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**BREXIT - briefing**

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**Reason for this Report**

1. To update the Committee on the Council's preparedness for a 'No-Deal' Brexit, and the implications for Council Services.

**Background**

2. At its September 2019 meeting, during consideration of the forward work programme, the Committee agreed to request a briefing on the Council's planning for Brexit, specifically addressing the implications of a No-Deal exit from the European Union (EU), including areas of interest such as business continuity plans; emergency planning arrangements; resilience of the supply chain; and the EU settlement scheme.
3. If the UK fails to negotiate the terms of its departure from the EU, or agree a formal relationship with the EU, there is the potential for no agreement on issues such as trading relationships or customs arrangements. Since Article 50 of the Treaty on European Union (EU) was invoked in March 2017 work has continued to ensure Cardiff's preparedness for Brexit, monitoring the position closely in terms of the potential implications for Cardiff's economy and public service provision in the city. This has included continued work with local public service partners through the Public Services Board (PSB), and continued engagement with major employers.

## National context

4. As part of Operation Yellowhammer- the cross government no-deal contingency planning arrangements- a National Response Framework is in place which reports to COBRA. Issues are reported through this established response framework and, in Wales, are coordinated via the Welsh Government and Local Resilience Forum. Cardiff also represents South Wales Central on the Welsh Government Brexit Preparedness Group.
5. Local Authority preparatory work is also considered by the WLGA Partnership Council, the body that brings together Welsh Government, the WLGA and all 22 Welsh Local Authority Chief Executives. To help coordinate a national position the WLGA commissioned Grant Thornton to engage with Welsh Authorities on their preparedness for Brexit.
6. Their overarching summary of responses is that:
  - a. All councils have an internal corporate Brexit working group, with many of these meeting on a monthly basis
  - b. All councils have a Brexit co-ordinator
  - c. Most councils used the toolkit prepared for WLGA by Grant Thornton last December and they are now using an updated version that was circulated recently, including a 'No Deal' checklist.
  - d. The majority now have Community Cohesion officers in post to work within the community
  - e. All councils have been taking steps to raise awareness of, and assist non-UK EU nationals to apply for, the EU Settled Status Scheme. A small number of LAs are offering support with the scanning of required documentation and others are working with '*We are Digital*' to help individuals with the online application process. Others are considering offering these types of support
  - f. All LAs have undertaken an assessment of the number of non-UK EU citizens employed directly in their labour forces. Appropriate advice and support has been offered to these individuals. Across Wales, there are fewer than 1,000 such workers. However, this figure does not include

those working in bodies commissioned by, or working on contracts for, LAs. Such bodies have been encouraged to undertake their own checks and offer support to their employees.

- g. Some councils are starting to look beyond the short term and plan for the future

- 7. Overall, the feedback from Grant Thornton was that Local Authorities are as prepared as they can be, an assessment shared by WLGA.

### **Local context- Organisational and City Wide Planning**

- 8. In October 2018 the Cabinet considered a report on the Potential Impact of a No Deal Brexit and agreed a series of recommendations which included working through the Cardiff Public Services Board to monitor and respond to any potential impact on public services in the city
- 9. In February 2019 the Chair of the Policy Review and Performance Committee requested sight of any relevant Brexit reports or briefing papers considered by the Cardiff Public Services Board, to ensure appropriate oversight of the Boards performance on a matter of potential impact on public services in the City. In response the Leader provided reassurance that the Cabinet had considered a comprehensive analysis of the implications, and that the Cardiff Public Services Board would consider city wide issues as events unfold to share the risks associated with a no-deal Brexit, from their organisations perspectives.
- 10. In addition to the Cardiff Public Services Board Brexit meetings, the Council's Senior Management Team consider Brexit on a fortnightly basis and the Brexit Response Group (BRG), chaired by the Council's Chief Executive and attended by public service partners, considers Brexit issues which require a pan public service response.
- 11. The Council's Corporate Risk Register also identifies Brexit as Corporate Risk and Business Continuity Plans have been reviewed in response to Brexit.

