

## Rother District Council

Report to	-	Audit and Standards Committee
Date	-	23 September 2019
Report of the	-	Executive Director
Subject	-	UK Exit from the European Union (Brexit)

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**Recommendation:** It be **RESOLVED:** That the report be noted.

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### Background

1. At the meeting on 24 September 2018 (Minute AS18/20 refers), Members requested that consideration be given to the Strategic Risk Register in order to take into account the potential effects of the impending departure of the United Kingdom from the European Union (EU). A further report was brought to this Committee on the 25 March 2019 (Minute AS18/42). At the time of writing this report the delayed departure date from the EU has now been set for 31 October 2019. A scenario in which the UK leaves the EU without agreement (a 'no deal' exit) still remains uncertain.

### Discussion

2. This is a highly political area and it is important to try and assess the risks as neutrally as possible. The Government has published a series of technical notes (plus an overview) that set out information to allow authorities, businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they can make informed plans and preparations.
3. The Minister for Housing, Communities and Local Government (MHCLG) recently wrote to the Leaders of all local authorities in England stating that the UK will be leaving on the 31 October and emphasising the role of Local Government in preparing for EU Exit. The letter went on further to ask local authorities to:
  - *Designate a Senior Officer as Brexit Lead Officer with the following responsibilities - Ensuring the Council has taken all reasonable steps, in line with relevant guidance and messaging coming from Government and its agencies, to prepare for our exit from the EU on 31 October. This should include clear communication to local residents and businesses to support their own preparations for Brexit and a plan for how the Council would communicate important messages to stakeholders;*
  - *Ensuring the Council has a team in place which is equipped to support the delivery of Brexit, ready for the period around 31 October;*
  - *Overseeing the expenditure of the specific Brexit funding allocated to their Council and ensuring it is effectively contributing to local preparations;*
  - *Playing a full part in your Local Resilience Forum to ensure that its plans for No Deal take account of relevant local circumstances and*

*potential impacts on local communities. The Secretary of State, will be writing separately to all Local Resilience Forum (LRF) Chairs to set out how the Government proposes to work with local authorities to prepare for Brexit and to ask that they liaise with local authorities to assess relevant impacts;*

- *Bringing together local public service providers, the voluntary and community sector, community groups and businesses to effectively prepare for the potential local impacts of leaving the EU without a deal; acting as the principal contact point for your regional lead chief executive and central Government; and*
  - *Proactively raising with central Government or your regional chief executive representative any emerging trends, issues and other local intelligence that might assist in No Deal preparations.*
4. It should be noted that although the Council will not be able to address many of the issues directly, it may well have to respond to them. As a district council it receives information and instructions through the Sussex Resilience Forum (SRF), the Local Government Association (LGA) and the Regional lead officer for local government EU Exit Affairs (who happens to be the Chief Executive of East Sussex County Council). There is also direct contact with lead Government departments via telephone conferences and support from the South East Local Partnership Enterprise (SELEP).
  5. Aside from the impact Brexit may have on local authorities, there are of course implications to commercial and voluntary businesses as well as impacts on communities. The risks of these implications, along with their impact and potential mitigation, are shown in Appendix 1 and have been updated since the December 2018 and March 2019 reports.
  6. These items are covered under the categories of:
    - Strategy and Policy
    - Impact on communities
    - Impact on the economy
    - Impact on the Council

### **Other Brexit Options**

7. For the purposes of this report it is not intended to discuss the alternatives in detail and many of the issues identified with a 'no deal' Brexit are likely to apply to a greater or lesser extent to any of the options.

### **Preparations within Rother District Council in relation to MHCLG letter**

8. The Executive Director, Dr Anthony Leonard is the Lead Officer supported by an officer EU Exit Team consisting of:
  - Head of Planning;
  - Head of Environmental Health, Licensing and Community Safety;
  - ICT Manager;
  - Emergency Planning Officer; and
  - Human Resources Manager.

