

# Brexit preparation – Update to Scrutiny Committee

*Update on EU Exit.*

- *ECC preparations for Brexit event*
- *Essex preparations for potential disruption*

*Robert Surtees – ECC Strategy Team*

24 Sept 2019

- ***ECC preparations for Brexit event***

24 September 2019



Essex County Council

# Context – near term scenarios

## Near term:

Although there have been changes in probability, the scenarios for late 2019 remain:

- 1. Deferred departure:** The UK remains in EU due to a further extension of Article 50.
- 2. Withdrawal Agreement:** The UK exits the EU under the terms of a Withdrawal Agreement (based on the existing one, but potentially with modification to areas such as backstop).
- 3. No Deal exit:** The UK exits without a Withdrawal Agreement in place.

*Timelines for a decision on way ahead prior to 31<sup>st</sup> October will be short. European Council meeting on 17 October is a key date.*

*For ECC and the Essex Resilience Forum “No deal” is the complex scenario in the short term and therefore focus for planning.*

## Review

- Within ECC issues and internal progress are reviewed on a weekly basis by a team drawn from each Directorate and chaired by the Brexit Planning Officers nominated deputy – Director of Strategy Insight and Engagement.
- Project reporting is co-ordinated by a seconded programme manager who tracks deliverables and actions.
- Progress, key dates and issues are reported weekly to both the Political Leadership Team and Corporate Leadership Team.
- The programme is dynamic due to evolving government guidance and priorities. Identification and analysis of emerging issues and options to respond to these is supported by the central Strategy Team.
- Risks are additionally reviewed and managed through ECC's normal risk process. A number of Brexit risks overlay existing market or contractual risks. I.e. Brexit may be trigger event, or increase probability, of an existing risk.
- We are periodically responding when asked to provide reporting on specific issues.

## No deal Council Operations

- The team from across the council considered impacts on the following in the run up to 31<sup>st</sup> March:
  - **Staff**, employment and recruitment.
  - **Procurement** of goods and services.
  - Management of **supply chain** and services.
  - **Finance** including EU funds.
  - Local regulator (e.g. **Trading Standards**)
  - Changes to **legislation** that Local Authorities use.
  - Any changes to **entitlements** for residents.
  - **International Data** transfers
- We did not identify significant risks or issues to providing services immediately after EU Exit. We did have uncertainties due to the complexity. We are re-validating those assessments.
- Impacts will evolve over time through the changes to our supply chains, the regional labour markets (particularly social care), demands to increase Trading Standards supervision of changed markets, changes to the Essex economy reflected in council income, and replacements for EU funds.

# MHCLG actions for Local Authorities

MHCLG made a call to action for nominated **Local Authority Brexit Lead Officers** on 6 August for:

- **Comms:** Clear communications to local residents and businesses to support Brexit preparations including a plan to communicate important messages to stakeholders.
- **Delivery team:** A team in place to support delivery of Brexit around 31 October.
- **Brexit funds:** Overseeing expenditure of Brexit funding and ensuring effective contribution to local preparations.
- **LRF:** Playing a full part in LRF, ensuring plans take account of local circumstances and impacts on local communities.
- **Coordination:** Bringing together public service providers, VCS, community groups and businesses to prepare for potential local impacts.
- **Contact for actions:** Acting as a contact point for regional lead chief exec and central government.
- **Issue escalation:** Proactively raising emerging trends, issues and local intelligence with central government or regional chief execs.

# Communications

The ask	Focus to date
<p>Clear communications to local residents and businesses to support Brexit preparations including a plan to communicate important messages to stakeholders.</p>	<ul style="list-style-type: none"><li>• Sign-posting of HMG on-line messages on web-sites. Grouping of HMG subjects by theme.</li><li>• Communications plan agreed with in-county comms leads through the Resilience Forum.</li><li>• Ongoing monitoring of contact levels.</li></ul>
	Next steps
	<ul style="list-style-type: none"><li>• Engagement through business organisations to identify needs via a commission with the BEST Hub. BEST will co-ordinate a package of events including promoting applications for £10m funding for business preparations announced on <a href="#">29 Aug 2019</a>, customs training and software grants and DIT events.</li><li>• Working with Harwich port and ferry operator through ERF to confirm plans for trader readiness communications to users.</li><li>• Communications with suppliers to again highlight guidance and business continuity guidance.</li><li>• Future review to identify the local support for take up of the settlement scheme.</li><li>• Additional comms team resources.</li></ul>

