

<b>COUNCIL</b>	<b>DATE</b> 18.09.2019	<b>ITEM NO</b> 5
<b>TITLE</b> Impact of No-Deal Brexit on the Royal Borough of Greenwich and the Council's Brexit Preparations	<b>WARD (S)</b> All	
<b>CHIEF OFFICER</b> Chief Executive	<b>CABINET MEMBER</b> Leader of the Council	

1. **Decision required**

Council is requested to:

- 1.1 Consider the impact of a no-deal Brexit on the Royal Borough of Greenwich.
- 1.2 Consider the preparations being taken by the Council to prepare for the impact of Brexit

2. **Links to the Royal Greenwich high level objectives**

2.1 This report relates to the Council's agreed high level objectives as follows:

- A Healthier Greenwich
- A Safer Greenwich
- A Great Place to Grow Up
- Delivering Homes Through Economic Growth
- A Cleaner, Greener Greenwich
- Economic Prosperity for All
- A Great Place to Be
- A Strong Vibrant and Well-run Borough

3. **Purpose of Report and Executive Summary**

- 3.1 This report seeks to explain how leaving the European Union without a deal (no-deal Brexit) will affect the Royal Borough of Greenwich, and the actions that are planned or that have been carried out to mitigate the negative effects of Brexit on the Royal Borough of Greenwich.
- 3.2 To this end, this report consists of two sections: the impact of a no-deal Brexit on the Royal Borough of Greenwich, and the measures that are planned or already in place to mitigate these effects on the Borough.

#### 4. **Introduction and Background**

- 4.1 On 23 June 2016, UK electors voted to leave the European Union in a referendum.
- 4.2 In Greenwich, the referendum result was 65,248 votes in favour of remaining (55.5%) and 52,117 in favour of leaving the EU (45.4%) in line with the rest of the capital.
- 4.3 The UK as a whole, however, voted to leave the EU. As a result, the Government gave formal notification of the triggering of Article 50 on 29 March 2017. This made provision for the UK to exit the EU on 29 March 2019 unless the UK either unilaterally revoked Article 50 or requested (and all EU states agreed to) a delay in the UK exiting the EU. Following two requests for an extension to the date of the UK's exit from the EU, the EU agreed to extend this date to 31 October 2019.
- 4.4 As agreed in a Motion to Full Council on 31 October 2018, the Council's policy on Brexit is that a second referendum should be held on the final deal. The full text of this Motion is attached at Appendix I to this report.
- 4.5 Following the resignation of Theresa May, Boris Johnson became Prime Minister of the United Kingdom on 24 July 2019.
- 4.6 Since then, the Government has indicated its greater willingness to leave the EU without a withdrawal agreement (a "no-deal Brexit"), with the Prime Minister announcing, in his first speech as Prime Minister "we are going to fulfil the repeated promises of parliament to the people and come out of the EU on October 31, no ifs or buts". The Government has since sought and obtained the prorogation of Parliament on 28 August 2019. The prorogation of Parliament time limits Parliament's ability to act to prevent a no-deal Brexit occurring on 31 October 2019.
- 4.7 In the week of 2 September 2019, the House of Commons and the House of Lords passed the European Union (Withdrawal) Act requiring that the Government seek an extension to Article 50, in order to prevent the UK leaving the EU with a no-deal Brexit on 31 October 2019, unless a withdraw agreement is reached with the EU or Parliament votes to proceed with a no-deal Brexit. Any extension would depend on the willingness of the other EU member states to grant such an extension.

- 4.8 There have also been indications that the Government will seek to navigate its way around this law, or explore other mechanisms to avoid compliance with this legislation.
- 4.9 A no-deal Brexit is expected to have a significant, immediate, and negative effect on the UK, with a range of consequences occurring in the short, medium and long term.
- 4.10 While this report focuses on the Royal Borough of Greenwich, the effects of a no-deal Brexit will be felt across the UK.
- 4.11 A reported leak of the Operation Yellowhammer report in August 2019 identifies UK wide impacts including disruption to the supply of food, fuel and medicines, as well as to road and rail networks and ports. So far, the Government has committed approximately £8.3 billion to fund Brexit preparations, an original £4.2bn, plus an extra £2.1bn in August for contingencies such as stockpiling medicines, providing 500 additional border officials and a public awareness campaign and a further £2bn in the Spending Round.
- 4.12 The increased likelihood of a no-deal Brexit comes at an extremely challenging time for Local Government and other public sector organisations. Local Government still awaits a sustainable funding solution from the government, with the recent Spending Round providing for one year only and moving the funding cliff edge back to 2021.
- 4.13 The impact of reductions in funding will be exacerbated by the effects of no-deal Brexit, such as a reduction in the value of the Pound, increased inflation and increased costs due to tariffs and the effects of disruption to imports.
- 4.14 The Government published a draft Tariff Reference Document in July 2019 which set out the proposed tariff levels post-Brexit. The majority of imports to the UK from the EU and rest of the world will be zero-rated, which is likely to affect production of these items in the UK (for example, the current EU tariff on steel is 25% on imports above “traditional trade flows”, but is expected to fall to 0% for the UK post-Brexit). The impact of specific tariffs likely to have a significant effect on the Council are discussed later in the report.
- 4.15 The use of the General Agreement on Tariffs and Trade (GATT) Article XXIV has been proposed as a mechanism to avoid the imposition of tariffs on trade between UK and EU, although the use of this article requires a trade agreement to be reached between both parties, which would not be in place

prior to a no-deal Brexit. Additionally, the EU has indicated that it would not be willing to discuss a trade agreement with the UK until the issues of citizens' rights, the UK-Ireland border and the UK's financial obligations have been resolved.

