

**CABINET – 20 NOVEMBER 2020****EU EXIT TRANSITION****REPORT OF THE CHIEF EXECUTIVE****PART A****Purpose of the Report**

1. The purpose of this report is to provide an update on the preparations of the Council and the Local Resilience Forum (LLR Prepared) for the end of the EU Exit Transition Period and to highlight risks and challenges which remain to be managed.

**Recommendations**

2. It is recommended that the report is noted.

**Reasons for Recommendation**

3. To ensure that the Cabinet is aware of the latest position with regard to preparations for the end of the EU Exit Transition Period.

**Timetable for Decisions (including Scrutiny)**

4. No substantive decisions are required at this stage.

**Policy Framework and Previous Decisions**

5. The Cabinet has previously received update reports on the Council's response to Covid-19, most recently on 20 October 2020. This report refers to how EU exit planning is happening alongside and in conjunction with planning work to respond to Covid-19 and to prepare for other incidents such as severe winter weather.

**Resource Implications**

6. There are no resources implications arising from the recommendation in this report. The Director of Corporate Resources has been consulted and his comments are set out at paragraphs 35 to 38 below.

**Circulation under the Local Issues Alert Procedure**

7. None.

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## **PART B**

### **Background**

8. As a Category 1 responder under the Civil Contingencies Act 2004, the County Council is responsible for ensuring that it mitigates the impact of disruption to its services on residents and the communities it serves. Under the Act, the Authority is also responsible for working in multi-agency partnership with other responders to provide a countywide response. This multi-agency working is delivered through the Local Resilience Forum for Leicester, Leicestershire and Rutland, also known as LLR Prepared, and hereafter referred to as the LRF.

### **Winter 2020/21 Preparations including Governance and Planning Arrangements**

9. Over the coming winter period, the UK and Leicestershire face a number of potential risks and threats that, if realised, could disrupt the provision of services to communities, as well as pose risks to the community. Whilst the Council and partners have tested their business continuity in the first phase of the response to the Covid-19 pandemic earlier this year, it is important to note that increased risks now exist because of the potential for concurrent incidents and impacts this winter. In addition to the 'normal' incidents which might be faced over a winter period (e.g. seasonal flu, flooding, storms, snow) and other incidents which could happen at any time (e.g. cyber and terrorist attacks) this winter brings the additional major challenges of Covid-19 and the end of the EU Exit Transition period. The recent raising of the terrorist threat level from substantial to severe demonstrates that nothing should be taken for granted regarding the likelihood of other incidents.
10. The LRF and the Council have taken a number of steps to ensure preparedness for this winter. These include the following:
  - The LRF's Gold Command Group (the Strategic Co-ordinating Group, SCG) and the Council's Crisis Management Group (CMG) established to respond to the Covid-19 are meeting weekly and overseeing the response to all winter pressures. The SCG is chaired by the Chief Executive of the CCGs.
  - Underneath these strategic groups a large number of topic-specific groups are addressing particular aspects of the Covid-19 pandemic and of EU Exit Planning. Other tactical groups will be established should other incidents take place.
  - An exercise was undertaken by the LRF, with participation of Council officers, to test preparedness should Leicestershire be faced by a number of concurrent incidents, including Covid-19 and EU Exit. The output of this, Exercise Fortitude, is informing the preparations of the LRF, the County Council and other partners in the area.
  - A review has been undertaken of the number, chairmanship and membership of LRF and Council tactical response groups, to ensure arrangements are resilient and proportionate.

- There is an understanding of the importance of the strong interactions and dependencies between different incidents and managing these are facilitated by the SCG and CMG leading the response to all winter pressures.
11. Specific preparations for the end of the EU Exit Transition Period are being overseen by an LRF EU Exit Group, chaired by the Chief Executive of North West Leicestershire District Council, and a corporate group within the Council chaired by the Assistant Chief Executive. The Assistant Director (Highways and Transport Operations) chairs an LRF sub-group preparing for transport impacts particularly at and near East Midlands Airport.

### **The National Position**

12. Negotiations between the EU and the UK Government are still ongoing and uncertainty remains (at the time of drafting this report) as to the outcome. A range of potential implications and impacts are possible at the end of the EU Exit Transition Period on 31<sup>st</sup> December. Recognising the impact of coronavirus on businesses' ability to prepare and, following the announcement in February that the UK would implement full border controls on imports coming into the UK from the EU, the UK Government has decided to introduce the new border controls in three stages up until 1 July 2021. This is a UK proposal that may or may not be supported by the EU.
13. In order to support planning for the end of the transition period the Government issued to LRFs, in September 2020, a set of reasonable worst-case scenario (RWCS) planning assumptions. The LRF and the Council are using these planning assumptions as a key input to local risk identification and preparations. The assumptions include:
- delays on EU-bound trucks of a maximum of two days that could affect traffic in the east of the County;
  - impacts on the supply of medicines and medical supplies;
  - increases in food and energy prices which could affect the financially vulnerable;
  - potential Adult Social Care provider failure due to increased costs for small providers;
  - risk of protest and counter protests draining police resources.