Assurance Statements have been provided by each Directorate in March 2019 and updated in August 2019.

12. The response infrastructure and preparatory work has enabled the Council to develop a Brexit issues register which identifies the risks associated with Brexit and the mitigating action (attached at **Appendix 1 - 'Cardiff Council's Preparedness for a No-Deal Brexit'**). This document provides an overview of all issues the Council could face in delivering services if there is a no-deal Brexit, along with the actions to date which have taken place to mitigate their potential impact.

13. The register addresses issues in relation to matters such as:

- The EU Settlement Scheme (Citizens and Residency, including returners the EU requiring local government services)
- Impact on local communities
- The Council's workforce
- Demand for social care
- The economic sustainability of social care providers
- Shortage/ loss /disruption of key supplies (fresh food, medicines, fuel, supplies, parts, equipment, building materials)
- Homelessness (due to an economic downturn, rent arrears and EU returners)
- Housing delivery targets (due to inflation, labour shortages and changes to contracts)
- Provision of advice
- A reduction in public finances and Council income
- Impact on capital projects (inflationary wage pressure, investor confidence, new contract clauses)
- Changing legislation
- Long term economic impact on Cardiff (possible inflation, unemployment and decline in investment)
- Support for local businesses
- Potential for disruption at Cardiff's port

- The future of regional funding (current European Social Fund projects are Inspire2Achieve and Communities4Work)

14. The register also addresses speculation that there may be major disruptions arising particularly as a result of a No-Deal Brexit. Issues listed include protests and the potential for social unrest; food shortages, since 30% of the UK's food supply comes from the EU and consumer behaviour could exacerbate shortages; disruption to water supply due to delays at the ports importing chemicals used in water processes; fuel shortages due to border delays; increased checks at border points; and outbreak of disease due to disrupted supplies of medicines to prevent its spread.

### **Scrutiny's Role**

15. The WLGA has produced a **Brexit Scrutiny Questioning Guide**, recognising that Scrutiny committees can play an important role in ensuring that the authority is as prepared as possible for Brexit, whether a negotiated settlement with the EU or a 'No Deal'. They point to the impact on *the workforce, finances, legislation, services and providers, and community leadership*.

16. In light of these issues WLGA propose numerous lines of inquiry that scrutiny committees can pursue to support and assess the Council's state of preparedness, as follows:

- Is Brexit included as a corporate risk and is the risk rating adequate?
- Has the Council prepared specific risk assessments? – as (i) an organisation, (ii) service deliverer (iii) community leader?
- What are the workforce implications of Brexit for the Council?
- What are the legal implications of Brexit for the Council?
- What are the financial implications of Brexit for the Council?
- What are the procurement implications of Brexit for the Council?
- Are these risk assessments robust and what actions or planning have been put in place to mitigate any risks?
- Has a contingency plan been prepared for how Brexit scenarios could play

out locally?

- Have service-specific assessments been undertaken? Are business continuity plans in place (e.g. has the potential for disruption to business-critical supply chains been assessed?)
- What is being done in terms of communications (internally and externally)?
- What plans have been made via the Public Service Board or with local public service providers and partners?
- Have impact assessments been undertaken on the local economy? If so, what plans are in place in response?

## **Scope of the Scrutiny**

17. This item will give Members the opportunity to consider and comment on the arrangements in place to deliver Council services in the event of a No-Deal exit from the European Union on 31<sup>st</sup> October 2019.

18. To facilitate the scrutiny, in attendance will be:

- Councillor Huw Thomas, Leader
- Paul Orders, Chief Executive
- Gareth Newell, Head of Performance & Partnerships; and
- Gavin Macho, Principal Emergency Manager

## **Legal Implications**

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person

exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

20. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

21. The Committee is recommended to:

- i. Note the arrangements in place to prepare for a No-Deal Brexit;
- ii. Consider whether it wishes to relay any comments or observations for consideration by the Cabinet Member for Finance, Modernisation & Performance.

**DAVINA FIORE**

Director, Governance & Legal Services

10 October 2019