- 4.16 The Civil Contingencies Act 2004 has been identified in the media as a potential mechanism to enable the Government to circumvent the legislation preventing a no-deal Brexit, through the use of the powers in Part 2 of the Act to make Emergency Regulations.
- 4.17 When activated, Part 2 of the Civil Contingencies Act 2004 provides the Government with the ability to make Emergency Regulations, which are able to temporarily amending all legislation other than the Human Rights Act 2000 and the Civil Contingencies Act 2004 itself. However, the circumstances where the Act can be activated are limited to emergencies, and the Emergency Regulations made are subject to Parliamentary scrutiny.
- 4.18 The Civil Contingencies Act 2004 can be activated by the Government in the case of an emergency, which is defined by section 19 of the Act as:

### **Meaning of “emergency”**

(1) In this Part “emergency” means—

- (a) an event or situation which threatens serious damage to human welfare in the United Kingdom or in a Part or region,
- (b) an event or situation which threatens serious damage to the environment of the United Kingdom or of a Part or region, or
- (c) war, or terrorism, which threatens serious damage to the security of the United Kingdom.

(2) For the purposes of subsection (1)(a) an event or situation threatens damage to human welfare only if it involves, causes or may cause—

- (a) loss of human life,
- (b) human illness or injury,
- (c) homelessness,
- (d) damage to property,

(e) disruption of a supply of money, food, water, energy or fuel,

(f) disruption of a system of communication,

(g) disruption of facilities for transport, or

(h) disruption of services relating to health.

(3) For the purposes of subsection (1)(b) an event or situation threatens damage to the environment only if it involves, causes or may cause—

(a) contamination of land, water or air with biological, chemical or radioactive matter, or

(b) disruption or destruction of plant life or animal life.

4.19 In 2013, the Cabinet Office issued a Concept of Operations (CONOPS) establishing the levels of emergency and expected response. This document establishes the level of emergency where emergency powers would be required as a catastrophic emergency, defined as:

***Catastrophic emergency (Level 3)*** is one which has an exceptionally high and potentially widespread impact and requires immediate central government direction and support, such as a major natural disaster, or a Chernobyl-scale industrial accident. Characteristics might include a top-down response in circumstances where the local response had been overwhelmed, or the use of emergency powers were required to direct the response or requisition assets and resources. The Prime Minister would lead the national response.

4.20 Activating the Civil Contingencies Act 2004 to facilitate a no-deal Brexit would therefore be difficult under the definition of an “emergency” set out within the Act. Additionally, section 27 of the Act provides Parliament with the ability to pass a resolution setting aside Emergency Regulations. Should Parliament be prorogued or adjourned when the provisions of the Act are activated, section 28 of the Act requires that Parliament is recalled within five days of the provisions being activated.

4.21 Significant discussion has focused on the effects of delays to goods travelling through major points of entry, such as Dover and the Channel Tunnel, with Operation Brock set to operate to manage the build-up of goods vehicles in Kent. Due to the Borough’s proximity to Kent, as well as the structure and layout of transport infrastructure in South East England, significant delays in

the Kent area are likely to have a major effect on South East London in general, and the Royal Borough of Greenwich in particular. The effects on a no-deal Brexit on the Borough's transport links are discussed below in more detail.

## 5. **The Effects of a No-Deal Brexit on the Royal Borough of Greenwich**

### Economic Effects

- 5.1 The economic effects of a no-deal Brexit are expected to be felt in the short, medium and long term. The most immediate financial effects of a no-deal Brexit are expected to include:

### Interest Rates

- 5.2 The Bank of England has reiterated that it could cut interest rates, or raise them, after Brexit - depending on how it plays out i.e. cut borrowing costs to help the economy, or hike them to protect the pound and fight inflation (the latter would potentially impact domestic mortgages and commercial lending).
- 5.3 The course of action will depend largely on whether Brexit turns into a demand shock (hurting businesses), or a supply shock (in which consumers and firms are fighting over whatever scarce resources make it into the UK).

### Other Factors

- sterling depreciates quickly
  - tariffs imposed quickly (import costs)
  - inflation rises (slower impact than tariffs, but magnitude likely to be significant)
  - trade levels fall
  - output / GDP slows even further
  - house price and commercial property values decrease
  - UK financial markets drop
  - migration drops (potentially negative in worst case scenarios)
  - labour supply falls / rise in unemployment - skills mismatch as the country attempts to replace services and produced goods that were previously imported.
- 5.4 Ascertaining the longer-term effects on a no-deal Brexit are more complex, due to the varying levels of impact on different sectors of the economy.
- 5.5 The Greater London Authority (GLA) carried out modelling, which was reported in January 2018, to determine the effects of five different Brexit

scenarios, which are set out in the table below, and the potential impact of these models on regions of London. Of these models, scenario 5 is most representative of a no-deal Brexit:

