in other parts of the country. (BEIS)

[REDACTED]

16. A small minority of insurance payments from UK insurers into the EU may be delayed. (HMT)

17. Low income groups will be disproportionately affected by any price rises in food and fuel. (HMT)

OFFICIAL SENSITIVE

18. On D1 ND HMG will operationalise the “no new checks with limited exceptions” model announced 13 March, establishing a legislative framework and essential operations and system on the ground, to avoid an immediate risk of a return to a hard border on the UK side. The model is likely to prove unsustainable due to significant economic, legal and biosecurity risks and no effective unilateral mitigations to address this will be available. With the UK becoming a third country, the automatic application of the EU tariff and regulatory requirements for goods entering Ireland will severely disrupt trade. The expectation is some businesses will stop trade or relocate to avoid paying the tariff which will make them uncompetitive or to avoid the risk of trading illegally, while others will continue to trade, but experience higher costs which may be passed on to consumers. The agri-food sector will be the hardest hit, given its reliance on highly integrated cross border supply chains and high tariff and non-tariff barriers to trade. Disruption to key sectors and job losses are likely to result in protests and direct action with road blockages. Price and other differentials are likely to lead to the growth of the illegitimate economy. This will be particularly severe in border communities where both criminal and dissident groups already operate with greater threat and impunity. Given the tariff and non-tariff barriers to trade, there will be significant pressure to agree new arrangements which supersede the day one model within days or weeks. (NIO/NICS)
19. Up to 282 EU and EEA nations fishing vessels could enter illegally, or already be fishing in UK waters (Up to 129 vessels in English waters, 100 vessels in Scottish waters, 40 vessels in Welsh waters, 13 vessels in Northern Irish waters) on day one. This is likely to cause anger and frustration in the UK catching sector, which could lead to both clashes between fishing vessels and an increase in non-compliance in the domestic fleet. Competing demands on UK Government and DA maritime agencies and their assets could put enforcement and response capabilities at risk, especially in the event of concurrent or cumulative incidents, which are likely to include; illegal fishing, borders violations (smuggling and illegal migration), and any disorder or criminality arising as a result, e.g. violent disputes or blockading of ports. (Defra, HO, and the DAs in respect of fisheries protection).
20. There is an assumption that there will be no major change in adult social care on the day after EU Exit. The adult social care market is already fragile due to declining financial viability of providers. An increase in inflation following EU exit would significantly impact adult social care providers due to increasing staff and supply costs, and may lead to provider failure, with smaller providers impacted within 2-3 months and larger providers 4-6 months after exit. There are also possible concurrent localised risks: transport or staff disruption, severe winter weather or flu that could exacerbate the existing market fragility, and that cumulatively could stretch resources of providers and LAs. Intelligence will continue to be gathered to forewarn of/prepare for any impacts on the sector including closure of services and handing back of contracts which are not part of normal market function. In addition, we will look at the status of preparations in four local authorities, which are identified as priority concerns, by mid-August. (DHSC)



Ministry of Housing,
Communities &
Local Government

Rt Hon Robert Jenrick MP

*Secretary of State for Housing, Communities and
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06 August 2019

I was honoured to be appointed as the Secretary of State. I am looking forward to meeting you and to working with you.

The UK will be leaving the European Union on 31 October. Although we would prefer to leave with a deal, we are making all necessary preparations to leave without a deal if the EU refuses to negotiate a new arrangement.

Local Government has a vital role in ensuring our departure is as smooth as possible. I want to thank you, your councillors and your officers for all the hard work you have already done, particularly in advance of the March and April deadlines. Just as central government is urgently intensifying preparation in advance of 31 October, it is right that together we work to do the same in every community.

To help us to better co-ordinate our efforts, I am asking all of you to designate a senior officer in your authority as Brexit Lead Officer.

That officer's role should include:

- Ensuring the council has taken all reasonable steps, in line with relevant guidance and messaging coming from Government and its agencies, to prepare for our exit from the EU on 31 October. This should include clear communication to local residents and businesses to support their own preparations for Brexit and a plan for how the council would communicate important messages to stakeholders;
- Ensuring the council has a team in place which is equipped to support the delivery of Brexit, ready for the period around 31 October;
- Overseeing the expenditure of the specific Brexit funding allocated to their council and ensuring it is effectively contributing to local preparations;
- Playing a full part in your Local Resilience Forum to ensure that its plans for No Deal take account of relevant local circumstances and potential impacts on local communities. I will be writing separately to all LRF chairs to set out how I propose to work with them to prepare for Brexit and to ask that they liaise with you to assess relevant impacts;
- 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 without a deal;

- Acting as the principal contact point for your regional lead chief executive and central Government; and
- Proactively raising with central Government or your regional chief executive representative any emerging trends, issues and other local intelligence that might assist in No Deal preparations.

Please provide the name and contact details for your Brexit Lead Officer to LSEngagement@communities.gov.uk by 16 August 2019.

On Saturday, I announced £20 million of funding for all local authorities in England to aid Brexit preparations, which will support the work of this critical post. The Government recognises that certain areas face more acute pressures, and I am currently considering how best to allocate this funding. This is in addition to the £40 million previously allocated to all local authorities.

I am keen to listen to your ideas and concerns and to promote collaboration and best practice on how councils can effectively prepare for Brexit. To kick things off, I will be hosting the first of a series of webinars next week for all Leaders, Chief Executives and Brexit Lead Officers on 13 August at 9.00am. My officials will circulate details of how to participate shortly. I would encourage as many of you as possible to attend. I want to ensure the Government communicates with you in a co-ordinated and clear manner and that your legitimate concerns and queries are answered as swiftly as possible.

I look forward to working closely with you on this important issue.

A handwritten signature in black ink that reads "Robert Jenrick". The signature is written in a cursive style and is positioned above a short horizontal line.

RT HON ROBERT JENRICK MP