9. This working group currently meets on a weekly basis to consider communications received, the risk register and action log, tracking our preparative activity for EU Exit. It is expected that briefings and reports on a weekly increasing to daily basis will be implemented by central Government replicating the communications set up for the previous anticipated March 2019 exit from the EU.
10. All strategic partners participate in the conference calls and planning events along with central Government representatives and major commercial operators in the region such as Gatwick Airport Limited. Reports from the partners are submitted both to the SRF and to the Chief Executive of East Sussex County Council (ESCC) who are required to report weekly to central Government.
11. All local authorities have received a grant to assist with the resource impacts for having to prepare for EU Exit. Rother District Council has received £17,484 in the 2018/19 financial year with a similar grant received for the 2019/20 financial year, a total of c£35,000. On 6 August 2019, the MHCLG announced a further £17,484 would be available to district councils. The SRF has also received a regional grant into which we can bid for further financial assistance if special regional circumstances arose that affects Rother District. These grants are not expected to meet any on-going costs to services following Brexit.

#### **Preparations with Businesses and Communities in relation to MHCLG letter**

12. While the Council cannot be held accountable for EU implications for businesses and communities, it does have a role in assisting with communications and ensuring businesses and communities understand and are aware of the issues and can take the necessary actions to mitigate or minimise disruption. There are a number of useful websites available to guide people and these are listed below:

GOV.UK:

<https://www.gov.uk/brexit>

Food Standards Agency.

<https://www.food.gov.uk/business-guidance/prepare-your-business-for-the-uk-leaving-the-eu>

LGA

<https://www.local.gov.uk/topics/brexit>

SELEP

<https://www.southeastlep.com/our-strategy/business-support/brexit/>

13. The web links have also been provided to the Chamber of Commerce within the three towns, the Federation of Small Businesses and Rother Voluntary Action.
14. With regards to communication with the public further guidance is awaited. In the meantime, if enquiries are received the public will be directed to the above Government Brexit website.

## **Conclusion**

15. At the time of writing this report, the political environment continues to change and so preparations are being undertaken in this uncertain climate. The information in Appendix 1 is not intended to be an exhaustive list nor will it be a static document. Officers will continue to monitor the situation and will keep Members up to date as changes occur. Any changes to the Council's budgets or policies will be brought to Members for consideration and approval.
16. Work on the impacts etc. of Brexit could potentially consume a large amount of officer resource that this Council simply does not possess. Officers will therefore continue to work with other East Sussex Councils and the SRF on mitigation action to address the major strategic risks.

Dr Anthony Leonard  
Executive Director

### **Risk Assessment Statement**

Although there is still uncertainty around what the final EU Exit mechanism will look like it is important that potential implications and what can be done about them are considered. The risk of not doing so is that the Council will find itself unprepared and unable to assist or take action when necessary.

Potential Risk	Likelihood	Impact	Score	Potential Impact	Responsibility for Controls	Mitigation
The Council's access to European funding reduces. The district's capacity to work independently within East Sussex, SELEP and national structures is also reduced.	M	H	H	It is likely the ability to develop and seek support for Rother focused and led projects will be diminished. The current systems allow the Council to work in and out of different funding programmes. Post Brexit it is possible reduced funding will be more narrowly focused and access for districts reduced by strengthened regional structures.	Leader SMT	Ensure Rother is effectively represented at county and regional partnerships.  Resources invested in leading projects on behalf of partners.  Maintain lines of dialogue outside formal structures.
Urban and northern focus of UK Government results in loss of the current limited focus on the coast.	H	H	H	It seems likely that LEP and regional structures together with city regions and mayors will be dominant if resources are restricted. Funding will not focus the south of England.	Political Leadership SMT	Working through the SELEP and ESCC it will be critical to renew the structure of coastal and regional partnerships we operate in order to maximise influence and benefits.
Economic downturn prevents major capital projects like high speed train extension to Bexhill proceeding.	M	H	H	Economic downturn could affect the progress made to date on regeneration in the area and compound the deprivation already experienced in parts of Rother.	Political Leadership SMT	To work with partners at all levels to advance our case.