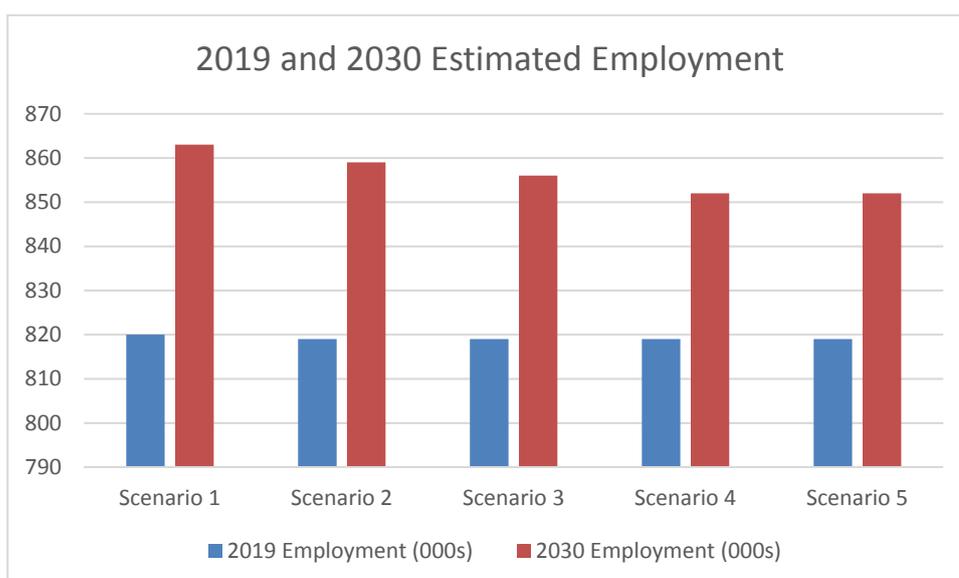
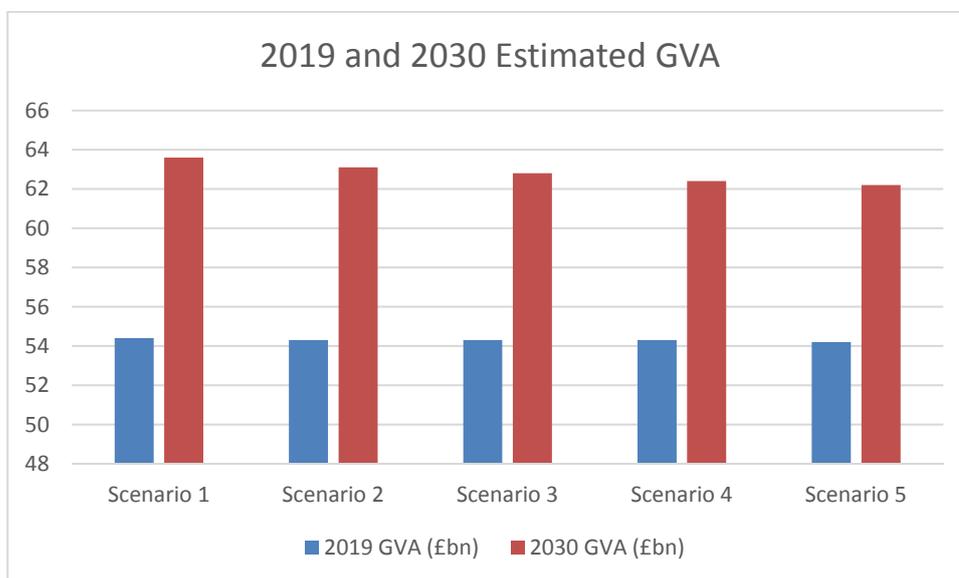
<b>Scenario</b>	<b>Two-Year Transition Period</b>	<b>Single Market Membership</b>	<b>Customs Union Membership</b>	<b>EU/UK Trade Deal</b>
1 – Continued <b>Single Market</b> and <b>Customs Union</b> Membership from March 2019	N/A	Yes	Yes	N/A
2 – Two-year transition followed by <b>Single Market</b> Membership without <b>Customs Union</b>	Yes	Yes	No	N/A
3 – Two-year transition followed by <b>Customs Union</b> Membership without <b>Single Market</b>	Yes	No	Yes	N/A
4 – Two-year transition followed by no membership of <b>Single Market</b> or <b>Customs Union</b> and falling back on WTO rules	Yes	No	No	WTO rules
5 – No transition, no membership of <b>Single Market</b> or <b>Customs Union</b> , and no preferential EU/UK trade agreement	No	No	No	WTO rules

5.6 The GLA’s model assigns Greenwich to the Local London group (comprising Greenwich, Barking and Dagenham, Bexley, Bromley, Enfield, Havering, Newham, Redbridge and Waltham Forest). The table below sets out the overall economic impact of the scenarios above on the Local London group:

	<b>GVA*</b>	<b>Employment</b>	<b>Productivity</b>	<b>Population</b>
	(£bn)	(000s)	(£000)	(000s)
<b>Scenario 1 – Continued Single Market and Customs Union Membership from March 2019</b>				
2019 Level	54.4	820	66.3	2,659
2030 Level	63.6	863	73.7	2,973
Growth (2019-2030, % pa)	1.43	0.47	0.96	1.02
<b>Scenario 2 – Two-year transition followed by Single Market Membership without Customs Union</b>				
2019 Level	54.3	819	66.3	2,656
2030 Level	63.1	859	73.4	2,938
Growth (2019-2030, % pa)	1.37	0.43	0.94	0.92
<b>Scenario 3 – Two-year transition followed by Customs Union Membership without Single Market</b>				
2019 Level	54.3	819	66.3	2,652
2030 Level	62.8	856	73.3	2,899
Growth (2019-2030, % pa)	1.33	0.40	0.93	0.81
<b>Scenario 4 – Two-year transition followed by no membership of Single Market or Customs Union and falling back on WTO rules</b>				
2019 Level	54.3	819	66.2	2,648
2030 Level	62.4	852	73.2	2,861
Growth (2019-2030, % pa)	1.27	0.36	0.91	0.70
<b>Scenario 5 – No transition, no membership of Single Market or Customs Union, and no preferential EU/UK trade agreement</b>				
2019 Level	54.2	819	66.2	2,648
2030 Level	62.2	852	73.1	2,861
Growth (2019-2030, % pa)	1.25	0.35	0.90	0.70

\*Gross Value Added (GVA) is a measure of the value of goods and services produced in an area.

