



Oversight and Governance

Chief Executive's Department
Plymouth City Council
Ballard House
Plymouth PL1 3BJ

Please ask for Democratic Advisor
T 01752 305155
E democraticsupport@plymouth.gov.uk
www.plymouth.gov.uk
Published 21 October 2019

Brexit, Infrastructure And Legislative Change Overview And Scrutiny Committee Supplement Pack

Wednesday 23 October 2019
2.00 pm
Warspite Room, Council House

Members:

Councillor Winter, Chair
Councillor Churchill, Vice Chair
Councillors Sam Davey, Drear, Mavin, Riley, Stevens, Ms Watkin and Wheeler and Vacancy

Please find attached additional information for your consideration under agenda item 5.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - [Get Involved](#)

Tracey Lee
Chief Executive

Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee

- 5. Brexit: Plymouth Relevant Issues Relating to the UK Leaving the EU (Pages 1 - 6)**

BREXIT RISKS - CURRENT POSITION

Brexit Office



BACKGROUND

This paper provides an update for members of the Brexit, Infrastructure and Legislation Overview and Scrutiny Committee against the risks identified in our Corporate Organisational and Citywide risk registers. It is accurate at the time of writing. The parliamentary session which took place on Saturday 19 October did not significantly alter the context in which this assessment has been conducted.

ORGANISATIONAL RISKS

Failure to co-ordinate/respond to no-deal planning and preparedness demands – Brexit office set up is complete, staffing is in place, and a daily check-in routine has been established.

Failure to respond to new burdens relating to new port responsibilities.

See separate Port Brexit paper.

Failure to manage stakeholder Brexit queries in advance of 31 October 2019

Our corporate web page is up and running with links to government advice. We have established groups with our Business Community and Port stakeholders which are meeting regularly. We are developing an FAQ list for front office staff and a briefing for members, set to be completed by Friday 25 October. We know that the most affected departments are likely to be Enterprise and Investment, Trading Standards and Environmental Health. Our first stop shop can assist EU migrants with applications to the Settlement Scheme.

Disruption to service delivery through lack of availability of products/resources

Business continuity arrangements are robust. All departments have reviewed Business Continuity Plans and we have contacted all of our suppliers to ensure they have continuity arrangements in hand.

Financial impacts of preparation and response on the Council given current financial constraints

Total grant income is £145k from core government grant (£105k), Department for Environment, Food and Rural Affairs (DEFRA) (£15k) and the Food Standards Agency (FSA) (£25k); against estimated known revenue pressures of £250k, e.g. : - heavy goods waiting area (£50k), cost of staffing port office (£125kpa), Brexit office (£50k for 6 months), Communications Support (£25k).

Economic impact creates financial impacts on the Council (given current financial constraints) We have wherever possible put in place prudent financial arrangements to minimise our exposure including to contract price rises. There is potential for an impact on Council income both in terms of Council Tax and Business Rates. We are attempting to model this in order to inform budget setting for 19/20. See appended paper for details on Foreign Direct Investment.

Failure to respond to new burdens relating to trading standards responsibilities

We fully understand what these will be but due to Government policy of “no new checks” these will not be imposed until such time as the Government’s risk assessment is reviewed. We have time to consider how these will be met and capacity to deliver them resourced.

Adequate financial provision in place to meet Brexit related demand pressure

Additional funding has been made available by central government on a flat rate for all unitary authorities but this falls well short of full cost recovery. We continue to press for additional funding particularly around Port responsibilities. We bid for £158,000 from DEFRA and the FSA but have only received about £40k to date. There is another bidding round opening shortly.

CITYWIDE RISKS

Loss of proportion of current EU workforce, particularly in academia, advanced engineering, manufacturing, construction, tourism and care.

Home Office figures for the EU settlement scheme show 1.7m registered so far, a little over half those currently thought to be eligible. In June 2019 1,950 EU citizens have applied for Settled Status in the Plymouth Local Authority Area. Local intelligence picture is that we are less exposed around Adult Social Care than most other Local Authorities. (Domiciliary Care Forum and Registered Care Provider Forum). Our business community are reporting some EU workers leaving (Plymouth Business Brexit Group). National tourism survey says 65% of tourism businesses are at risk mainly due to problems recruiting suitable staff.