## Impact on Communities

Potential Risk	Likelihood	Impact	Score	Potential Impact	Responsibility for Controls	Mitigation
Overseas travel to Europe after EU Exit	H	M	H	Communication in place to advise individuals on checking they have appropriate paperwork and it meets the requirements for travel: passport, travel insurance and healthcare insurance; driving documents and if required pet travel – if travelling to Europe with your pet you will need to contact your vet at least 4 months before you go.	Individual	Directing residents to government website. <a href="https://www.gov.uk/brexit">https://www.gov.uk/brexit</a>
An increase in inter-community tension caused by friction around exit or a re-run referendum.	H	M	H	The individual impact of a hate crime will be high for the victim(s). The impact on community relations will depend upon both the number/nature of incidents and how they are responded to.	Members SMT Staff Police	The Council should work with community partners, police and others to prepare and inform the area and campaign for an open and inclusive Rother. Partners need to make clear the zero tolerance for hate crimes.
More widespread disorder.	L	H	M	It seems unlikely a major political disorder would take place given the area's history. However, if this does, this could be very damaging to community relationships and the area's reputation. Worst case scenario planning predicts some disruption to council services if RDC are required to support implementation of national plans mitigating the effects of a deal EU Exit.		Work with Police and other partners to monitor tensions.
An increase in poverty if there is economic	M/H	M/H	H	Potential for increased benefit dependence, unemployment, and child	LEP DWP	It is critical that both County and Rother based welfare and

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downturn.				poverty. Possible pressure in the use of foodbanks (if the foodbanks are receiving supplies) and an increase in homelessness. However this is challenging to quantify.	Councils	housing partnerships work in a coordinated way to understand and respond to increases and changes in the nature of poverty.
Eligibility of existing EU claimants may be brought into question.	L	H	L	Possible increase in demand on other service areas such as homelessness.	DWP Councils	Guarantees have been given that EU nationals with settled status will not be affected so although needs to be included is considered a low risk.
Delays in the importation of food, medicines and other critical supplies from the continent and supplies run out/short supply.	Not known	H	Not known	If this appears likely there might be panic and disruption. There might be the need for rationing. The severity would depend on what was unavailable and particularly the duration of any shortages.  Local authorities and therefore RDC staff could be involved in implementing national plans at a local level managing any shortages that do occur as a result of EU Exit.	SMT	Unknown. The Council would need to work with national and local agencies to address this risk. Staff trained in dealing with difficult situations.
Loss of opportunities for external funding may impact deprived communities. Alternatively funding could be focused on other priority themes and areas, not applicable to Rother's socio-economic profile.	M	H	H	A downturn and reductions in public expenditure will mean social projects funded through the EU will not be replaced or be partially replaced.	Political leadership SMT	Work with other LAs, health and partners to lobby for successor funds to current European social programmes.

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EU nationals without settled status will not have rights to stand for election or vote unless an agreement.	M	L/M	M	The electoral roll would need to be reviewed with potential staff impact.	Electoral Registration Officer/ Returning Officer	To be kept under review as negotiations proceed.

## Impact on the Economy

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Drop in local gross domestic product and gross added value.	H	M	H	Impact on local companies and employment.	SMT	Carry out further research. Work with LOCATE, Chamber and East Sussex partners to assess and mitigate impact.
Tourist industry hit by both travel issues and image of a welcoming place.	H	M/H	H	The reduction in visitors could have a substantial local impact leading to job losses.	SMT	To re-assess approach to monitoring to ensure Rother is maintaining its position in partnership with 1066 partnerships. To consider how cultural offer is developed in these circumstances. However, a weak pound may encourage visitors.
Business failures due to reliance on EU labour. Services impacted (such as refuse collections, tourism, agriculture and health care).	H	H	H	Could be significant in certain sectors. Could also lead to reduced income to the Council from Business Rates. This may also have an impact on the nursing care sector and the NHS in particular.	SMT	To be kept under review and continue to work with partners. (In this case, RDC contractors to seek permanent full time employment).
Slowdown in housing construction due to reliance on EU labour or unfavourable market conditions.	H	H	H	Failure to meet identified local need for new housing. Also loss of income to the Council from planning application fees, community infrastructure levy and Section 106 contributions.	SMT	To be kept under review and continue to work with partners.