5.7 These effects can be seen more clearly on the following graphs:



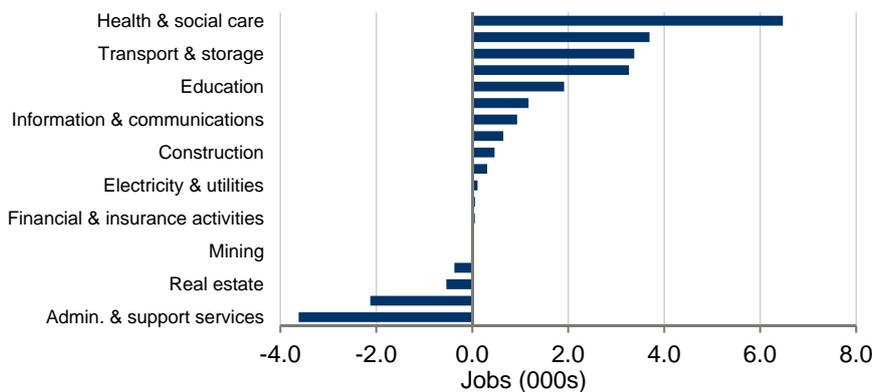
5.8 Within the Borough, the five largest business sectors are professional and technical; information and communication; retail; construction; and business administration and support. The percentage of businesses in these categories in Greenwich, London and the UK are set out below:

Sector	Greenwich	London	England
Professional and Technical	19%	22%	16%
Information and Communication	13%	12%	8%

Retail	13%	13%	16%
Construction	12%	9%	11%
Business Administration and Support	10%	10%	9%

5.9 In the last decade, job creation in Greenwich has been focused on the Health and Social Care; Accommodation and Food; Transport and Storage; and Professional, Scientific and Technical Activities.

Job Growth by Sector (2007 to 2017)



5.10 The GLA’s Brexit modelling, referred to above, includes estimates of the effects of Brexit on employment in broad sectors of business activity. Data relevant to the business sectors above has been isolated.

London Employment by Broad Sector

Sector	2019 (000s)	2030 (000s)	2019-30 Growth (%)
<b>Scenario I - Continued Single Market and Customs Union Membership from March 2019</b>			
Construction	245	270	0.87
Transport and Storage	263	263	0.01
Accommodation and Food Services	355	391	0.87
Information and Communications	384	401	0.39
Financial and Business Services	1664	1832	0.88

<b>Scenario 2 – Two-year transition followed by Single Market Membership without Customs Union</b>			
Construction	245	268	0.80
Transport and Storage	263	263	-0.01
Accommodation and Food Services	355	388	0.81
Information and Communications	384	399	0.36
Financial and Business Services	1662	1818	0.82
<b>Scenario 3 – Two-year transition followed by Customs Union Membership without Single Market</b>			
Construction	245	267	0.76
Transport and Storage	263	262	-0.04
Accommodation and Food Services	355	386	0.75
Information and Communications	383	398	0.35
Financial and Business Services	1662	1806	0.76
<b>Scenario 4 – Two-year transition followed by no membership of Single Market or Customs Union and falling back on WTO rules</b>			
Construction	245	265	0.71
Transport and Storage	263	260	-0.09
Accommodation and Food Services	355	382	0.66
Information and Communications	383	398	0.35
Financial and Business Services	1,661	1792	0.69
<b>Scenario 5 – No transition, no membership of Single Market or Customs Union, and no preferential EU/UK trade agreement</b>			
Construction	245	265	0.69
Transport and Storage	263	261	-0.09

Accommodation and Food Services	355	384	0.70
Information and Communications	384	398	0.33
Financial and Business Services	1,660	1790	0.69

5.11 The Council's Business Engagement team have contacted a number of local businesses for their views on Brexit. These are reported in Appendix 2 to this report.

#### Effects on Residents and Communities

5.12 The Office of National Statistics estimates that, as of December 2018, 32,000 EU/EEA nationals live in the Royal Borough of Greenwich, comprising approximately 11.2% of the Borough's population. Further information on the number of EU/EEA nationals living in the Royal Borough of Greenwich is reported in Appendix 3 to this report.

5.13 All EU/EEA nationals living in the UK are required to apply under the EU Settlement Scheme for continued residency in the UK, with the type of status received (Settled or Pre-Settled) depending on how long the applicant has been resident in the UK. In the event of a no-deal Brexit, EU/EFTA nationals will have until 31 December 2020 to apply. As of 30 June 2019, the last available Borough-level statistics, 9,970 residents of the Borough have applied under the EU Settlement Scheme, approximately a third of the estimated number of EU/EEA nationals living in the Borough.

5.14 The requirement to apply for Settled or Pre-Settled status also applies to children and young people, including those in or leaving social care. The Council is ensuring that children and young people in or leaving the Council's care apply under the EU Settlement Scheme.

5.15 Monitoring of community tensions has indicated that there has been an increase in both local Far Right/Extreme Right Wing activity and online sentiment, suggesting that such groups may seek to mobilise and encourage and/or facilitate the removal of migrant communities following Brexit. There has been an increase in Far Right/Extreme Right Wing graffiti in the Borough, which is being actively monitored and removed by officers. Officers are also monitoring hate crime reports, should there be an increase in offences occurring in the Borough.

5.16 More broadly, communities with high proportions of EU nationals are experiencing concern due to continuing uncertainty over Brexit. In particular

the Borough's Somali community in particular has raised concerns, as a significant number of members of this community are nationals of the Nordic countries (Denmark, Finland, Norway and Sweden).

- 5.17 The economic effects of Brexit are likely to disproportionately have an adverse effect on the lowest income households in the Borough, who have less disposable income than more affluent households. In late 2018, Mark Carney, the Governor of the Bank of England, stated that research indicated that food prices were likely to increase 6-10% following a no-deal Brexit. Data on households in the Borough claiming Housing Benefit and/or Council Tax Support has been used to model the effect of an increase in food costs. These households at the time of modelling were divided as follows, based on their incomes:

<b>Household Category</b>	<b>Number (Nov 2018)</b>	<b>Definition (Based on ONS Living Costs and Food survey)</b>
Households coping financially	22,712	Coping - households take-home income is greater than expected costs
Households struggling financially	2,525	Struggling – households take-home income is greater than expected costs by between £0-£100 per month
Households at risk financially	2,799	At risk – household costs exceed take-home income
Households in crisis financially	194	In crisis – household take-home income doesn't cover housing costs

- 5.18 The effect of an 8% increase in food costs (the mid-point between 6% and 10%) was modelled on households identified above. The change in these groups was as follows:

<b>Risk Group</b>	<b>Current</b>	<b>Post-No Deal Brexit (8% food price rise)</b>	<b>Percentage Change</b>
Coping	22,712	22,155	-2.5%
Struggling	2,525	2,780	+10.1%
At Risk	2,799	3,101	+10.8%
Crisis	194	194	0.0%

Please note: When defining households who are 'in crisis', the modelling does not take into account household costs (as it is primarily based on the cost of housing, such as rent) so there is no change for this group when only considering the rise in food costs.