The import or export of goods is impeded due to requirements for licenses or other checks

The requirements have been set out in Government advice but are complex and difficult to understand especially for those firms who will be exporting for the first time. We are very concerned about the potential for hauliers to be turned away at the port because they do not have the correct customs clearances. The national planning assumption is that between 50-70% will be affected in the early weeks.

Maintaining (and growing) economy in Plymouth in particular our Foreign Direct Investment (FDI) businesses

See appended report.

Maintenance of research funding and student numbers

UK Government remains committed to the Horizon 2020 EU research and innovation programme. Concerns now focus around its replacement (from 2020): Framework Plan 9. EU student numbers are falling but the removal of the cap on international migration should assist universities to continue to attract EU students.

Effective community engagement and established plans for multi-agency response to disorder

Plans to respond to civil unrest are in place but Plymouth is not considered a high risk in terms of likely protest activity. Any relevant intelligence gathered through our internal threat and risk assessment process is fed back and shared within our Local Resilience Forum. We have recently been awarded £500k to address poor community cohesion in some of our most deprived wards.

Maintaining current levels of support to those functions and businesses currently supported via EU money

Over recent years we have secured £78m in EU funding for local growth. The UK government has guaranteed to underwrite EU funded schemes which are in delivery by December 2020 but we still do not have any details about the proposed UK shared prosperity fund that the Government has announced will replace EU funding streams.

ECONOMIC DEVELOPMENT BREXIT UPDATE

Economic Development



BACKGROUND

As a responsible Local Authority and Port Health Authority providing over 300 services and employing 2,400 staff we are considering the risks Brexit poses for both our organisation and the wider city. Our priority is to ensure that we are as well prepared as possible for a No Deal exit and that known risks are mitigated as far as is reasonably possible.

MITIGATING ACTIONS IN PLACE

We have conducted the following actions to minimise the impacts on business in our city:

- Established a local Port liaison group bringing together key players including Brittany Ferries and Associated British Ports (ABP) to plan for potential impacts at the port.
- Held a number of initial Brexit Business Round Tables following the referendum to ensure that we are reflecting business concerns to central government.
- Collaborated with Devon and Plymouth Chamber of Commerce to jointly launch Plymouth Brexit Business Group - a regular, tactical and action orientated group. We have invited representatives from across all our major vulnerable business sectors to each meeting.

Our Fishing Industry Development Manager has also been supporting the fishing industry. Up to date information on requirements has been provided and clinics for fishers have been held to answer any Brexit related questions. Meetings with the Marine Management Organisation (MMO) and Department for Environment, Food and Rural Affairs (DEFRA) have been organised for fishers to participate in and we have provided evidence to support allocation of potential increased fish quota. Work has further been conducted to fill the gap that may arise from lack of EU workers by recruiting from a local base of ex-military and young people.

We have also driven the creation of and continue to contribute to the Brexit Resilience and Opportunities Group at Heart of the South West Local Enterprise Partnership (HotSW LEP) level. We have proposed many actions, including working with the National Farmers' Union (NFU) to provide additional consultancy for the farming and primary food and drink sector along with Environmental Health Officers for funding and additional training and advice.

AREAS OF CONCERN

Plymouth's international exports in goods were valued at £602m in 2017. This represents 11.6% of the city's Gross Value Added (GVA), showing an export propensity above the HotSW average of 4.9% but lower than the South West's (15.9%) and the UK's (18.4%) averages. Plymouth is more dependent upon demand for its goods from EU markets (6.2% of Plymouth's GVA) than non-EU markets (5.4% of Plymouth GVA). In 2017, 486 Plymouth businesses exported goods to the EU (8.6% of all Plymouth businesses). 13.4% of Plymouth's businesses imported goods from EU countries (761 businesses). Regionally, 4.8% of SW businesses exported goods to the EU markets, with the value of collective exports representing 7.2% of the region's GVA.

