

Executive

20 December 2018

Report of the Chief Executive

Portfolios of the Executive Leader and Deputy Leader

Planning for the possibility of a no deal Brexit

Summary

1. On 18 October 2018, a report by the Chief Executive on planning for the possibility of a no deal Brexit was presented to Executive.
2. It was resolved that a further update report be brought to the Executive at the December meeting in anticipation of there being greater clarity as to the future relationship between the UK and European Union (EU).
3. While an agreement has been reached between the UK Government and EU, there remains doubt as to whether a deal will be accepted by the UK Parliament and the EU Parliament and Council.
4. It is, therefore, still a real possibility that the UK will leave the EU without an agreement in place – a so-called no deal scenario.
5. This paper highlights the work that has been undertaken by Council officers to anticipate and prepare for a no deal outcome to enable the Council, its partners and the city of York to move with confidence in the eventuality of such a scenario.

Recommendation

6. The Executive is asked to:

Note the discussions and activities underway and identify any other actions which the Council should pursue at this time.

Reason: to ensure York is as prepared as possible in the event of a no deal Brexit.

Background

7. In a referendum on 23 June 2016, a majority of voters supported the UK leaving the EU. The Government committed to leave the EU on that basis and Article 50 was triggered on 29 March 2017. The UK will leave the EU on 29 March 2019.
8. Following the conclusion of negotiations between the UK and EU, the Withdrawal Agreement (and associated political declaration) was signed off by EU leaders at a summit on 25 November 2018.
9. On 10 December 2018, the Government postponed the scheduled parliamentary vote on the negotiated Withdrawal Agreement. This was to allow for discussions with the EU on providing an end date to the Irish border backstop. At time of writing, negotiations continue.
10. The onward process within Parliament for an agreement is not clear at this point and there is no greater certainty of the most likely outcome. With 14 weeks before EU Exit, it remains prudent to prepare for a no deal outcome.
11. Unless there is a substantive change to the negotiation position of both the UK and EU then the UK will still leave on 29 March 2019 even if no deal has been reached.
12. In the eventuality of a no deal scenario, there will be no transition period for the UK to leave the EU – that is to say, EU law, regulations and trade agreements will cease to apply to the UK immediately after 11pm on 29 March 2019.
13. While the UK Government has consistently said that a no deal scenario remains unlikely, it has continued to prepare for all eventualities. The Council has continued to take its lead from the Government in this respect and considered how the city should respond in the event of a no deal.
14. As noted in the previous paper to the Executive, it is not possible to forecast the medium to long term impacts of a no deal scenario (or even an agreed, smooth withdrawal) with any degree of confidence as there is no precedent for withdrawing from the EU and there are multiple variables that will come into play but are not yet sighted.

15. Instead, the focus of the Council continues to be to consider the immediate impacts of a no deal outcome which would need to be responded to in order to ensure the wellbeing of York's residents.

Planning for a no deal Brexit

Consultation

16. In preparing for a no deal scenario, the Council has continued to consult with partners.
17. The Council has maintained dialogue with a number of key partners following a meeting in September which was referred to in the previous paper to Executive.
18. In addition to liaison with stakeholders, the Council has worked with Make It York to provide information to interested parties on Brexit via the Make It York website (<http://www.makeityork.com/do-business/preparing-for-a-no-deal-brexit/>). This has created a single source of information for directly relevant information on Brexit for partners across the city.
19. At a wider level, Executive Members continue to feed into discussions about the implications of Brexit at a regional level while officers maintain a watching brief on information provided by a number of sources, including the Local Government Association. A recent report to West Yorkshire Combined Authority summarises some of the work at a regional level, which is referenced in the Background Documents section of this report.
20. Since the last update to Executive, we have had further communications from Government departments in respect of their preparations. A meeting arranged by Ministry of Housing, Communities and Local Government on 10 December provided some further insight into the activities across Government Departments. This was useful and welcome; however, it is still the case that local authorities are not fully sighted on all aspects of preparatory work. Central Government is planning to step up communications in the New Year, with much of the significant contingency planning being channelled through Local Resilience Forums.
21. The Council has also monitored the Brexit preparedness work of other local authorities. This will ensure that we are cited on any issues that may have an indirect impact on the city.