#### Effects on Council Services

- 5.19 The anticipated effects of a no-deal Brexit on the Council's ability to provide services varies, with different services more or less exposed to Brexit risks, due to the type of services provided.
- 5.20 The expected economic impacts set out in paragraph 5.1 would have an impact on Council services, due to reduced spending power (through currency devaluation and inflation), increased costs resulting from tariffs and across many areas, including the risk of increased pension liability, due to falls in the financial markets affecting the Pension Fund's holdings. Additionally, the knock-on effects of adverse economic conditions would also affect the Council's income, such as through potential reduction in income from Business Rates, planning fees and planning contributions, and a reduction in Council Tax received and an increase in Council Tax Support paid, should unemployment increase. Increased demand upon the council's emergency support scheme and other similar functions could materialise.
- 5.21 The impact on Council finances of tariffs is complex, as different tariffs apply to different types of goods, and may indirectly affect the prices paid by the Council (for example, a supplier may produce an item in the UK using parts from the EU, which may affect the price paid for the item), and changes to tariffs in some areas may reduce the costs of certain types of item. At present, tariffs have been identified as being a particular concern in respect of the Council's fleet of vehicles, such as refuse collection vehicles and minibuses. Under the UK's post-Brexit Tariff Schedule, the UK will impose a tariff of 10% on vehicle imports and 4.5% on imports of vehicle parts. The imposition of these tariffs is likely to have a significant impact on the costs of replacing and maintaining the Council's vehicle fleet. These costs, based on the estimated planned expenditure are set out below:

<b>Year</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Current Planned Cost</b>	£1,343,500	£1,830,000	£10,683,000
<b>10% Tariff</b>	£134,350	£183,000	£1,068,300
<b>Total</b>	£1,477,850	£2,013,000	£11,751,300

- 5.22 A no-deal Brexit, and the potential impacts on staffing, creates risks relating to services that are particularly dependent on staff with specialist

qualifications or experience, who may be difficult to recruit from within the UK population. This has been raised as an issue in respect of vehicle drivers and Environmental Health Officers, who require specific qualifications to carry out their roles.

- 5.23 Delays and disruption to transport services, which are discussed in more detail below, would affect the Council in two ways: staff needing to travel to work from the affected areas would experience issues getting to and from work, in turn impacting the ability of services to carry out their duties as normal. Additionally, items that have not been directly affected by delays at ports may be delayed by disruption en route to Greenwich.
- 5.24 Should fuel shortages occur, the use of fuel would be prioritised to support services where there was a risk to life and limb. This would affect the delivery of lower priority Council services, which may be affected or which may have staff who are affected. The risk of fuel shortages, and associated controls are discussed in more detail below.
- 5.25 While supplies of medicine and medical equipment are the responsibilities of the NHS, the Council does use Community equipment for people with disabilities; such as, hoists, rails and other adaptations. This is equipment generally provided following an Occupational therapy assessment. The council has a joint store and contract for this equipment with its supplier. Disruption to the provision of equipment could delay hospital discharges and potentially place people at greater risk.
- 5.26 The Council has received assurance from its supplier that they will increase stocks by 45%, which will give an eight week supply “cushion”. They are also calling on their suppliers to ensure they have adequate stocks. All their items are imported and enter the UK through Southampton. The Council will keep in close contact with its supplier, with a particular focus after 31 October on supply chain flow. Should there be disruption to transportation or fuel supply, there would be a risk of disruption to supply of this equipment.
- 5.27 GS Plus has engaged with food suppliers to determine the impacts of a no-deal Brexit on their ability to supply produce. Due to the seasonal nature of food supply, the availability of produce, and the countries who provide produce vary depending on the time of year. During the winter months, the percentage of fresh fruit and vegetables supplied to the Council that originates from EU countries increases to between 40% and 50% of supply. Due to the high perishable nature of these items, it is not possible for suppliers to hold more than two or three days’ of stock.

### Effects on Key Partners

- 5.28 The workforce issue is key for Health and Social Care providers. Greenwich has shared details of the EU settlement scheme with Care providers, as have NHS partners. It is not anticipated that the immediate impact of a no-deal Brexit will produce major risks, although there is greater concern that a gradual reduction of people from the EU working in care over a number of months will progressively have a greater impact. Relatively small reductions across a wide range of providers could have a significant impact on service delivery. The Local Government Association has estimated that, based on the 2017 Skills for Care data, 13% of adult social care staff working for London local authorities are from non-UK European Economic Area countries.
- 5.29 In respect of the police, the local South East Basic Command Unit (BCU) has a plan in place for Brexit, which includes working with external partners. The police plan will remain flexible due to changing political events. The Metropolitan Police Public Order Branch will be assessing events centrally, due to likelihood of protests. It is not expected that police will be deployed from the Borough to support activity outside London at this time.
- 5.30 Lewisham and Greenwich NHS Trust is aware of a number of significant risks, linked to a no deal EU Exit, that have been identified at a national level and is working with their partners, both locally and at a regional level to review those risks through various on-going work streams. Based on that work, the Trust has not been made aware that there are likely to be issues with the supply of medicines and clinical supplies. With regard to staffing, the Trust is working closely with their workforce and staff representatives and has not identified any trends that suggest they should have concerns in regard to staffing.

