

Summary Sheet

Name of Committee and Date of Committee Meeting

Overview and Scrutiny Management Board – 13 March 2019

Report Title

European Union Exit Risk Assessment and Contingency Planning

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Shokat Lal, Assistant Chief Executive

Report Author(s)

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Ward(s) Affected

Borough-wide

Summary

The purpose of this report is to provide:

- a) A briefing about progress towards the anticipated departure of the United Kingdom (UK) from the European Union (EU) including potential scenarios.
- b) An assessment of issues and potential risks to the people and economy of Rotherham associated with the UK exit from the EU.
- c) An overview of the contingency planning undertaken by the Council and its partners in response to potential risks associated with EU exit.

There has been much uncertainty about how the UK will leave the EU and the clarity anticipated by autumn 2018 has yet to be realised. EU exit presents a significant change which will have economic and social consequences across the UK including Rotherham. The Council has sought to identify and address the local risks through contingency planning based on potential scenarios, notably a 'no deal' EU exit where the impact and risks would be greatest. EU citizens will need to apply for settled status and the Council and partners will support this process with the Home Office.

Recommendations

1. That the content of this report and potential risks associated with EU exit be noted.
2. That the work undertaken by the Council and partners on contingency planning in response to risks associated with EU exit be noted.

List of Appendices

None

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

European Union Exit Risk Assessment and Contingency Planning

1. Background

- 1.1. Following the referendum vote to leave the EU in June 2016, the Government invoked Article 50 of the EU Treaty in March 2017, giving two years' notice of the UK's withdrawal from the EU. According to the European Union (Withdrawal) Act 2018, the UK is due to leave the EU on 29 March 2019. To this effect, the Government published a Draft Withdrawal Agreement on 14 November 2018. The UK Parliament, the EU Parliament and at least 20 of the other 27 EU Council members needed to ratify the terms of the agreement before the UK departs. The Government delayed a vote in Parliament on the issue until 15 January 2019 when it was defeated.
- 1.2. On 14 February 2019, Parliament agreed to seek to re-negotiate the Irish backstop element of the Withdrawal Agreement although the EU indicated that 'other arrangements' had previously been ruled out. The Government has indicated that it will hold a final vote in the House of Commons on its Withdrawal Agreement on 12 March 2019 and if that fails, votes will be held on leaving without a deal on 13 March 2019 and delaying EU exit on 14th March 2019.

2. Key Issues

- 2.1 The detailed impact that EU exit is likely to have on people and places remains unclear and the full impact is likely to be realised over several years. The terms of the (currently rejected) withdrawal agreement include an implementation (transitional) period up to the end of 2020, which could be extended if required to accommodate further negotiations. Beyond this, the terms of a long term trading relationship will need to be negotiated.
- 2.2 Many issues arising from EU exit will also be the subject of UK domestic policy and legislation. There are many risks to achieving the necessary legislative solutions required but EU directorate requirements are incorporated into domestic legislation and likely to remain unchanged, at least until the end of 2020.
- 2.3 There are potential risks which could affect the people and economy of any part of the UK including Rotherham. The economic risk is assessed as being greatest if the UK were to leave the EU without a deal being agreed, which would undermine transitional arrangements, cause confusion leading to potential delays at ports and could have a negative impact on some parts of the economy. Government forecasts suggest that it would leave the UK economy up to 9% smaller after 15 years, compared to what it would have been.
- 2.4 **Possible Ways Forward:**
 - Agree the withdrawal agreement negotiated by the Government and EU and leave on 29 March 2019 with a 'deal'
 - Leave the EU on 29 March 2019 without a withdrawal agreement
 - Seek an extension to the Article 50 process to delay EU exit, subject to EU agreement, to re-negotiate the deal or implement a new plan

