

# Cabinet



Date of meeting:	10 November 2020
Title of Report:	<b>Cabinet response to Scrutiny Brexit recommendations</b>
Lead Member:	Councillor Tudor Evans OBE (Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
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Your Reference:	CAB/002/091164
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

To respond to the recommendations made by the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee (BILCO) in its report Brexit Update for Cabinet including Scrutiny Recommendations. Cabinet is asked to endorse the recommendations subject to the amendments set out below.

## Recommendations and Reasons

Cabinet should ask government to:

- Lay out in detail what plans it has to mitigate the loss of EU funding to the city. (Proposal accepted)
- Detail the priorities it has for the marine and maritime research sectors post-Brexit, and what will be done to mitigate the loss of EU funding in the sector. (Proposal accepted)
- Explain why the government thinks that the South West fishing fleets will be adequately protected. (Proposal amended)
- Encourage agricultural employers to improve the wage offer for agricultural labour so that it is a more attractive career path for young people through the Heart of the South West Local Enterprise Partnership. (Proposal amended)

Cabinet should ensure: -

- That Plymouth City Council and our key suppliers review our business continuity arrangements against the negative impacts of Brexit as identified in the risk register, and have robust plans in place to mitigate service delivery interruption. (Proposal accepted with qualification)
- Consider the merits of reviewing large capital projects with contractors given capacity of project managers to engage contractors within the short timeline available. (Proposal amended)
- We consider the budgetary impact of the identified risks on the Medium Term Financial Plan. (Proposal accepted)
- We continue to make a proactive offer to any foreign based businesses that may be considering leaving the City due to Brexit impact. (Proposal accepted)
- We are successfully locating and communicating with EU citizens in Plymouth who have not yet applied for settled status, and that; (Proposal accepted)

- A needs assessment is conducted to identify vulnerable EU citizens and the support we can offer to assist them to apply for settled status. (Proposal accepted with qualification)

Cabinet should: -

- As far as reasonably practical, ensure Plymouth City Council is proactive in communicating Brexit information to the wider city to enable preparedness of organisations and businesses, and is positive where possible in its Brexit communications where opportunities have been identified. (Proposal accepted)
- Consider whether the resources already deployed to support business e.g. account managers are able to respond to all enquiries via a single contact number. (Proposal amended)
- Ensure that Plymouth City Council works with appropriate partners with a view to agreeing a planned schedule improving landing facilities at the fishing quay (Proposal Accepted)

The rationale for accepting these recommendations is given in the table appended to this report.

### **Alternative options considered and rejected**

The following proposals made by the Brexit, Infrastructure and Legislation Overview and Scrutiny Committee were considered and amended as above. The rationale for these changes is recorded in the table appended to this report.

Cabinet should ask government to:

- Detail how the government plans to reform the fishing quota system, and how Plymouth fishing fleets will be adequately protected by fishery protection vessels that are based in Portsmouth. (Proposal amended)
- Encourage agricultural employers to improve the wage offer for agricultural labour so that it is more attractive career path for young people. (Proposal amended)

Cabinet should ensure: -

- Large Capital projects are reviewed with contractors, and assessed for any impact that tariffs may have on the supply of goods. Payments should be considered for the advance supply of goods before any tariff impacts are felt. (Proposal amended)

Cabinet should: -

- Require the Director of Place to appoint an officer to act as a single point of contact for business to access post transition period support. (Proposal amended)

### **Relevance to the Corporate Plan and/or the Plymouth Plan**

Our delivery of the Corporate Plan and Plymouth Plan will need to take account of emerging policy and legislation picture relating to the end of the transition period.

### **Implications for the Medium Term Financial Plan and Resource Implications:**

There are no significant implications for the Medium Term Financial Plan arising from the recommendations in the report save that it is recommended we consider them. If there are new cost pressures they will be set out as part of in year monitoring and/or next year's budget and fed into Budget Scrutiny.

### **Carbon Footprint (Environmental) Implications:**

No implications are anticipated.