### Effects on Construction and Housing Supply

- 5.31 The G15 group, which represents London's largest Housing Associations have identified that developers are "holding back" on new developments, leading to a loss of affordable housing, based on the assumption that around 20% of affordable supply is generated through S106 agreements. There is also a risk of larger phased schemes stalling if there is continuing uncertainty around future house prices and growth in the market. Registered Providers are already pointing to a slowdown due to the uncertainty over the impact of Brexit. Developers have started to slow down the building on new phases of development, and are seeking to renegotiate terms of contracts to adjust for the slower market sales of housing.
- 5.32 The G15 has also highlighted that the government's proposed immigration policy after Brexit is likely to hamper the industry due to skills shortages. The

increased efforts to recruit and train Londoners in construction skills is unlikely to be sufficient to replace the loss of existing labour.

- 5.33 Availability of materials is also a concern as the construction industry is reliant on overseas manufacturing leading to the import of plant, materials and equipment. It is likely that there will be delays and cost increases.
- 5.34 This in turn creates a risk that projects will potentially be delayed and that affordable housing will not be delivered. This has a knock on effect in terms of reducing the numbers of people housed from the Council's Housing register, and potentially more applicants requiring temporary accommodation increasing costs borne by the Council.
- 5.35 There are already signs of a slowdown in land sales and a flattening of residential sales values, with HMRC reporting a fall of 12.4% in residential property transactions between July 2018 and July 2019, and a fall of 5.8% in non-residential property transactions over the same period. It is likely that this will result in fewer planning applications being submitted, and a slowdown in the delivery of schemes that have already approved.
- 5.36 This is reflected in the construction industry generally, with the IHS Markit/CIPS UK Construction Purchasing Managers Index' (PMI) which fell to its lowest level since December 2008, and was at a negative level for the fourth consecutive month. Construction PMI is an economic indicator based on surveys of purchasing managers within the construction industry, based on a range of business performance factors.
- 5.37 A slowdown in the construction sector will have a knock on effect on the residents and finances of the Royal Borough of Greenwich. There are already indications that construction firms are reducing employee numbers, with the Federation of Master Builders reporting that 21% of small-medium size construction firms had reduced staff numbers in the second quarter of 2019, with the attendant effects on employment and opportunities. In respect of the Council's finances, slower development reduces the New Homes Bonus available to the Council, as well as slowing the projected growth in Council Tax receipts, decreasing the Council's income from development.

#### Effects on Transportation and Infrastructure

- 5.38 In the event of a no-deal Brexit, there is a risk of disruption to transport services in South East England, including the Royal Borough of Greenwich.
- 5.39 Highways England has prepared Operation Brock to manage the build-up of goods vehicles crossing the English Channel at Dover. Under Operation

Brock, vehicles would initially be held on the A20, then on the M20, where a contraflow arrangement would operate. Should capacity be reached on the M20, traffic for the Port of Dover would be held on Manston Airfield, with the M26 used to provide overflow capacity.

- 5.40 In addition to the risk of road freight building up, there is also a risk of rail freight being affected. Disruption to rail freight services creates a risk of wider disruption to rail services, due to the shared use of railway lines for both rail freight and passenger services.
- 5.41 Any disruption at ports or airports could affect the functioning of strategic road and rail networks close to, and heavily used by, businesses, residents and visitors to the Royal Borough of Greenwich. As well as the direct impacts, delay could have 'knock on' effects in Royal Greenwich, potentially including congestion (especially at the Woolwich Ferry and Blackwall Tunnel) and diversion on to less appropriate routes that the Royal Borough is responsible for as Highway Authority. The haulage industry is particularly sensitive to this kind of disruption; just in time delivery, and limited lorry parking and drivers' facilities mean delays are not easily absorbed. Significant delays could lead to inappropriate HGV parking around freight receiving business and routes feeding the strategic road network in the Royal Borough.
- 5.42 Should vehicles be inappropriately parked or abandoned as a result of traffic delays, the removal would be the responsibility of their the Council or the police, depending on the location of the vehicle. Coordination work is taking place between the Council and police to ensure that vehicles can be removed in a timely manner, if required.
- 5.43 Under EU law, the UK is required to retain a reserve equivalent to six days' use of oil supplies. The majority of the UK's oil supply is received via pipeline, reducing the risk of customs delays to fuel supplies. Where there is a greater risk, however, is in relation to the distribution of fuel supplies; protests or disruption to the UK road network could affect deliveries to petrol stations, and panic buying risks increasing demand from businesses and consumers.

## 6. **Council and Partner Preparations for Brexit**

### Overview

- 6.1 The Council's Brexit preparations have been overseen by the Brexit Task Force, which is chaired by the Leader of the Council, who is the political lead for the Council's Brexit preparations. The Brexit Task Force comprises the Council's Corporate Leads for Brexit and representatives of Council Directorates and services, GS Plus and representatives of the police and NHS

services. The Council's Corporate Leads for Brexit are the Director of Finance and the Assistant Director, Communications and Democratic Services.

- 6.2 At the time of writing, the Brexit Task Force meets on a weekly basis to review progress on the Brexit preparations and to update on developments and changes. As Brexit approaches, the frequency of meetings is expected to increase, as well as the adoption of a Gold structure to coordinate the Council's activity, on a similar basis to the Council's preparations for the Olympic and Paralympic Games.

#### Staff and Human Resources

- 6.3 Approximately 30% of Council staff have not reported their nationality to the Council. A range of measures are being planned or implemented to improve the recording of this information, so that the Council is able to provide staff who are EU nationals with information and support. The Council has held drop in events for staff affected by the EU Settlement Scheme.
- 6.4 Information on staff addresses is being prepared to determine the effect of potential transport disruption in the Kent area on Council staff, and to identify potential temporary mitigation measures, such as home working, to reduce service disruption.