- Hold a further referendum (which would need Parliament to pass a Bill)
- 2.5 One possibility is that there could be an extension to article 50. However, this would still require a change in the law and need to be agreed by the European Council (meeting on 21 & 22 March). Any delay longer than three months would require the UK to hold elections to the European Parliament.
- 2.6 The Government has published a series of technical notes for guidance in preparation for a 'No Deal' EU exit. A 'no deal' outcome is one where the UK leaves the EU and becomes a 'third country' on 29 March 2019 without a withdrawal agreement and framework for a future relationship between the UK and the EU in place. The technical notes identify how the Government would act unilaterally to provide continuity for a temporary period to protect and minimise disruption for UK citizens and businesses.
- 2.7 MHCLG EU Exit Preparations**
The Ministry of Housing, Communities and Local Government (MHCLG) has held several regional EU exit preparedness events attended by the Assistant Chief Executive and the Head of Performance, Intelligence and Improvement.
- 2.8 A summary of the risks and other issues discussed are set out below. The greatest risks are associated with a 'no deal' scenario and there would be a number of calls to action in this event. The Government is planning for several key risks:
- Short-term risks associated with supply chains, including medicines, fuel and food;
 - Information sharing with EU member states relating to family law and child protection cases;
 - Legal risks associated with a lack of clarity around procurement regulations;
 - Potential impacts on workforce in services with high levels of EU employees;
 - Community tensions, potential protests and disorder;
 - Support for EU citizens to gain 'settled status';
 - The potential short and long term impact on the economy of Rotherham in terms of barriers to trade.
- 2.9 The Government cross border delivery group is stepping up plans for a 'no deal' scenario including industrial sector based conversations. Many of their planning assumptions are health related for example transit consignments for food, feed imports and export health certificates, and also traffic management.
- 2.10 Local Planning**
At the South Yorkshire Local Resilience Forum Strategic Assessment meeting regarding EU Exit held on 11 December 2018 it was agreed that an EU Exit Tactical Planning Group would meet fortnightly in January/February/March 2019. Given the proximity of the 29th March, this meeting now takes place on a weekly basis.

2.11 The Council has developed a business continuity plan in the event of a 'no deal' EU exit. The plan identifies the risks and potential impact on service delivery and any mitigating action that may need to be taken. This also covers a wide range of areas of exposure or risk including:

- Procurement and Supply Chain
- Customer Behaviour
- Economic Regeneration
- Banking, Insurance and Financial Services
- Legal Considerations
- Workforce and Staffing
- Advice and Guidance
- Community Cohesion
- Environmental Health and Local Regulation
- Elections and Electoral Registration
- Schools and Young People
- Adult Social Care

2.12 **Command and Control Structure**

In December 2018 the Council's Emergency Planning Team began business continuity preparations in the event of 'no deal'. In line with the level of risk, the South Yorkshire Local Resilience Forum (LRF), which coordinates partnership activities, has stepped up preparations. The Strategic Coordination Group (SCG) includes the Police, Fire & Rescue Service, Ambulance Service, NHS, Armed Forces and local councils. It has been meeting monthly, but is now holding weekly teleconferences. A Tactical Coordinating Group of the LRF meets weekly to assess risks and feed into the strategic group.

2.13 Strategic (GOLD) leadership within the Council is being delivered by the Assistant Chief Executive, supported by the Assistant Director for Community Safety and Street Scene, who attends Strategic Coordination Group and feeds back internally. At a tactical level (SILVER), representation is through the Head of Community Safety, Resilience and Emergency Planning alongside the Head of Performance, Intelligence and Improvement and an internal tactical group.

2.14 **NHS England** has identified 9 areas of risk which includes workforce, supply chain, procurement and medicine supplies.

2.15 **Sheffield City Region** (SCR) has an online tool to help local businesses prepare for EU exit, providing businesses with a tailored report on what they need to be thinking about for EU exit and directing them to resources to help them prepare. SCR is holding EU exit related events to raise awareness of the need for businesses to prepare and promote what support is available.

2.16 EU Citizens Settlement Scheme

An estimated 5,000 adults and 2,000 children in Rotherham are EU citizens who will need to apply for 'settled status' if they wish to remain in the UK after EU exit. The Home Office have been engaging with councils, the LGA and other local government bodies to develop local support for this process. The South Yorkshire Local Resilience Forum and the regional network (Yorkshire and North East) are undertaking contingency planning. Details of the settlement scheme are summarised below.