### **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.

Brexit related risks are included in our strategic risk register where appropriate. Our Brexit office maintains risk registers covering both organisational and citywide risk which are regularly reviewed. An EIA has been conducted against these recommendations and is appended.

## 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
A	Cabinet response to Scrutiny							

## 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) <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
Brexit update for Cabinet with Scrutiny Recommendations.							

## Sign off:

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Originating Senior Leadership Team member: Giles Perritt (Assistant Chief Executive)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 06/11/2020											
Cabinet Member approval: Councillor Tudor Evans OBE (Leader) Date approved: 10/11/2020											

## **1. Introduction and background**

- 1.1 This report responds directly to the report Brexit Update for Cabinet with Scrutiny Recommendations.
- 1.2 The appended table sets out the rationale for the recommendations.
- 1.3 Trade negotiations between the EU and the UK are continuing this week and time is rapidly running out for a deal to be agreed and in place by 31 December 2020.

## **2. Scrutiny recommendations and Cabinet response.**

- 2.1 See appended table.

Recommendation	Accept, Reject or Amend	Cabinet Response
<b>Cabinet should ask government to:-</b>		
Lay out in detail what plans they have to mitigate the loss of EU funding to the city.	Accept	These plans should fully mitigate the loss of European Structural Investment Funds, European Technical Co-operation Funds and set out a timeline for implementation of the UK Shared Prosperity Fund. They should include a commitment to at least maintaining the current value of Local Growth Funding adjusted for inflation.
Detail the priorities they have for the marine and maritime research sectors post-Brexit, and what they will do to mitigate the loss of EU funding in the sector.	Accept	Our globally recognised research institutions risk losing up to 20% of their income and our reputation for first class marine research and development will be at risk if this is not addressed. If we are no longer able to collaborate with EU partners it may be difficult to attract the very best scientists.
Detail how the government plans to reform the fishing quota system, and how Plymouth fishing fleets will be adequately protected by fishery protection vessels (FPVs) that are based in Portsmouth.	Amend - <i>Explain why the government thinks that the South West fishing fleets will be adequately protected by fishery protection vessels (FPVs) that are based in Portsmouth.</i>	We have responded to Government consultation about fishing quotas drawing on our local expert knowledge base and direct engagement with Fishermen. If we do not know the outcome ahead of the December cabinet meeting we will urgently lobby DEFRA.  Given recent incidents between British and French fishermen have tended involve fishermen from the fishing ports at Plymouth and Brixham we will raise the question of whether the FPVs are able to offer adequate protection for the fishing fleet.
Encourage agricultural employers to improve the wage offer for agricultural labour so that it is more attractive career path for young people.	Amend (add at end) - <i>through the Heart of the South West Local Enterprise Partnership</i>	This is a good suggestion which might help young people to find work that is fairly remunerated in a difficult economic climate and which may help alleviate any food shortages. We will seek the views of our farming community and their representatives the National Farmers Union.
<b>Cabinet should ensure:-</b>		

<p>That Plymouth City Council and our key suppliers review our business continuity arrangements against the negative impacts of Brexit as identified in the risk register, and have robust plans in place to mitigate service delivery interruption.</p>	<p>Accept (qualify)</p>	<p>We will consider the links with the supply chain work we are already doing around our Resurgam plan and where necessary ask our Business Continuity Group to review again the work we conducted in March and October last year when we contacted over 500 suppliers to ensure they had robust plans in place to respond to the threat of a no deal Brexit. We will seek to confirm that key suppliers have been able to maintain these plans in spite of the impact of COVID 19 over the intervening period and act as may be necessary to ensure that any risk to our ability to maintain vital public services is mitigated.</p>
<p>Large Capital projects are reviewed with contractors, and assessed for any impact that tariffs may have on the supply of goods. Payments should be considered for the advance supply of goods before any tariff impacts are felt.</p>	<p>Amend– <i>Consider the merits of reviewing large capital projects with contractors given capacity of project managers to engage contractors within the short timeline available.</i></p>	<p>It is not clear at the moment whether there will be any tariff payments to make as Government has not yet concluded negotiations with the EU and even if a trade deal is not reached the tariff regime that follows may not impose a burden on construction materials. There may be some merit if it can assist projects to be 'shovel ready' by avoiding the anticipated delays at the channel ports.</p>
<p>We consider the budgetary impact of the identified risks on the Medium Term Financial Plan.</p>	<p>Accept</p>	<p>We already assess and estimate the financial implications as far as we are able given the continued uncertainty about the scope of any trade deal and consequent lack of clarity about likely economic conditions.</p> <p>This picture has been recently enhanced by the Bank of England Monetary Policy Committee report for November which sets out the short term impacts from Brexit :-</p> <ul style="list-style-type: none"> <li>• 1% loss of GVA in first quarter</li> <li>• Sterling exchange rate index had fallen by around 2%</li> <li>• Economic activity has been somewhat lower in the UK relative to other advanced economies</li> <li>• Brexit-related uncertainty is also likely to have weighed on firms' plans for investment.</li> <li>• Stock building is costly, and firms can reduce those costs by minimising the period for which goods are stored.</li> </ul>