### **Local Resilience Forum Preparations**

14. The LRF is focusing on specific identified risks, including the impact on health and social care services, in particular staffing challenges, and risks relating to the medicine and medical equipment supply chain, business continuity for local businesses, and possible freight disruption affecting the road network near East Midlands Airport.
15. The LRF has put in place a number of workstreams to address these risks. As the outcome of the negotiations between the UK Government and the EU become clearer these workstreams will factor the new intelligence into their planning work.

- a. Communication;
- b. Transport (led by a County Council officer);
- c. Port health and trading standards activity at East Midlands Airport;
- d. Support for businesses (led by the Leicester and Leicestershire Enterprise Partnership (LLEP));
- e. Collective LRF management arrangements;
- f. Monitoring of EU Exit impacts.

### **Specific County Council Risks and Preparations**

16. County Council officers are actively supporting and, in the case of transport, leading on the work being undertaken by partners through the LRF. Below are updates on some of the key areas of work affecting the County Council's services.

#### **Transport**

17. The risk of freight disruption to the road transport network within five miles of East Midlands Airport is in the short term considered lower than it was in late 2019, partly due to the reduction in passenger numbers as a result of Covid-19, but also due to the seasonal reduction in both passengers and freight at this time of year. East Midlands Airport has not identified any business risks from likely disruption at the end of the transition period.
18. Freight Operators have reported a reduced risk to disruption due to their commercial arrangements for off-site parking since 2019 and the introduction of several IT systems that will be used to manage border crossings and avoid long queues and checks at border controls.
19. The County Council, North West Leicestershire District Council, Highways England, the Police and East Midlands Airport are continuing engagement with national groups, cross-border local authorities and local operators to develop planning assumptions, contingency plans and communications messaging.
20. The previous Traffic Management Plan (Operation Castle) developed in late 2019 involved providing a 24/7 on-site traffic management operation which would cost £1.6m if live for six weeks and then on standby for six months. At the current time a plan of this magnitude is not considered necessary for the reasons outlined above. Current plans cover the initial design review and the hire procurement of signs and associated equipment for the traffic management provision to support appropriate traffic movement. This is anticipated to cost £45,000 and discussions are underway with partners regarding the sharing of these costs.

#### **Social Care**

21. The EU Exit brings an increased level of risk to an already fragile care market, which is susceptible to provider failure due to the current impact of the Covid-19 pandemic. Specific risks relate to loss of existing workforce due to EU nationals

leaving the sector, accessing new workforce in a sector that has a 36% turnover rate, and to accessing medical devices and clinical consumables.

22. NHS Trusts are being asked to work collaboratively (at a regional level) on business continuity plans, whilst the Department of Health and Social Care is leading on a 'multi-layered approach' to mitigate any possible disruption to the supply of medical devices and clinical consumables, using the National Supply Disruption Response service (NSDR). The NSDR has already been engaged to assist with the demands on supply of such items as PPE, as part of the Covid-19 response. The NSDR is being further enhanced for the end of the EU Exit Transition Period as a contingency measure. What is not clear is whether this work extends into social care.
23. Any increase in the costs of supply at this time could lead to uneconomic provision and further undermine provider viability.

#### Border/Trading Standards

24. The Council is actively involved in preparations relating to trading standards and other border issues at East Midlands Airport, which is a major freight airport, and in effect an inland port.
25. The EU Exit is likely to create new responsibilities for the Council's Trading Standards team. The UK will adopt a new regulatory framework which will have an impact on the Trading Standards Service, in particular the demand for compliance advice and enforcement.
26. In addition, there are likely to be increased demands arising from the risks of an increased flow of unsafe, illegal, and illicit products as legislation and regulation changes and border controls focus more on speed and avoiding disruption rather than checks for safety and compliance. Associated economic pressures also create market conditions for rogue traders' malpractices to grow. Residents will face increased risks which will lead to more need and demand for interventions from Trading Standards. These pressures are being assessed and will be addressed in line with the emerging national picture in respect of the Government's negotiations with the EU, and the implications for what will be required of local resources.