- The EU settlement scheme will be launched on 30st March 2019 with a test site already active, the expectation is that most people will apply online.
- The Prime Minister announced that the planned £65 fee would be waived.
- The Home Office recognises that vulnerable people and disadvantaged groups will need additional support to apply and local authorities have been invited to make an expression of interest to provide assisted digital support locally.
- The council has submitted an expression of interest to provide this support to all EU citizens and their families in the borough by providing face to face support at Riverside House Library and Neighbourhood Hub if this is needed.
- This will be an appointment service. The online application process is designed to be quick, lasting no more than 45 minutes per applicant.
- At a national level an organisation called We Are Digital are leading this project working in partnership with the Home Office.
- In order to make an appointment, EU citizens and their family who require Assisted Digital support will need to contact We are Digital via telephone or text.
- Riverside House will be offering the service Monday – Friday 9am – 12pm and 2pm – 4.30pm and the Library service will receive a payment for every application they assist
- Once the referral is received by Riverside House Library and Neighbourhood Hub the staff member will contact the applicant to reconfirm the appointment made by We Are Digital and reconfirm the identity required to make the application. Identity will be verified by scanning a biometric passport, biometric EU national identity card or biometric residence card using the EU Exit: ID Document Check app. At the appointment the staff member will support the applicant through the online application process which includes scanning proof of identity until the application is completed. Immigration advice will not be provided as part of this service
- Grants are available for voluntary and community organisations to support EU citizens to apply which has been communicated through local networks.
- Local authorities will have responsibility for making EU settlement applications for Looked After Children.
- The Government is still considering whether local authorities will have responsibility for making EU settlement applications for adults in care
- The EU Settlement scheme needs to be communicated to local EU citizens and the Council is developing an engagement plan.

3. Options considered and recommended proposal

- 3.1 Whatever the outcome of political activity over the coming weeks and months, it remains important to assess the potential implications of EU exit at the local and sub-regional levels and the Council is preparing accordingly.
- 3.2 The Strategic and Tactical Coordinating Groups will continue to monitor developments and identify risks and implications for the Council, local communities and the economy. Any economic impacts are likely to be much wider than just Rotherham and it will be important to consider sub-regional or regional impacts and responses.
- 3.3 An internal EU Exit Group has been established to plan for and monitor any EU exit implications and to ensure any business continuity plans reflect potential risks in the event of a 'no deal' EU exit. RMBC are actively involved in the Local Resilience Forum and the South Yorkshire Brexit tactical planning group.

4. Consultation

- 4.1. There have been regular briefings for the Strategic Leadership Team, Cabinet and Partnership Chief Officers Group.

5. Timetable and Accountability for Implementing this Decision

- 5.1. The UK is due to leave the EU on 29th March and Council preparations for EU exit have developed in anticipation of this date with senior management briefings from June 2018 and emergency planning since December 2018. The timetable for leaving the EU could change depending on the outcome of Parliamentary votes in mid-March. The actual date of departure will only be one step in a lengthy process of implementation and negotiation. Contingency planning and other responses to social and economic impacts from Brexit will continue as long as required as informed by local and sub-regional monitoring of the situation.

6. Financial and Procurement Implications

- 6.1. The costs of EU exit preparations have been met from service budgets. The Government has allocated £105,000 for both the 2018/19 and 2019/20 financial years to support the Council with any costs associated with the EU exit.

7. Legal Implications

- 7.1. The full legal implications of EU exit are unknown and advice will need to be sought from Legal Services on all individual legal issues that arise during the exit process.

8. Human Resources Implications

- 8.1. The Council employs a number of EU citizens who will need to apply for settled status to remain in the UK.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1. EU exit will directly affect around 2,000 children aged 0-17 in Rotherham who are from EU countries other than the UK and Ireland. 1,700 of these children attend Rotherham schools which will need to address any concerns arising within school communities. The Council is responsible for applying for settled status for Looked After Children from EU countries other than UK or Ireland.

10. Equalities and Human Rights Implications

- 10.1. The rights of EU citizens have been safeguarded in the withdrawal agreement and on 27th February Parliament agreed adopt the part of the agreement securing the rights of EU citizens in the UK and British nationals settled in the EU, whatever the outcome of EU exit negotiations.

11. Implications for Partners and Other Directorates

- 11.1. EU exit is likely to impact on all directorates in the Council as well as contractors, providers and partners.

12. Risks and Mitigation

- 12.1. The risks of EU exit are outlined above and the uncertainty about the terms of EU exit and what will actually happen have made contingency planning to mitigate risks more difficult.

13. Accountable Officer(s)

Shokat Lal, Assistant Chief Executive

Jackie Mould, Head of Performance, Intelligence and Improvement

Approvals obtained on behalf of:

| | Named Officer | Date |
|--|--------------------|------------|
| Strategic Director of Finance & Customer Services | Paul Stone | 05/03/2019 |
| Assistant Director of Legal Services | Elizabeth Anderton | 05/03/2019 |
| Head of Procurement (if appropriate) | N/A | |
| Assistant Director of Human Resources (if appropriate) | N/A | |

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