		The implications of these impacts will be considered alongside those identified in the scrutiny report and if there are new costs pressures they will be set out as part of in year monitoring and/or next year's budget and fed into Budget Scrutiny.
We continue to make a proactive offer to any foreign based businesses that may be considering leaving the City due to Brexit impact.	Accept	We are already operating proactive account management with a focus on businesses we have already identified as at risk, however: <ul style="list-style-type: none"> <li>We cannot deal direct with parent companies who are located outside the UK and local management may not be advised until late on.</li> <li>Our support offer may be insufficient to deter companies from relocating if the tariff regime operates as a significant disincentive to maintain a UK manufacturing base.</li> </ul>
We are successfully locating and communicating with EU citizens in Plymouth who have not yet applied for settled status, and that;	Accept	EU residents have until July 2021 to apply for settled status we know that 7,690 had already applied as at June 2020.  At the last Census in 2011 there were around 7,500 EU residents. Between 2011 and 2019 7,902 National Insurance (NI) Numbers were issued in Plymouth to people whose country of origin was within the EU.  We signpost EU migrants to the EU settlement scheme via our corporate web pages.
A needs assessment is conducted to identify vulnerable EU citizens and the support we can offer to assist them to apply for settled status.	Accept (qualified) It is very difficult to identify the number of vulnerable EU citizens, we currently have limited provision and we would need financial support from the Home Office to make it more comprehensive.	We have sought to provide a level of support through our first stop shop however this is currently closed down due to COVID 19.  We collaborated with Advice Plymouth and the HotSW LEP to submit a bid to the Home Office over the summer to support an advice service to vulnerable EU migrants to be delivered through the Devon Citizens Advice Bureaux Network. Unfortunately this has been rejected. This means there is still no provision within Devon. We will raise this again with the Home Office.

<b>Cabinet should:-</b>		
As far as reasonably practical, ensure Plymouth City Council is proactive in communicating Brexit information to the wider city to enable preparedness of organisations and businesses, and is positive where possible in its Brexit communications where opportunities have been identified.	Accept	The Council will relaunch its Brexit advice pages for residents, and businesses, and will ensure that information is made available locally as soon as decisions are made by government on the detail of arrangements post 31 December 2020.
Require the Director of Place to appoint an officer to act as a single point of contact for business to access post transition period support.	Amend Consider whether the resources already deployed to support business e.g. account managers are able to respond to all enquiries via a single contact number.	The appointment of an officer to fulfil this function might create a single point of failure both in terms of capacity and detailed knowledge covering specialist areas. We already have a team of officers providing support and advice across a range of disciplines to businesses that will be affected by the cessation of EU regulations and the changes that will be needed to meet new UK requirements.
Ensure that Plymouth City Council works with appropriate partners with a view to agreeing a planned schedule improving landing facilities at the fishing quay.	Accept	We have already committed to upgrading our quayside facilities in our Sustainable Fishing Strategy. We are not the owners of the quay and we need to secure their agreement and identify funding to support improvements