# Delivery Team

The ask	Focus to date
<p>A team in place to support delivery of Brexit around 31 October.</p>	<ul style="list-style-type: none"><li>• CEO as Brexit Lead Officer.</li><li>• Nominated Brexit Leads meeting weekly in each Directorate with co-ordination supported by a programme manager and strategy team.</li><li>• Completed assessment of potential issues and actions to resolve managed through.</li><li>• Tracking of potential short term and longer term risks.</li><li>• Emergency Planning and Resilience led activity to update Business Continuity Plans and support Resilience Forum.</li><li>• Engagement with Local Authority Brexit Planning leads across Greater Essex.</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Ongoing co-ordination across Greater Essex.</li><li>• Recruiting Trading Standards Enquiry support.</li><li>• Identification of Highways Mitigation measures for North Weald CTC and opportunities for using ERF infrastructure for Harwich.</li><li>• Additional communication resources</li><li>• Scoping for post day 1 changes</li></ul>

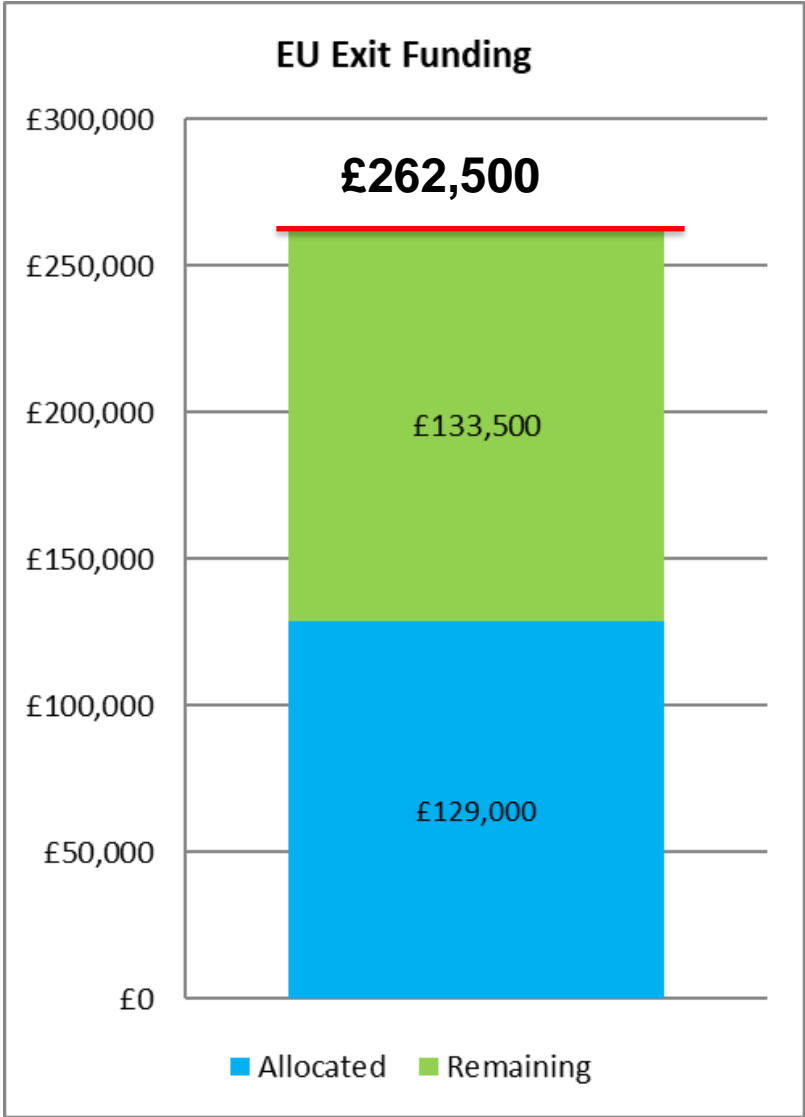


# Brexit Funds

The ask	Focus to date
Overseeing expenditure of Brexit funding and ensuring effective contribution to local preparations.	<ul style="list-style-type: none"><li>• Identified plans to spend on priority areas of:</li><li>• Trading Standards enquiry support for businesses</li><li>• Business Engagement</li><li>• Communications resource</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Identify management of commitments in case of delayed EU Exit or exit under a Withdrawal Agreement.</li><li>• Ongoing review of priorities for spend such as settlement scheme.</li><li>• Sharing of proposals for expenditure with Local Authority partners.</li><li>• Review with ERF of DfT funds for port infrastructure and ability to spend.</li></ul>

# Brexit Funding

## Overall Brexit funding



## Funding earmarking

Funding area	Allocation
Trading Standards business enquiry resource	£34,000
Support for Businesses (BEST as Lead partner)	£50,000
Additional Comms resource	£45,000
<b>Total earmarked</b>	<b>£129,000</b>

Expenditure excludes use of internal resources.  
External spend has been authorised against these items.  
Committed spend in the case of no deal not happening at 31 Oct will be lower.

