

DECISION-MAKER:	CABINET		
SUBJECT:	PLANNING FOR A 'NO-DEAL' BREXIT		
DATE OF DECISION:	19 FEBRUARY 2019		
REPORT OF:	Leader of the Council, Clean Growth and Development		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>Following the 2016 referendum, the United Kingdom is due to leave the European Union on 29 March 2019 (widely referred to as 'Brexit'). Parliament is continuing to debate the process of leaving the EU, and this report outlines the position at the time of writing. Any subsequent changes to the UK's position regarding Brexit will be outlined verbally at the Cabinet meeting on 19th February 2019.</p> <p>As Parliament has not yet passed the Withdrawal Agreement or any alternative into law, the council is continuing to plan for all scenarios, including a 'no-deal Brexit', which is the legal default position. There continue to be a number of unknowns about the process for leaving the EU, contingent on Parliamentary negotiations and discussions, and the council's planning and preparations will continue to adapt and respond as more information becomes available.</p> <p>This paper outlines the key short-term risks of a no-deal Brexit on Southampton and the wider region, and sets out mitigations being put in place. This paper also reviews wider and longer-term impacts both locally and nationally.</p>	
RECOMMENDATIONS:	
(i)	To note the risks, mitigations and ongoing planning activity for the UK's exit from the European Union.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure that Cabinet is aware of the key risks, mitigations and ongoing planning activity relating to Brexit.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None
DETAIL (Including consultation carried out)	

3.	The UK Withdrawal Agreement was voted on by the House of Commons on Tuesday 15 January 2019, and rejected by a large majority. The Prime Minister returned to the House of Commons with a statement detailing the Government's next steps on 21 January 2019. MPs voted on a range of amendments to the Prime Minister's proposals on 29 January 2019, and following this negotiations with EU and discussions with Parliament are ongoing.
4.	Under the current proposed deal, the UK will leave the EU on 29 March 2019 at 11pm. The transition period will last from 29 March 2019 to 31 December 2020. This may be extended by a further two years if more time is needed to conclude a trade agreement.
5.	<p>However, as Parliament has not yet passed the Withdrawal Agreement or any alternative into law, the council is continuing to plan for all scenarios, including a 'no-deal Brexit'. The following structures are in place to support this planning:</p> <ul style="list-style-type: none"> • Hampshire and Isle of Wight Local Resilience Forum (LRF) response structures • Fortnightly Leaders' meetings with the Leaders and Chief Executives of Hampshire, Isle of Wight and Portsmouth, hosted by Southampton City Council • Bi-weekly Southampton City Council Steering Group. <p>Council officers are also in regular contact with Becky Shaw, Chief Executive of East Sussex County Council, who has been asked by Ministry of Housing, Communities and Local Government to act as the lead Chief Executive in the South East region for Brexit co-ordination.</p>
6.	On 28 January 2018 James Brokenshire, Secretary of State for Housing, Communities and Local Government announced new funding to support local authorities to "prepare for an orderly exit from the EU and do appropriate contingency planning".
7.	As a unitary authority, Southampton will receive £210K (£105K in 2018/19, and £105K in 2019/20). In the first instance the funding will support the additional pressures on the council relating to planning and preparing for Brexit. We are currently planning for all potential scenarios, and further use of funding will be agreed as part of the planning process and following more clarity about the next steps for exiting the EU from the Government.
8.	In addition to the £210K over two years, the Government has announced £1.5M funding for local authorities affected by Ports. At this stage the Government has not confirmed how this additional funding will be allocated, and therefore we do not know if, or how much of, this funding will be allocated to Southampton.
	Partnership working
9.	The council is liaising closely with neighbouring authorities on our approach and co-ordinating action where necessary, including taking a leading role in the Hampshire and Isle of Wight LRF. Engagement with a number of stakeholders and partners is also ongoing, including with key business leaders and public sector partners. Southampton Connect is also bringing together leaders from the public, private and third sectors across the city to consider a citywide approach to Brexit.

10.	<p>The Hampshire and Isle of Wight LRF is coordinating a countywide response to any immediate and emergency impacts relating to the UK's exit from the EU. The LRF is a statutory partnership that includes emergency services, councils, the MOD, businesses and voluntary organisations. These partners work together to assess risk, develop plans and capabilities, and conduct training and exercising activities to ensure organisations can effectively respond to emergencies together.</p>	
11.	<p>As part of this planning the LRF has established a Strategic Coordinating Group (SCG), responsible for setting the overall response strategy and overseeing the response, linked to a Tactical Coordinating Group (TCG) responsible for implementation. Other groups have been established to support the SCG and TCG, including a media and communications cell and an information management cell producing a common operating picture to support decision-making. Southampton City Council is represented on all groups.</p>	
12.	<p>Following the resolution of any immediate 'response' that might be required, the focus of the LRF will shift to addressing any longer-term issues. This stage is described by the LFR as 'Recovery Phase'. A Recovery Coordinating Group will be chaired by Southampton City Council and supported by executives from all local authorities and relevant stakeholders.</p>	
<p>Key short-term risks of a no-deal scenario</p>		
13.	<p>The principal potential short-term (90-day) risks of a no-deal Brexit for Southampton City Council have been identified as follows:</p> <ul style="list-style-type: none"> • Traffic disruption arising from delays at the Port of Portsmouth and extending along the strategic road network • Prolonged (rather than severe) congestion in and around Southampton, affecting staff travel and service delivery • Additional traffic impact of current major highways schemes in Millbrook and Redbridge • New Port Health IT system not being operational, and/or lack of business familiarity with the need for export certificates • Impact on Hampshire Waste Disposal including Recycling Centres if there are delays to exporting materials • Availability of essential supplies (e.g. medicines/vaccines or food) and/or public perception of supply shortage • Simultaneous severe weather or other unforeseen events • Community tensions 	
14.	<p>Although regulatory changes will not take effect until 29 March, if it becomes apparent that a no-deal scenario is inevitable some of these risks could materialise ahead of this date, potentially suddenly. Details of the risks and mitigation steps are set out below.</p>	
15.	Risk	<p>Traffic disruption arising from delays at the Port of Portsmouth and extending along the strategic road network</p>
	Detail	<ul style="list-style-type: none"> • The Local Resilience Forum (LRF) has identified traffic disruption linked to delays at the Port of Portsmouth as a high risk. This is on the basis that, like the Port of Dover, it is a roll-on roll-off port. HGV exports from Portsmouth could be delayed because of additional checks required if the UK is treated as a 'third country' in the case of a no-

