

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive (Place)

To

Cabinet

On

3rd November 2020

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EU Exit: End of Transition

Relevant Scrutiny Committee(s): Policy and Resources
Cabinet Member: Councillor Ian Gilbert
Part 1 (Public Agenda Item)

1. Purpose of Report

The purpose of the report is to provide Cabinet with an update on the Council's preparations for the end of the EU Exit Transition Period on 31st December 2020.

2. Recommendations

- 2.1 That Cabinet note the work undertaken by the Council to date in preparing for the end of the Transition Period.

3. Background

- 3.1 Cabinet last received an update on EU Exit on 17th September 2019, which set out the Council's response thus far in preparing for the UK to leave the European Union.
- 3.2 On 31st January 2020 the UK left the European Union under the Brexit withdrawal agreement, following agreement by Parliament. An 11 month Transition Period then began where the UK had left the EU's political institutions but remained part of the EU Customs Union and Single Market. The Transition Period enables time for negotiations as to what the UK-EU relationship will look like going forward, including a formal trade deal and trade talks with non-EU countries.
- 3.3 By the end of the Transition Period (31st December 2020) if a Trade Deal has not been reached the UK will trade on World Trade Organisation terms (WTO) with the EU. This would mean the UK would have to apply tariffs and quotas to goods coming into the country from the EU, and the EU would apply its "third-country" tariffs and quotas to the UK. There is no opportunity for an extension to this timetable.

- 3.4** The UK economy has entered its largest recession on record, with predictions that it will shrink by around 10% for 2020 and not recover to pre-Covid levels until the end of 2021 at best, with a permanent loss of 1.7%. The Government's own analysis forecasts that leaving without a trade deal would reduce UK GDP by 7.6% after 15 years, while reaching a free trade agreement (FTA) with the EU would lead to a 4.9% decline.
- 3.5** Negotiations are currently underway in regards to the Trade Deal. Any new trade deal requires Parliamentary, and EU Parliamentary, approval, and most commentators believe it needs to be reached by end of October 2020 to give time for it to pass through the EU Parliament and for necessary regulations to be put in place.
- 3.6** In addition to the trade deal, the Transition Period enables time to consider other aspects of the UK-EU relationship such as licensing and regulation of medicines, energy supplies and data sharing.
- 3.7** EU Settlement Scheme figures are now published at local authority level on a quarterly basis. Home Office Quarterly figures up to the end of June 2020 (published Sept 2020) show 6,930 applications with 6480 concluded for Southend residents. This is up from 6440 applications with 5880 concluded as at the end of March 2020. This the 2011 Census shows 6723 people in Southend were born in the EU, although ONS estimate that figure to be about 8000 and so maximising applications, particularly from harder to reach residents remains a priority.
- 3.8** The Council's EU Exit working group has continued to meet over the last year and, to date, an approximate minimum of 450 officer hours has been spent on EU Exit preparations and work. While emergency planning and response efforts over the last 8 months have been largely focused on the Covid-19 pandemic the discussion about preparing for the end of the Transition Period has continued. The emergency response to the pandemic by the Council has led to a fundamental change in the way the Council operates. This includes enabling home working by most staff and putting the Council in a better position to ensure business continuity – for example, in the event of disruptions caused by transport disruptions.
- 3.9** The work of the Working Group, and wider organisation, will continue to the end of the year and beyond, to mitigate negative economic impacts, promote the EU Settlement Scheme and support communities through transition alongside the cumulative impacts of Covid.

4. Summary of preparations undertaken to date

4.1 Staff

- A cross-organisation working group has been in place since January 2019 meeting on a regular basis. The working group has continued to meet and has taken learning from the structures and processes employed through the pandemic response to further improve the way in which it works.

- Information about EU Exit and the EU Settlement Scheme (the scheme to process the applications of EU citizens currently living in the UK to allow them to remain in the UK after Brexit) is available on the intranet and support is available through HR for affected staff. An email reminding staff about the settlement scheme was circulated at the end of September.
- The Regulatory Services post funded through the Brexit funding has been extended so as to be able to continue to provide support through the Transition Period.
- Recruitment is underway for a business advisor in the BEST Growth Hub to help businesses in Southend navigate the challenges and opportunities presented by EU Exit. A second post is being recruited to within the Economic Growth team to support employment in the care sector. Both of these are funded through the Brexit funding.