# Local Resilience Forum

The ask	Focus to date
Playing a full part in LRF, ensuring plans take account of local circumstances and impacts on local communities.	<ul style="list-style-type: none"><li>• Engagement with ERF through Emergency Planning and Resilience Teams.</li><li>• Set up of plans to resource Strategic Control Groups, Tactical Control Groups and Multi-Agency Information Cells.</li><li>• Participation in ERF planning events.</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Continue to participate and support ERF activities to manage assessed risks.</li></ul>

# Co-ordination

The ask	Focus to date
<p>Bringing together public service providers, VCS, community groups and businesses to prepare for potential local impacts.</p>	<ul style="list-style-type: none"><li>• Engagement through ERF with public sector providers.</li><li>• Engagement with port and ferry operator through ERF.</li><li>• Working with partner Local Authority planning through ELCE and planning events.</li><li>• Business round table event.</li><li>• Review of actions at Health and Wellbeing Board</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Business engagement through partnerships.</li><li>• Identify VCS support to settlement scheme if and as needed.</li></ul>

# Contact for actions

The ask	Focus to date
<p>Acting as a contact point for regional lead chief exec and central government.</p>	<ul style="list-style-type: none"><li>• ECC's CEO Gavin Jones acts as Brexit Lead Officer.</li><li>• He works with the Brexit planning team which meets weekly.</li><li>• Both PLT and CLT have regular Brexit updates to pick up any actions.</li><li>• We have supported reporting through the regional engagement in government planning and responses in request to information.</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Continue to respond to action and information requests.</li><li>• Restart reporting to MHCLG via regional leads when requested.</li></ul>

# Issue escalation

The ask	Focus to date
<p>Proactively raising emerging trends, issues and local intelligence with central government or regional chief execs.</p>	<ul style="list-style-type: none"><li>• We have raised issues and reported trends at MHCLG briefings, via MHCLG reporting, via local authority engagement channels for settlement scheme and general issues.</li><li>• ERF continue to raise opportunities to strengthen local resilience response.</li></ul>
	Current and future plans
	<ul style="list-style-type: none"><li>• Enhancement of social listening capability.</li><li>• Survey of business to understand important issues.</li><li>• Sharing of general issues within Greater Essex</li><li>• Continued requests to government to develop structured engagement channels such as user groups or FAQs for local public bodies.</li></ul>

- ***Essex preparations for potential disruption.***

24 September 2019

# Management of Preparation for Disruption

- **ECC Preparations**

- ECC's own preparations for disruption are co-ordinated through the Emergency Planning and Resilience Team.
- Responses are based on updated Business Continuity Plans.
- A no-deal Brexit is a potential trigger and evolution of existing risks rather than a new set of risks.

- **County preparations**

- ECC participates local preparation through the Essex Resilience Forum. This feeds up to Central Government via the MHCLG Resilience and Emergency Division.
- The Forum co-ordinates local Public Service Providers from Greater Essex including councils, health providers, fire and police.
- The ERF risk assessment has been updated for Brexit risks.
- A Brexit response will leverage the existing framework of the ERF with a Strategic Co-ordinating Group established and Tactical Co-ordinating Groups if needed.
- ECC channels response through the Forum, rather than through new channels.
- We are also increasing focus on business readiness.