Local firms that export to or import from Europe may be adversely affected.	M	M	M	Difficult to scale. Our preparations have included review of likely export requirements for example the need for food export certificates for the fisheries industries and contingency plans put in place so that RDC is ready to support our local industries (see below).		Businesses directed to government website to inform them of the actions they will need to undertake. <a href="https://www.gov.uk/brexit">https://www.gov.uk/brexit</a>
Adverse impact on fishing industry and producers/exporters of products of animal origin.	H	M	H	The fishing community in general has argued for EU Exit and/or reduction of regulations. A no agreement exit might mean restrictions are lifted. Boats from the rest of UK might fish locally if denied access to European waters. The need for export certificates to be issued for all products of animal origin will be an administrative burden for both the industries themselves and this Council.	SMT	Communication with the fishing industry and Food Standards Agency.  Consideration and planning has been given to making the necessary resources available to issue export health certificates. Resources within environmental health will need to be redeployed to focus on this activity. The strain this will put on this Council's Environmental Health Service has been raised with central Government.  Businesses directed to Government website. <a href="https://www.gov.uk/brexit">https://www.gov.uk/brexit</a>
Impact on VAT.	L	L	L	Potential implications for the classification of goods and limits, both of which are currently set by the EU.	SMT	To be kept under review and wait guidance from Treasury.  Businesses directed to Government website. <a href="https://www.gov.uk/brexit">https://www.gov.uk/brexit</a>

Disruption of national fuel supplies due to new import and border check arrangements and the impact on motorways.	L	H	M	<p>Employees unable to get to Council offices or carry out normal visits and inspections.</p> <p>Waste and Recycling service disrupted and household waste not collected causing potential public health implications.</p>	SMT	More staff to work from home. Some visits and inspections deferred. Work with regional emergency plan protocols to ensure priority access to available fuel supplies.
Traffic difficulties along coast roads due to HGVs unable to cross into Europe.	M	M	M	Lorries attempting to go via Newhaven could impact on A259/A21 congestion.		ESCC have an emergency plan adopted.

## Impact on the Council

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Economic downturn could delay the development of Council owned sites.	M	M/H	H	It is not possible to seek the size and duration of any economic downturn however likely impacts could include a diminution in planning applications resulting in less fee income and no Community Levy funds being received.	SMT	Projects may have to be delayed until the economy recovers.
Economic downturn could lower the return on Council investments.	M	M	M	Anticipated income reduces.	SMT	Investment programme to be reviewed.
Increased bad debt provision through business failures.	M	M	M	Anticipated income will be lower.	SMT	Work with local and national partners to monitor the situation.
Future procurement rules may change.	L	L	L	This may be beneficial if EU procurement is replicated with something less burdensome. However, there can be no guarantee of this.		Currently Government have no intention to change procurement legislation.
Pressure on services increases in poverty and unemployment rise as part of a downturn.	M	M	M	Pressure on Housing and Benefits and the Community Help Points/Contact Centres could be serious. Additional need for grant aid to advice services like CAB may be called for.	SMT	To work in partnership with East Sussex partners if crisis in welfare or homelessness emerges.  To review staffing as appropriate to lobby Government for resources if such problems can be realistically anticipated and scaled.

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Loss of external funding.	M	M	M	EU funded projects may not proceed.	SMT	Reduce services where funding is lost.
Potential implications for existing staff who are EU nationals or who have family who are EU nationals.	M	M	M	Currently being assessed.	SMT	Assistance has been offered to staff that need it. HR will extend right to work checks.
Drop in demand for services if population decreases.	L	L	L	It is difficult to assess without research to establish the level of demand from EU citizens or a clear view of the numbers likely to leave.	SMT	If demand dropped sufficiently staffing would need reviewing. This seems relatively unlikely.
Supply chain risk.	L	H	M	Mainly related to external suppliers of vehicles, plant and equipment used by contractors to the Council.	SMT	Early discussions with contractors to identify any issues over their supply chain.
Work to assist in delivering National EU Exit Plans has an impact on RDC staff resources.	H	M	H	Temporary diversion of staff resource to deliver National Plan priorities impacts on the day-to-day business of RDC, including the provision of mutual aid to other authorities and evoking emergency plan and involving emergency planning.	SMT	Use of central Government supplementary budget to provide additional resources (within the limits of the grant given) and prioritisation of service delivery during the period of any disruption. Business continuity plans will be implemented.
EU Exit results in loss of income to the Council.	M	H	H	The medium to long term effects may result in loss of income from business rates and investment returns.	SMT	The Council's medium and long term financial strategies must account for potential lower income streams.
Impact of offsite	L	H	M	Prevention of processing information if	SMT	Review and ensure location of

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processing of personal data in EU.				repository sited in EU.		any offsite processing if information undertaken in UK.