

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)
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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.