Leaving the EU will likely reduce the amount of Foreign Direct Investments (FDIs) to the region, which will have a significant impact on Plymouth. The concern is not just about reduced new FDI investment if there is a hard Brexit but also (and more significantly) retaining our existing FDI businesses in the City. A number of Plymouth firms are dependent on larger European supply chains and of the 20 largest employers, which collectively contribute nearly £1 billion to Plymouth's GVA, three quarters have parent companies outside of the UK. Companies have already seen a drop in EU demand following the referendum result, which is likely to have an impact on the firms that contribute so much to the city. Moreover, construction costs are continuing to increase, which makes development more challenging.

The retail sector generally continues to change, with a number of high profile business closures and restructures taking place nationally during 2019. This enforces the need for Plymouth's city centre to adapt and diversify by attracting new uses into the area to maintain its vibrancy.

WHAT HAS BEEN WORKING WELL?

Despite the challenging economic picture across the country, Plymouth has continued to see investment in several major developments over the past year, with others due to complete in 2020 and a pipeline of over £1bn of future development. Additionally, the Foreign Direct Investments brought into the city has generated a further 1,011 jobs in the financial year of 2018/19 with similar forecasts for 2019/20. Beyond this, Plymouth continues to provide high value employment opportunities across the city related to the marine sector, with Oceansgate nearly at full occupancy for both phase 1 and 2.

PORT BREXIT UPDATE

Brexit Office



BACKGROUND

In September members of the Brexit, Infrastructure and Legislation Overview and Scrutiny Committee received a full report on Port Health Impacts in the event of a no deal Brexit on 31st October 2019. This report provides an update on the issues it identified and the progress we have made in tackling these and other related issues.

MITIGATING ACTIONS IN PLACE

- We have identified a suitable location and resources to establish a Port Office at the Millbay Ferry Terminal. This will ensure that we are able to issue Export Health and Catch certificates.
- We have identified a suitable site for a heavy goods waiting area, the Old Parade Ground at the Seaton Barracks Site. The site has more than adequate capacity to hold the full ferry load of HGVs recommended by our Ports group.
- There is sufficient additional capacity that we are unlikely to need any additional provision for lorries diverting from other channel ports in the hope of crossing to Roscoff. The decision not to use Plymouth as part of the additional freight capacity contract announced last week considerably reduces the risk of overflow as there will be a longer gap between sailings.
- To reduce the risk even further we are doing everything we can to ensure hauliers are aware of the need for appropriate documentation. This has included overhead digital signage on the major route into the city, pop up advice in the port and a video to be played on ferry crossings.
- We continue to negotiate with ABP ports about the future provision of a Border Inspection Post (BIP) without which the port will be unable to handle animal products and high risk foods. Drawings for the new shed for Border Inspection Staff include provision of space for a BIP.

AREAS OF CONCERN

Since our bid to the Food Standards Agency (FSA) was cut down from £150k to £25k we have not been able to recruit additional staff for the Port Office. Instead we have diverted staff from other responsibilities such as statutory food safety inspections. Whilst this is unsustainable in the medium to long term we would not be able to recruit qualified staff before 1st November now even if we were appropriately resourced. We estimate that staffing the office creates a revenue pressure of £125k pa and we will resubmit our case when bidding reopens in November. In the meantime we have delayed a request from the FSA to carry out an audit of our food safety arrangements in October. We nevertheless anticipate we will receive a critical report in due course.

The government have for some time been buying up freight capacity on roll on roll off ferries for strategic goods, including medicines, under an arrangement known as the freight capacity framework. In September the Government announced that Brittany Ferries have been confirmed as participants in the Government's additional freight capacity framework. Our working assumption has been that Plymouth would therefore see additional sailings as we did in March 2019. Last week it was announced additional Brittany Ferries sailings will be scheduled from its terminals at Poole and Portsmouth only. We have since confirmed with Brittany Ferries strategic goods and medicines will not be coming through Plymouth.

A BIP will cost potentially upward of £1m however this would in principle come from the port operator. We aim to assist to access grant funding by writing a business case and to support this we are hoping to establish a fisheries export hub at Millbay. This follows a model that has been established around the main Scottish Ports. Given the importance of the three main South West peninsula fisheries to the English catch we hope that this will ensure the future commercial viability of a BIP. Our aim remains to have world class facilities at the port.

This page is intentionally left blank