

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.