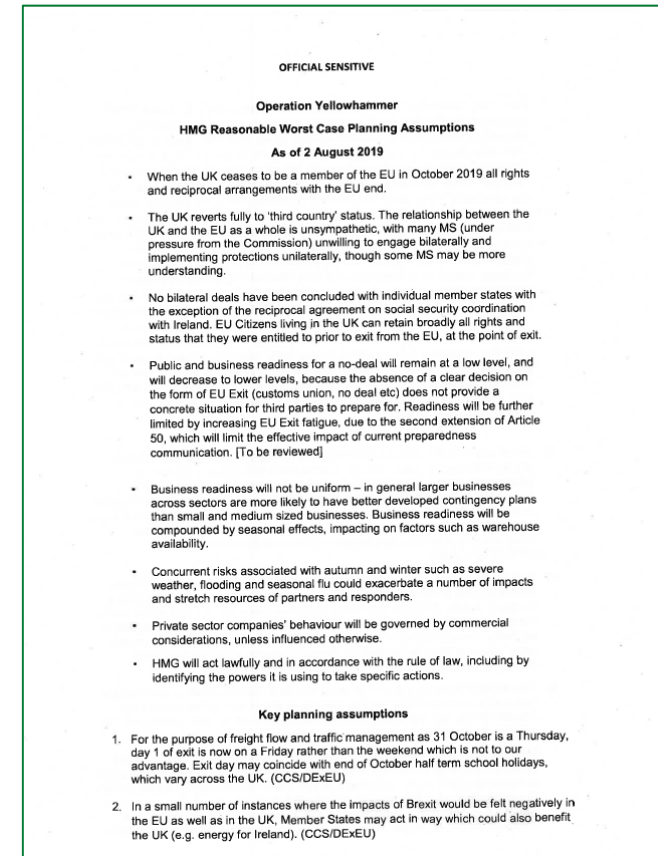


# National risk assessment

On 11 September, HMG released a version of its “Yellowhammer” Reasonable Worst Case Planning assumptions dated 2 August. These cover a range of potential impacts in the weeks after a no deal exit to plan, against rather than predictions.

Reasonable worst case assumptions include:

- No likely threats to electricity, gas or mains water in the UK mainland.
- Low risk of sustained queues at ports outside Kent.
- HGV flow of 40%-60% within 1 day through French crossings lasting 3 months before improving to 50% to 70%. Delays of 1.5 to 2.5 days.
- Knock on impacts onto import of medicines which DHSC is looking to develop a multi layer approach to mitigate.
- Decrease in supply of fresh food. No overall food shortage, but reduced availability and choice of products.
- Potential for regional traffic disruption to affect fuel distribution.
- Cost pressure on social care providers possibly leading to some smaller provider failure starting 2-3 months after exit.



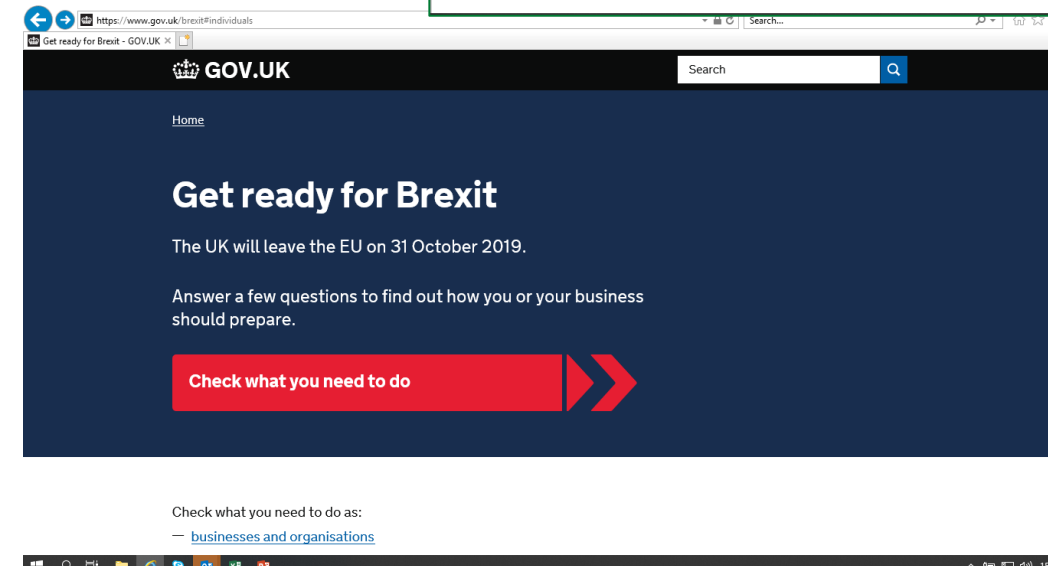
# Trader Readiness

To reduce the probability of worst case assumptions being seen, HMG has increased the focus on Trader Readiness. This includes a [Get Ready for Brexit](#) targeting individuals and businesses, auto enrolment of VAT registered businesses with export/ exporter EORI numbers, business engagement events and funding for import/ export customs training and software.

Government has also developed plans for traffic control and management in Kent through [Operation Brock](#). These now include plans to check HGV documentation.

To support readiness within Essex, the Economic Development team are contracting the [BEST growth hub](#) to engage local businesses and to identify future needs.

A kick off round table event is on 23 September.