4.2 Community Leadership and Service Delivery

- **Businesses** – the BEST Growth Hub is leading on support to businesses in Southend. While enquiries to the Growth Hub relating to EU Exit are currently low, overall enquiries have increased ten-fold as result of Covid enquiries. A new business adaption model and methodology has been developed and implemented in response. This is being further adapted in preparation for the end of the Transition Period and is due to be launched in November 2020. Further, the Growth Hub is developing opportunities to showcase Southend and Essex businesses with the ExSE business festival planned for February 2021 and the Novo award programme highlighting the top 50 innovative companies.
- **Regulatory Services** – significant changes have been announced, and are still ongoing, which affect regulatory services and the businesses they support. These include guidance around non-food product standards post transition, energy efficiency labelling for household appliances and procedures for exporting fish and fish-products to the EU. The team are working in a targeted manner with businesses most likely to be affected. They also continue to apply for funding from different sources to support the additional work.
- **Community** – Essex Police continue to undertake Community Impact Assessments to understand any potential tensions arising related to EU Exit. None have been noted in recent months. The Council has also funded the Citizens Advice Service (CAS) in relation to the support they have been providing with EU Settlement Scheme applications. Drop-in support sessions at the Civic Centre which were offered by the Eastern European Resource Centre (EERC) prior to lockdown, have moved to online and telephone support. With Covid-secure venues opening in Southend this will be reviewed with the possibility of resuming face to face support.
- **Education** - Schools have understandably been focussed on the wider return to school since the start of September. EU Exit preparations have been referenced at webinars with school leaders at end of September and

the Schools Learning Network used to disseminate further information as and when required.

- Communication – The Council fully participated in the two-way reporting with Whitehall via the nominated regional Chief Executive representative (via EELGA) until it was no longer required at the end of last year, and is in a position to re-engage if/when required.

A joint strategic approach to Brexit communications across Essex's public sector organisations was established in January 2019. At a strategic level, the objectives cover internal readiness, informing local businesses and residents, uniting your community and building resilience. This strategy is under regular review. Operational communications in the run-up to 31 December 2020 and potentially beyond and a broad, three-phase approach is being undertaken:

1. Communications content will move from *advice* (mainly linked to gov.uk content);
2. through to *reassurance* (which will be required closer to exit and especially in the context of 'no deal');
3. and finally, *action*, in respect of instructions which residents and businesses may need to follow (particularly in the context of circumstances which a disruptive withdrawal from the EU may present)

The focus will continue to be on *advice*, moving into reassurance in the period immediately prior to exit or anticipated exit.

An overarching narrative has been drafted and will be further developed in the coming weeks. This focuses on the county and ERF planning and being ready, ensuring work is on track, and that within Essex, public services and emergency services are collaborating and supporting each other on preparations.

A joint media protocol is also being developed. This will primarily cover proactive communications, including statements, press releases and any supporting website and social media content. It will incorporate information sharing protocols, in respect of reactive media enquiries and any intelligence received.

Locally, we continue to signpost and provide advice to businesses via the Business Essex, Southend and Thurrock (BEST) website and will produce other relevant content and materials for our residents and employees as appropriate.

- Contracts and suppliers – Prior to the EU Exit date the Council reached out to its largest suppliers to understand their preparedness. This exercise is being undertaken again while recognising that many, if not all, are operating in very different conditions due to Coronavirus which has necessitated some of the changes that might have been required. Through the regular contract meetings with Veolia, advice and guidance from Government bodies regarding impacts and requirements of Brexit on Waste Management are reviewed.

- Indirect services - through officers and partners, a watching brief is being kept on services which are not delivered by the Council but are of a wider interest and significance.