#### Adult Social Care

- 6.5 Health and Adult Social Care have contacted local Providers seeking assurance that they have contingency plans. This has been done in partnership with other SE London NHS and Local authority providers. We have received assurance from 48 Providers and risk rated each of those. There are a further 15 Providers that the Council is chasing for a response. Those providers who have not replied are overwhelmingly those with a very limited use by the Council, such as Care Homes outside the Borough with one resident. All of the Council's major local Providers have responded and been risk rated, based on the amount of work that they carry out in Greenwich.
- 6.6 This contact with local Providers has been coordinated across South East London to ensure that Providers are not asked repeatedly.
- 6.7 The Department of Health and Social Care has issued guidance to Social care providers on Brexit, which has also been circulated to Providers by the Council and the Care Quality Commission.
- 6.8 The Director of Community and Housing in the London Borough of Merton is the Brexit lead for London Association of Directors of Adult Social

Services (ADASS). There have been discussions between London ADASS and the London Resilience Forum (LRF) in July and August about a common approach across London for Adult Social Care. There has been further discussion with the Department for Health and Social care and it has been agreed that London will use the over-arching Social Care guidance in the event of a no deal Brexit, rather than develop new London arrangements.

6.9 The workforce issue will be a key one for the Health and Social Care sector. The Council has shared details of the EU settlement scheme with Care providers, as have NHS partners. It is not anticipated that the immediate impact will produce major risks, although there is a greater concern that a gradual reduction of people from the EU working in care over a number of months will progressively have a greater impact. Relatively small reductions across a wide range of Providers could have a significant impact.

6.10 In March 2019 it was agreed that, alongside the joint work on seeking assurance from Providers, there would be an ongoing process to capture what is happening across the sector. This process was based on a monthly email to Providers asking them for a traffic light update on staff availability. This will enable a high level view to be taken on the progressive impact on retention of EU staff. This process was initially put on hold following the extension of EU Membership from 31 March 2019, although the South East London Brexit Oversight Group will consider reinstating this measure at its meeting in September 2019.

#### Housing and Safer Communities

6.11 The majority of the law in the UK relating to issues such as food hygiene and safety are derived from EU law. Officers from within Environmental Health and Trading Standards have been engaging directly with officials across the Civil Service and providing technical input to discussions being led by the Local Government Association (LGA) since last Summer, and continue to do so.

6.12 Official guidance states that the European Union (Withdrawal) Act 2018 will ensure that the laws relating to food hygiene and safety will remain enforceable following Brexit, providing certainty. Specifically, the requirements of food law will remain the same and we have been assured that there will be regulations in force to provide necessary enforcement powers. Where appreciable differences exist between that currently in force and that which will apply from 1 November 2019, or that could emerge in the interim, enforcement officers will be briefed accordingly.

- 6.13 There is a risk of unscrupulous individuals utilising circumstances as a way to import illicit, illegal or harmful goods or items into the country which border checks may miss. This increases the level of risk to consumers but cannot be quantified at this stage. At present, the Council has limited storage space for seized goods, but it is not currently possible to predict how much additional storage space may be required. On this basis, officers are awaiting further guidance and are working with adjacent local authorities in respect of this issue.
- 6.14 Trading Standards are continuing to provide advice to businesses, although further information is required from the Government about the technical pieces of legislation that are subject to change. This includes information about importation, product labelling and traceability requirements.
- 6.15 There is a risk that issues may arise from adverse public reaction if there are shortages of food, medicine, or from impacts on individual behaviour such as from disruption to supply of mental health medication. These issues have been raised with the police, who have been pressed on the need to be aware of local issues arising due to Brexit.
- 6.16 Officers have identified a risk that there is a potential rise in hate crime against anyone perceived as “foreign”. In response, proactive messaging for community reassurance and promoting cohesion has been proposed.
- 6.17 Housing Repairs are meeting monthly with their supplier, and regular meetings are taking place with contractors to identify any issues affecting the supply of materials or partnering contractors. At present, no issues have been reported.

#### Children’s Services and Schools

- 6.18 As referred to above, the Council is responsible for ensuring that children in its care and care leavers have their rights safeguarded following Brexit. The Council is working to identify all children and care leavers eligible for the EU Settlement Scheme, both for existing cases and as new cases are received, including children Subject to Child Protection Plan.
- 6.19 The Government has issued guidance on Brexit preparations for schools in relation to pupils and staff. This is being distributed to all schools via the schools e-bulletin and at the Schools Partnership meeting in the new school term.
- 6.20 The Council is reviewing the travel assistance and transport arrangements for children and young people with SEND in case of disruption following a no-

deal Brexit. As part on the contract monitoring process for the provision of home to school transport, the business continuity and risk assessments are being reviewed.

- 6.21 Children's Services are ensuring that front line staff are kept informed, particularly in relation to eligibility and entitlement. Assurances are being sought from traded services that they are keeping schools informed, such as school catering and sharing any communications with us.

#### Finance, Legal and Procurement

- 6.22 Aligned with the comments at 5.1, the finance team remains alert to the potential impacts that a no deal Brexit could have upon the council's financial health and is maintaining a close watching brief at this stage.
- 6.23 General procurement arrangements may have to change as OJEU may no longer apply. A replacement UK-specific e-notification service will be made available. All contract opportunities that would currently be published on OJEU/TED would be published on the new UK e-notification service.
- 6.24 There is a risk around some companies locally who supply big companies who may move their operations offshore to allow easier trading with the EU, therefore affecting the local economy.