# Localised risk of disruption

- The ERF maintains a localised risk assessment based on the national risk assessment and planning assumptions.
- Essex does not have the same unique high risks from border traffic as Kent, Northern Ireland and North Wales.
- Essex does not have unique concentrations of industries reliant on EU labour force, existing community tensions or business with specific issues.
- There are localised focusses to maintain traffic flow at Harwich, a HMRC site at North Weald and on the M25.
- Harwich port does not have the same concerns as Kent crossings:
  - Traffic levels are approx. 5% of Kent crossings and pre-booked. Approx. 50% of HGV traffic is unaccompanied trailers. Port sites have larger storage capacity compared to flow than Kent Crossings and longer crossings mean more preparation time for EU entry.
- Through ERF we are participating in planning to improve port bound trader readiness and mitigation plans to reduce risk.
  - We do have a dependency on Highways England for Strategic Roads.

## HMRC customs sites

HMRC have identified three sites to be used to support use of Common Transit Convention and ATA Carnets. Two are in Kent and one at North Weald, Essex close to J7 of M11. These are targeted at Kent-bound traffic.

The Essex site is only for these specific schemes, which allow payment of import duty when goods arrive at country of final destination, rather than when crossing the EU border.

HMRC expect the sites to be used temporarily for up to 2 years. Traders can apply to get their own premises authorised, which is more convenient.

Authorisation was via a Special Development Order, decided by MHCLG, with pre commencement conditions.

Main ECC interests are traffic planning. We are engaging via the lead contractor.



# Contingencies

- **Impact of Disruption:** Existing plans act as the basis for ECC response to disruption.
  - The Emergency Planning and Resilience Team are working to update Business Continuity Plans and the ECC Fuel Plan in case of any local issues with travel disruption or even fuel distribution. Plans covering scenarios such as winter weather disruption provide a basis to manage any likely short term disruption.
  - A national fuel plan would be invoked in the case of an extended disruption to fuel supplies. However we would expect a response to unblock congestion causing disruption to distribution well in advance of this.
- **Care suppliers:** A relatively small proportion of the workforce comes from the EU, but the sector can struggle to recruit and retain staff. ECC has an existing response plan to manage the failure of any care providers. Subject to no serious fuel disruption, we are confident services can be maintained, but can give no outright guarantee.
  - We will be writing again to all providers to identify the [guidance](#), which describes potential risks and actions, and to ask that they draw up appropriate contingency.
  - Advice includes the approach to medicine management, not stockpiling and planning for any supplies.



- *Longer term issues*

24 September 2019

## Longer term developments

We continue to monitor the developing proposals for change after an EU Exit and how to respond to these. This will include considering impacts on business and residents

The Local Government Association continues to engage with Government to identify areas of interest to the Local Authority Sector.

The [HCLG Select Committee](#) report on 3 April identified some of those interests.

# HCLG report Brexit and Local Government

[Brexit and Local Government](#) HCLG report 3 April recommended **5 priorities for action**

- (1) Maintain mechanisms for engagement and information-sharing with local government during and immediately after the UK's withdrawal from the EU,
- (2) Ensure a comprehensive range of planning, guidance and support is put in place for local authorities in the event of no-deal Brexit, and that local authorities are aware of the steps they have to take.
- (3) Address workforce shortages in the short term, ensuring EU nationals working in the UK are made aware of and encouraged to apply for settled status. Monitor key sectors that local government stakeholders have highlighted as at risk of workforce shortages, particularly construction and social care
- (4) Determine new burdens on local authorities resulting from Brexit, and ensure central government funding is provided in full.
- (5) Step up its liaison with local authorities that bear responsibility for a major port, and make representations on their behalf to the Department for Transport to address concerns about the immediate consequences of Brexit. Individual port-councils should not be expected to use their reserves to adequately prepare for the immediate impact of Brexit.
- [HMG published a response to HCLG Select Committee](#)



# HCLG report Brexit and Local Government

Brexit and Local Government HCLG report 3 April had **five key policy actions post-Brexit**

- (1) Advance its plans for the establishment of the UK Shared Prosperity Fund, and publish the promised consultation on its design and administration within two weeks from 12 April. The funding made available in the UK Shared Prosperity Fund must also be additional to the new funding already provided by the Stronger Towns Fund.
- (2) Consider the effect of the loss of European Investment Bank loans at the regional and local level. Determine how infrastructure projects may be appropriately funded in future.
- (3) Make clear plans for the further devolution of powers to local authorities To cover skills, and also fiscal devolution; housing; transport and other infrastructure; digital connectivity; health and wellbeing; trade and investment; and productivity.
- (4) Make clear plans for the role of local government in the creation of post-Brexit domestic policy, including consultation on policies or legislation that will directly affect it.
- (5) The Government must consult with local authorities as it transfers legislation from the EU back to the UK, including public procurement, food hygiene, environmental health, trading standards and waste management.