4.3 Emergency Planning and Business Continuity Planning

- Business Continuity Planning – The ability of Council services to respond in an emergency scenario has been well tested through the pandemic and Business Continuity Plans updated accordingly. A close watch is being maintained, via the ERF, on wider traffic and transport impacts on business continuity.
- Emergency Planning – The Emergency Planning team leads on liaison with the Essex Resilience Forum (ERF). Weekly reporting which was in place previously has not been reinstated yet, but regular meetings with Lead Officers from across the county are being convened while the ERF Command and Control structure in place for Covid will also incorporate EU Exit going forward.

5. Other Options

- 5.1** To reduce or cease the Council's preparations for the end of the Transition Period. The result of this would significantly compromise the Council's ability to respond as the consequences of EU Exit are realised which in turn can destabilise community engagement and cohesion. Failure to engage in EU Exit preparations could potentially result in legal challenge or affect future funding opportunities for the Council.
- 5.2** To dedicate further staff time and resources to preparations for Brexit. The result of this would have an impact on the day to day delivery of services as resources are diverted to focus on Brexit preparations, and also, potentially, away from Covid-19 work.

6. Reasons for Recommendations

To enable the Council to respond to EU Exit and the end of the Transition Period in the services it delivers and give due consideration to the potential cumulative impact of the end of the Transition Period alongside any possible further waves of the Coronavirus.

7. Corporate Implications

7.1 Contribution to the Southend 2050 Road Map

The range of implications of the end of the EU Exit Transition Period, in both deal and no deal scenarios will impact on Southend 2050 in myriad ways. The aim of the planning, which has been underway since January 2019, has been to minimise disruption and negative impacts where it is practicable to do so.

7.2 Financial Implications

Of the £315,000 Brexit funding from Government allocated there is still £64,000 which remains uncommitted. Uncommitted funding being held to support possible additional work post 31st December 2020.

7.3 Legal Implications

The Civil Contingencies Act 2004 sets out the framework for responding to emergency situations. The term “emergency” is widely defined as being an event or situation which threatens serious damage to human welfare, to the environment or to national security. The Council has a duty to assess and plan in relation to an emergency which may occur as a result of Brexit.

The Council will need to remain mindful of the State Aid rules in the provision of any loans, grants or other assistance resulting from any contingency financial provision should EU Exit delay funding announcements for projects. Advice will be provided if and when required upon a case by case basis.

7.4 People Implications

For staff needing to go through the EU Settlement scheme there is information available on the intranet and support via Human Resources.

It is estimated that the staff time spent on Brexit preparations in relation to the working group exceeds 450 hours to date. Additionally officers have been engaged with communication and reporting, emergency planning, business engagement and in-service preparations. The amount of time spent is not calculable but is estimated to represent at least one and a half times that. These figures do not include preparation for, and holding European Elections in May 2019.

The staff resource involved going forward will depend on whether the UK leaves with a deal and the issues and opportunities which arise as a result.

7.5 Property Implications

The issues log managed by the working group has identified a range of possible property implications, such as a possible increase in the cost of materials used to maintain buildings due to exchange rate changes and tariffs. These will have to be managed on a case by case basis.

7.6 Consultation

The Council has not undertaken a consultation on EU Exit, though the BEST Growth Hub collates information from businesses engaged with.

7.7 Equalities and Diversity Implications

The range of implications of EU Exit from both deal and no deal scenarios are significant. Particular attention is being paid to those needing to access the EU Settlement Scheme and possible hate crime incidents. Support and a watching brief will be maintained as appropriate.

7.8 Risk Assessment

The Corporate Risk Register identifies EU Exit as a risk and is reviewed quarterly. An issues log is maintained and regularly reviewed by the Brexit working group.

7.9 Value for Money

Not applicable

7.10 Community Safety Implications

The risk of increased hate crime and community tensions has been highlighted nationally in relation to EU Exit. There is ongoing communication with the police to understand and identify any incidents locally.

7.11 Environmental Impact

There has been no change to those previously identified

8. Background Papers

Brexit Update Report: Cabinet report of 17th September 2019

9. Appendices

None