#### Legal Services

27. There will be additional pressures on the Authority's legal services. Some of this will arise through the need to provide advice including to the Trading Standards Service on regulatory service changes concerning product safety, food safety and labelling, and consumer protection and enforcement. Advice will also be needed in relation to workplace rights and rights to work, data use, and public sector procurement rule changes. Additional pressures could also emerge relating to a possible increase in age-related dispute litigation regarding asylum claims, and child protection reciprocal enforcement issues regarding custody of children with dual UK/EU country nationality.

### Business Readiness and Economic Impacts

28. In the last 12 months the LLEP, along with other organisations such as the Federation of Small Businesses and the East Midlands Chamber, has undertaken significant levels of engagement with businesses regarding the direct and indirect impact of EU Exit. This has included targeted advice delivered through the network of Business Gateway Growth Hubs on the need for businesses to prepare for the impact of change. Evidence suggests that businesses are not as well prepared as they need to be for the range of changes expected from 1<sup>st</sup> January 2021.
29. The Economic Recovery Cell, set up by the LRF to coordinate a multi-agency response to the Covid-19 pandemic is also focused on the impact of EU Exit on businesses in the County. A Business Recovery Strategy, to be coordinated by the LLEP, will identify interventions and opportunities for key sectors and businesses arising from both the pandemic and EU Exit. The timetable for the development of this strategy is currently linked to the publication of the Government's Devolution and Local Recovery White Paper (initially expected to appear in early October) and is therefore likely to follow after the end of the EU Exit Transition Period on 31<sup>st</sup> December 2020.
30. Work is well advanced in developing a series of County Council economic recovery measures which will respond to the impacts of both Covid-19 and EU Exit.

### HR Issues, including the EU Settlement Scheme.

31. The Government has assured EU, European Economic Area (EEA) and Swiss citizens currently residing in the UK that there will be no change to their rights until 30<sup>th</sup> June 2021, or 31<sup>st</sup> December 2020, if the UK leaves the EU without a deal. This means they may continue living and working in the UK as they do now up until this point.
32. After this point however, they will not be able to rely upon their EU citizenship for the right to work or live in the UK. They will instead need to have applied for settled or pre-settled status under the EU Settlement Scheme. The deadline for applications is 30<sup>th</sup> June 2021. From 1<sup>st</sup> January 2021 a new immigration system based on points will become operational. Details are still emerging and People Services (HR) are participating in legal updates this month on this subject. The Council will also be reviewing its guidance on Right to Work and qualification checks. DBS checks will be unaffected by the EU Exit.
33. There will no longer be a requirement for EEA professional regulating authorities to share information on any sanctions or restrictions they have imposed on teachers, with the Teaching Regulation Agency (TRA). This will mean that the current list on the Teachers Services' system will not be maintained. However, schools must continue to carry out safer recruitment checks for all applicants. In addition, for those employees who have worked or lived outside of the UK, further relevant checks should be carried in respect of criminal records checks for the time the individual spent overseas.

34. Currently there are no changes to workplace rights that affect local government as an employer.

### Financial Impacts

35. With negotiations between the UK Government and the EU still continuing it is not possible to have a definitive idea of the likely financial impacts of EU Exit and it may also be hard to disentangle EU Exit impacts from the economic impacts of Covid-19.
36. In terms of the costs of managing immediate impacts these are not predicted to be as substantial as the costs anticipated by the Authority 12 months ago. The significantly lower expected costs of managing traffic at and near East Midlands Airport are particularly relevant here. There will be some costs, however, and as set out above increased demand on other Council services including Trading Standards and Legal Services.
37. If there are negative impacts on the economy this would reduce funding from local sources, for example Council Tax and commercial income, and Government allocations, from a reduced tax take. There could also be increased demands for support services if household income falls as a result of an economic slowdown.
38. Longer term implications for the functions that the Council performs are likely to centre around the financial impact of new import regulations, such as tariffs, and the availability of goods, services and a suitable workforce. The actual impact will only be clear after businesses and individuals understand what is changing and reacted to it. This could take an extended period of time.

### Equality and Human Rights Implications

39. There are no equality or human rights implications arising from the recommendation in this report.

### Partnership Working and Associated Issues

40. As required by the Civil Contingencies Act 2004 the County Council works closely with a wide range of partners to respond to incidents like EU Exit Transition through its participation in the Local Resilience Forum and through hosting the Resilience Team which is funded by partners. These partnership arrangements are well-established, robust and frequently tested to ensure they are fit for purpose. With respect to EU Exit transition the Council is also working closely with the Leicester and Leicestershire Enterprise Partnership (LLEP), and its constituent members. The LLEP is leading local economic recovery work and has a role in supporting local businesses to be well prepared for EU Exit.

### Background Papers

None.