

Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee

Wednesday 4 November 2020

PRESENT:

Councillor Winter, in the Chair.

Councillor Drean, Vice Chair.

Councillors Buchan, Sam Davey, Kelly, Riley, Mrs Pengelly Stevens and Wheeler.

Councillor Evans OBE (Leader), Giles Perritt (Assistant Chief Executive), Kevin McKenzie (Policy and Intelligence Advisor), Katharine O'Connor (Environmental Health Service Manager), Anthony Payne (Strategic Director for Place) and Jamie Sheldon (Senior Governance Advisor)

The meeting started at 2.00 pm and finished at 3.40 pm.

Note: At a future meeting, the Panel will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

11. **Declarations of Interest**

In accordance with the code of conduct the following declarations of interest were made –

Member	Subject	Reason	Interest
Councillor Buchan	Item 4 Brexit Risk Update	Marine researcher	Personal
Councillor Drean	Item 4 Brexit Risk Update	Wife works as a Continental Ferry Operator	Personal
Councillor Kelly	Item 4 Brexit Risk Update	Rod and line commercial angling	Personal

12. **Chair's Urgent Business**

There were no items of Chair's Urgent Business.

13. **Brexit Risk Update**

Giles Perritt (Assistant Chief Executive) and Kevin McKenzie (Policy and Intelligence Advisor) presented this item. The report highlighted the following key areas -

- (a) Outlined the current strategic context as at the end of October 2020; currently a trade deal with the EU had not yet been agreed in principle, therefore it was assumed that the reasonable worst case scenario was an

'Australian Style' deal. The assessment would be reviewed in the event a deal was agreed;

- (b) Identified strategic risks and opportunities in the medium to long term as well as the actions that were needed to be taken now to prepare for the end of the transition period keeping in mind that this may coincide with a local or national COVID 19 lockdown;
- (c) The UK Internal Market Bill aimed to rely on the principles of mutual recognition and non-discrimination to ensure there were no new barriers for businesses trading across the UK. However, there was widespread concern that the bill breaks international law and the European Commission had referred the matter to the European Court which has jurisdiction;
- (d) The UK government had made it clear that if no agreement was reached the UK would revert to trading under World Trade Organisation (WTO) rules;
- (e) Unemployment and at risk sectors - a number of sectors which had been impacted by COVID 19 were at risk of further impacts from Brexit, particularly the hospitality and tourism sector and manufacturing sector. It was estimated unemployment may reach 16,000 by Christmas; it was likely that many people on furlough would not have jobs to return to and numbers will be further swelled by school leavers who choose not to attend university;
- (f) Most economists agreed that the economic impact of Brexit was likely to be negative and this may mean that we experience short term direct impacts such as contract price increases. In the medium to longer term we may also see indirect impacts such as a loss of business rates due to business closure or relocation. A larger number of families would be pushed into poverty and debt, potentially becoming more reliant on Council services and increasing Council Tax arrears. The impact of EU citizens choosing to leave the UK may reduce Council income from Council Tax and grants which were calculated on a per capita basis;
- (g) From 01 January 2021, it would be expected to issue Catch Certificates and to meet requests for Export Health Certificates, which was estimated to increase by 300%. From April it would be required to make documentary checks on products of animal origin entering the port. A quarter of the freight entering the port was likely to require a check. From 01 July we would have to operate a fully staffed Border Control Post to undertake documentary and physical checks on products of animal origin entering the port;
- (h) A Trade Bill was currently transiting parliament and trade negotiations with the EU were ongoing. Government publicity campaigns were aimed at encouraging business to prepare for an Australian type deal. In practical

terms this would mean trading under World Trade Organisation (WTO) arrangements;