22. As highlighted in media reports, Kent County Council has focused on the implications of transport congestion within the county given the importance of Dover and other ports to the UK/EU logistical network.
23. It is clear that the direct impact of a no deal scenario will most keenly be felt in the south-east given its proximity to the continent and its position within the strategic transport network. However, given the necessity of the ports in Kent for the wider provision of goods, the impact on the county may be felt into the north of England. This will be particularly true if haulage that is initially bound for the Kent ports is diverted to other port authorities. This may have an impact on readiness of supply and on logistical considerations as the road network in different parts of the country become more congested.
24. Officers are also aware of preparedness planning in other local authorities. For example, councils including Buckinghamshire and Bristol, have sought to assess the implications of Brexit, and in particular, a no deal scenario, on local services and the economy. While the implications of such a scenario may be far reaching the wide variety of possible outcomes makes it prudent to attach a caveat that it is not possible to determine with any degree of confidence the implications of a no deal Brexit.
25. Reading across reports from other authorities, there is a consistent view that Government has not yet provided sufficient clarity on the impact of a no deal Brexit and sufficient resource at a local level to ensure that the worst case no deal is mitigated and future opportunities are clearly identified and signposted.

Technical notices and Information from Government

26. In considering a no deal scenario, the Council has assessed the Government's technical notices which provide information to allow businesses and citizens to understand the technical and regulatory changes that would follow a no deal outcome.
27. The Government has published 106 technical notices. These technical notices are diverse in their nature covering matters ranging from personal data to fishing and farming, and studying in the UK and EU.

28. The technical notices explain the arrangements from the point of view of transactions and regulation but do not detail the implications for the different organisations or people involved.
29. As part of its preparatory work, the Council has considered how these technical notices may materialise as tangible changes in day-to-day operability.
30. While all of the technical notices could in some way be considered of indirect relevancy to the city of York, its residents and its business community, the Council has focused its analysis to those notices that will have a direct impact on the functions of Council services and the work of city partners.
31. This assessment has been made following consultation with relevant Heads of Service within the Council and with the Council's city partners. This is ongoing and it is proposed that all services refine the specific responses necessary (if any) to create an action plan for delivery.
32. Additional information from the Government has also been provided in the form of partnership packs and community toolkits. For example, the Government has released a guide to cross-border arrangements in the eventuality of a no deal scenario. While the guide is designed primarily for businesses it does provide advice and information about the changes to current processes that all relevant parties will need to adhere to if the UK leaves the EU without a deal.
33. The Government has also begun to roll out information on arrangements for the UK in a post-Brexit world. This includes a toolkit for local authorities related to the EU Settlement Scheme through which EU citizens and their family members who want to stay in the UK beyond 31 December 2020 will need to apply and which will allow them to get a new UK immigration status that will protect their rights.
34. On 6 December 2018, the Government released a policy paper setting out the rights of EU citizens in the UK following Brexit. It guaranteed that in the event of a no deal scenario EU citizens resident in the UK by 29 March 2019 will be able to stay via the EU Settlement Scheme (with the ability to apply via this route until 31 December 2020). EU citizens with settled status would be able to be joined in the UK, by 29 March 2022, by existing close family

members. After March 2022, family members will be able to join EU citizens in the UK through applicable UK immigration rules.

35. The EU Settlement Programme will open fully by 30 March 2019. It will be accessed through an online app. A pilot scheme is currently open for health and social care workers, available until 22nd December 2018. There is no obligation for EU citizens within health and social care organisations to participate at this stage, however, if they do, they will obtain their pre-settled status or settled status ahead of when the scheme opens fully. More information can be found here: <https://www.gov.uk/guidance/eu-settlement-scheme-pilot-applicant-eligibility>
36. The council will consider providing a checking service for people applying through EU Settlement Programme, and/or provide assisted digital support for those who otherwise might not be able to access the online service. More information is being sought from the Home Office on these possibilities.
37. The Government has also confirmed that even in a no deal scenario, EU citizens in the UK will continue to be able to vote and stand in the May 2019 local elections and that any EU citizen elected to local government in these elections will be able to serve their full term.
38. It is likely there will have been further announcements between the publication of this paper and the Executive meeting. Officers continue to maintain a watching brief on the emerging information provided by the UK Government.