#### Waste and Vehicle Fleet

- 6.25 The primary effects of Brexit on Waste collection and the Council's vehicle fleet are anticipated to be associated with fuel supplies, vehicle spare parts and replacement vehicles.
- 6.26 Assurances have been received from the Council's fuel supplier that they have appropriate post-Brexit readiness plans in place for the Council's supply of diesel.
- 6.27 As referred to above, the increased tariffs on vehicles and replacement parts following Brexit have significant capital and revenue implications for the Council's vehicle fleet. The Council's vehicle replacement programme and departmental fleets will be re-evaluated as vehicle costs increase.
- 6.28 Due to the risk of disruption at the border adversely affecting the availability of vehicle parts, the stock of frequently used parts in workshop stores will be increased. The number of Vehicles Off Road (VOR) will be minimised by using different parts from existing VOR to bring some vehicles back into service. Should the number of vehicles available fall significantly, existing contingency plans will be utilised, such as double-shifting vehicles if required.

- 6.29 The majority of the risks associated with recycling materials are borne by the Council's contractor, rather than the Council itself, although the Council is monitoring the situation. Recyclate material is exported by the Council's contractor, although these exports currently occur under WTO arrangements, and so are not directly affected by Brexit. The Council's contractor has identified two contingency ports in the case of delays affecting the exports of recyclate.

#### Communications and Community Engagement

- 6.30 The Council is sharing messaging on the EU Settlement scheme, as well as how residents can find out more information about how Brexit could affect them; such as by signposting residents to government information using the communications toolkit provided by them, and through social media, Greenwich Info and the Council's website. The Council has not received significant contact through social media in relation to Brexit questions, but will continue to monitor for this. The Communications team are monitoring the situation so that the Council can react as and when necessary, as well as continuing to circulate general messaging.
- 6.31 A special edition of Greenwich Info focusing on how to prepare for Brexit is being planned.

#### Emergency Planning

- 6.32 Emergency Planning are working with directorates to review the list of services that would receive temporary passes to access fuel supplies in the event of fuel shortages, with the criteria for receiving such a pass based on the risk to life or limb.
- 6.33 Emergency Planning and the Business Engagement team are working together to ensure that the lists of petrol station and supermarket managers in the Borough are up to date and correct, in case coordination is required to address fuel or food shortages. In the event of fuel shortages, the Government would need to activate the National Fuel Plan before the Council is able to introduce controls.
- 6.34 The Council is working with partners through the London Resilience Forum to share information and plans relating to Brexit preparations.

#### Police

- 6.35 The police are reviewing their plans for Brexit and meeting with the various partners.

- 6.36 Generally, late October and early November are times of year where there is an increased police presence, due to anti-social behaviour associated with Halloween and Bonfire Night. As such, it is expected that a greater number of officers will be on duty at this time than would typically be the case.
- 6.37 The police and the Council have a plan in place to ensure that key individuals are able to access fuel supplies in the event of shortages but will remain flexible as more information is received.

#### Roads and Transportation

- 6.38 The likelihood of the transport risks described being realised depends on the arrangements in place at any exit date: in terms of a deal, domestic preparations, and the scope for businesses and travellers to prepare. The greater the delay at border crossings, the more likely these risks are to be realised.
- 6.39 In the event of vehicles being inappropriately parked or abandoned due to traffic delays or fuel shortages, removal would be carried out by the police or the Council, depending on the location of the vehicle and whether it was obstructing the highway.
- 6.40 Many of the Council's transport works are delivered under ongoing contracts, which provide a degree of insulation from short-term cost inflation through their schedules of rates.

#### Property, Planning and Regeneration

- 6.41 The Council's property portfolio is unlikely to be affected in the immediate short-term by a no-deal Brexit scenario at the end of October. The Council's portfolio is a largely fixed one comprising operational properties, the commercial portfolio and the Community/Infrastructure properties. The Council is not actively acquiring properties other than in support of the Housing Delivery Programme, and the disposal programme comprises mainly lower value sites that will still be in the due diligence stage by October 2019. Longer term, an economic downturn and associated fall in consumer spending on the high street. This could result in vacant commercial units remaining vacant for longer, as well as businesses renting commercial units from the Council seeking rent reductions.
- 6.42 Legislation relating to planning policy preparation and planning decisions is wholly UK based. Because EU Regulations relating to Strategic Environment Assessment and Environment Impact Assessment have been fully transposed into UK and/or English legislation, in the short term Brexit will not impact the regulatory framework within which Planning operates.

6.43 The risk to major capital projects can be mitigated through the use of contract terms taking account of Brexit. For example, the contract for construction of the Woolwich Works includes specific clauses relating to Brexit that set who own the risks. This has resulted in the contractor taking risk for labour supply shortage, as they are responsible for managing their supply chain. Under the contract, the Council is responsible for the risk of material price increases as this is beyond the control of the contractor when they are procuring materials from overseas.

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Legal</b> including Human Rights Act	<p>The legal implications of the United Kingdom leaving the European Union are wide ranging and complex for the Borough, its residents and businesses.</p> <p>This report sets out the measures that have been taken by the Council to try and anticipate any service issues that may result from Brexit and also provides details of issues that are being looked at on a London wide basis. However, with no agreement in place between the UK and the EU and the continuing uncertainty about the possibility of a no deal exit, the precise legal implications of the UK's proposed departure remain unclear and will need to be kept under close review as events continue to happen nationally.</p>	John Scarborough, Director of Legal Services, 9 September 2019
<b>Finance</b> and other resources including procurement implications	<p>The council has been allocated Brexit funding of £270k from the government for EU exit preparations. To date, nominal sums covering both the additional costs arising from over 400 applications for assistance with identify document verification and those relating to communications have been incurred. Once the Brexit picture becomes clearer, sums can be directed towards those areas most in need.</p>	Damon Cook, Director of Finance, 5 September 2019

<b>Equalities</b>	The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.	David White, Information and Systems Manager, 3 September 2019
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## 11. **Report Appendices**

11.1 The following documents are to be published with and form part of the report:

- Appendix 1: Motion to Full Council, 31 October 2018
- Appendix 2: Comments of Local Businesses
- Appendix 3: EU Residents and Communities in the Royal Borough of Greenwich

## 12. **Background Papers**

None

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