- (i) There was already an increase in the number of families surviving on a reduced income as a result of COVID. Any direct Brexit related price increases, as a result of tariff imposition, or indirect impacts on our domestic supply, such as a shortage of migrant labour, would therefore impact a larger cohort of people;
- (j) The retention of FDI supported businesses was incredibly important for Plymouth, as these companies were some of the largest employers in the city, employing roughly 7,900 people. Historically many of these companies were originally located in Plymouth to take advantage of grant funding that followed the downsizing of Devonport Dockyard in the 1980s. They had always been able to rely on their UK based operations having access to the EU single market;
- (k) UK membership of the future EU fund for research, Horizon Europe, remained undecided. This represented a significant risk to our research capacity and reputation as a centre for the leading edge of marine scientific research. The Marine Biological Association, for example, had about 20% of its current research funding coming from the EU. For the University of Plymouth EU funded schemes represent 16% of its research income over the last 3 years;
- (l) Given the lack of robust data about the number of British Citizens we might expect to return to the UK from residence in the EU we were not able to assess the risk. This may require an Emergency Planning response in the event that these numbers were significant locally and our resources may be stretched especially if there other complicating factors such as COVID 19, flu pandemic or other extreme winter weather conditions.

Key areas of questioning from Members related to –

- (m) the risk of people returning to the UK after Brexit and what were the drivers for people returning as living arrangements tend to be unchanged;
- (n) Discussed the need to communicate more regularly with large businesses within Plymouth;
- (o) Concerns were raised about the loss of funding to the city; particularly in the Marine industries;

- (p) the priorities for the marine and maritime research sectors post-Brexit, and what the government would do to mitigate the loss of EU funding in the sector;
- (q) Whether agricultural employers could improve the wage offer for agricultural labour so that it is was a more attractive career path for young people;
- (r) Highlighted the importance of Marine industry collaboration;
- (s) Identified strategic risks and opportunities in the Medium to Long term;
- (t) Discussed the importance of Plymouth through Cabinet contacting businesses offering a policy in place to safe guard jobs for the future. What was it that made them invest in our city? And Encouraging business to remain in the UK.
- (u) With Britany Ferry's implementing two sailings a week to Spain next year, was the Lorry Park still being considered?
- (v) With a hopeful upturn in haulage operations and vehicles using crossing would there be a need for potential holding sites for vans?
- (w) Whether a large number of shovel ready projects which were ready to be bid for in the city could help kick start the economy?
- (x) Highlighted the cost of living needs to be measured on a boarder scale. Could the Cost of living benchmarks being used be reviewed?
- (y) Whether there would be new tariffs or restrictions for medicines imported through EU;
- (z) What infrastructure would be needed at ports, physical structures, berths and free ports?
- (aa) Discussed if procurement for large building projects with strategic components could take place earlier to ensure that important equipment and materials could be purchased. Getting goods to sites earlier before leaving EU could reduce delays that would have impact on the city's infrastructure;
- (bb) Highlighted the need for better communication within the city regarding Brexit, would be useful to look at communication with businesses;

- (cc) How would Plymouth fishers be protected by the new vessels placed at Portsmouth and what were the government's plans to reform the quota system.

The Committee agreed the following recommendations which would be submitted to Cabinet at the 7 November 2020 meeting;

Cabinet should ask government to:

1. Lay out in detail what plans they have to mitigate the loss of EU funding to the city;
2. 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;
3. 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;
4. Encourage agricultural employers to improve the wage offer for agricultural labour so that it is more attractive career path for young people.

Cabinet should ensure: -

5. 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;
6. 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;
7. We consider the budgetary impact of the identified risks on the Medium Term Financial Plan;
8. We continue to make a proactive offer to any foreign based businesses that may be considering leaving the City due to Brexit impact;
9. We are successfully locating and communicating with EU citizens in Plymouth who have not yet applied for settled status, and that;
10. A needs assessment is conducted to identify vulnerable EU citizens and the support we can offer to assist them to apply for settled status.

Cabinet should: -

11. 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;
12. 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;
13. Ensure that Plymouth City Council works with appropriate partners with a view to agreeing a planned schedule improving landing facilities at the fishing quay.