Contingency Planning

39. As part of the no deal preparedness, CYC has been engaged in discussions, at a regional and national level, related to continuity of supply and service provision in the eventuality of the UK leaving the EU without a deal.
40. This work is designed to ensure that there is resilience within the system to cope with stressors that may emerge from a no deal outcome. It should be noted that all contingency arrangements are designed to protect life and limb, but this does not mean that in their successful deployment there will be no disruption to individuals, communities or businesses.

41. Preparatory work will continue to be undertaken through the North Yorkshire Local Resilience Forum, which is the route through which Government will channel information.

Overall Impact and Next Steps

42. York has a buoyant economy and is well-placed to be resilient in the face of the potential negative implications of a No-Deal Brexit.
43. However, if the worst case No-Deal scenario does come to fruition, it is likely that residents (and businesses) would face higher levels of economic stress, based on the available economic forecasts.
44. On this point, it is worth noting that long-term economic analysis from HM Treasury and Bank of England highlights that in a no deal scenario, the UK economy could see a significant drop in GDP and GVA. Within these assessments, Yorkshire and Humber is identified as significantly impacted.
45. These analyses are contentious and not universally accepted. However, in such a scenario, there could be increased cost and demand for Council services. This risk will be included within the budget strategy and within the corporate risk register.
46. Overall, whilst the council is preparing, the lack of clarity of direction and information from Central Government mean these plans are not complete. There remains concern that we are still not well-sighted on how all individual agencies' plans will work together and which agency is leading on particular risks at a national level. Given that there is no additional resource available to local government, with 14 weeks to go, the ability to respond to risks or plans of which we are not already aware will be limited.
47. However, while a no deal scenario remains a possibility, it is by no means certain. As this moves further through the parliamentary process, there may soon be a clearer picture that emerges of the UK's future relationship with the EU. However, in the intervening period, the Council will continue to review the potential implications of this changing relationship.
48. The council will:
 - a. Form an internal working group to refine responses within council services

- b. Continue to ensure the best advice is available to businesses, and liaise with partners on advice to residents, particularly in relation to the settlement process
- c. Continue to work with partners to understand any key areas of concern
- d. Continue to work with the Local Resilience Forum to ensure contingency plans in the worst case scenarios.
- e. Consider whether it would be useful to act as a “Chip Checking” service or provide digital assistance in support of the EU Settlement Scheme.

Council Plan

- 49. The scenario of a no deal Brexit would impact across all areas of the Council plan.

Implications

- **Financial** – there are no implications related the decisions in this paper
- **Human Resources (HR)** – there are no implications related the decisions in this paper
- **Equalities** – there are no implications related the decisions in this paper
- **Legal** – there are no implications related the decisions in this paper
- **Crime and Disorder** – there are no implications related the decisions in this paper
- **Information Technology (IT)** – there are no implications related the decisions in this paper
- **Property** – there are no implications related the decisions in this paper

Risk Management

- 50. The risk areas around Brexit are noted within this report.

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Report
Approved

Date *Insert Date*

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Planning for the possibility of a 'No-deal' Brexit – Paper to the Executive, 18 October 2018

<http://modgov.york.gov.uk/mglIssueHistoryHome.aspx?Id=53884&Opt=0>

Brexit/Autumn Budget Implications – West Yorkshire Combined Authority, 13 December 2018

<https://westyorkshire.moderngov.co.uk/documents/s10073/Item%205%20-%20CA%20Brexit%20and%20Autumn%20Budget%20Implications.pdf>

List of Abbreviations Used in this Report

Brexit – Britain's (the UK's) exit from the European Union

EU – European Union

UK – United Kingdom of Great Britain and Northern Ireland

GDP – Gross Domestic Product

GVA – Gross Value Added