		<p>deal. In combination with potential delays in ferry turnaround at EU ports causing delays to scheduled departures, this could lead to severe congestion. In addition, HGVs may opt to use Portsmouth due to the expected severe disruption at the Port of Dover, further compounding any congestion problems.</p> <ul style="list-style-type: none"> • It is possible that traffic for the Port of Portsmouth could be seen queuing along the M275, and onto the M27 if significant disruption is experienced, affecting critical routes for the city of Southampton.
	Mitigation	<ul style="list-style-type: none"> • Portsmouth City Council is working closely with the Local Resilience Forum to identify locations that can be used as holding areas for HGVs waiting to enter the Port. • In line with the Port of Dover's planning assumptions, the LRF is aiming to identify contingency holding areas capable of accommodating up to one-days' worth of port freight transport (currently 500 lorries a day), but uncertainties regarding the scale of additional traffic that may attempt to use Portsmouth, options to accommodate up to 1000 lorries a day are being sought. • It is not currently seen as necessary to identify a stacking site further west around Southampton due to the distance from Portsmouth Port and lower risk to disruption at the Port of Southampton as it does not operate as a roll on-roll off port. • The position of the Department for Transport (which is responsible for ports and strategic roads) is that there is no risk to the Port of Portsmouth and that there will be no closure of motorways, or use of motorways for HGV stacking, outside Kent. • Guidance from the Cabinet Office (which is responsible for UK emergency planning) to LRFs is to consider and mitigate risks at roll-on roll-off ports like Portsmouth, which could experience disruption in the reasonable worst case scenario of the UK leaving the EU without a deal.
16.	Risk	Prolonged (rather than severe) congestion in and around Southampton, affecting staff travel and service delivery
	Detail	<ul style="list-style-type: none"> • Because Brexit is not a one-off event but a permanent change, any traffic impact could be prolonged over a period of time while drivers adapt and any infrastructure upgrades or regulatory changes are introduced. Government guidance suggests that disruption around ports could last for up to six months. • If the M27 experiences prolonged congestion, this could affect staff travel and also service delivery reliant on travel within the city, as traffic will come off the motorway and seek other ways into and around the city. • Prolonged congestion within and around the city is likely to have an impact on air quality in the city. • Because congestion is a relatively frequent phenomenon, staff are accustomed to making alternative arrangements

		<p>and many services will be largely unaffected, while others may experience minor delays or inconvenience.</p> <ul style="list-style-type: none"> • The greatest impact on council services would be seen if vehicles are not able to enter the City Depot, affecting Port Health, Waste Management and other services. Balfour Beatty, the council's Highways Service Partner, is also based at City Depot and is responsible for gritting the roads in the event of snow or ice. • The impact of disruptions to travel outside the city (potential congestion around Portsmouth) will have a limited impact on most council services, but Children's Services have identified that where travel is required to visit and work with children placed outside the city, reciprocal arrangements may need to be made with placing authorities.
	Mitigation	<ul style="list-style-type: none"> • Mitigations include encouraging staff to work at home, avoiding the need to travel, adapting traffic signal cycles (although this has limited impact), controlling key road junctions using highway operatives and using local radio and social media to ensure residents and businesses are aware of traffic conditions. • The council will continue to monitor air quality in relation to congestion and take steps to improve air quality in line with the council's Clean Air Strategy and other related activity. • The council is in discussions with neighbouring councils about a mutual scheme for providing a small amount of office space that could be used by staff from other councils who are not able to get to work.
17.	Risk	Additional traffic impact of current major highways schemes in Millbrook and Redbridge
	Detail	<ul style="list-style-type: none"> • Both schemes affect the principal route into the city from the west and are critical for access to the Port and city centre. • The Millbrook roundabout scheme is currently in Phase Three of a planned four phases. The scheme is due to be completed shortly after the end of March 2019. Some traffic delays have occurred as drivers adjust to each new phase of the scheme. There is concern that, if the work is still in progress on 29th March, this could combine with and compound any problems with congestion on the M27. • The Redbridge roundabout scheme is due to start in June 2019.
	Mitigation	<ul style="list-style-type: none"> • Officers are working closely with Balfour Beatty to explore options for these schemes and minimise any negative impact.
18.	Risk	New Port Health IT system not being operational and/or business demand for export certificates

	Detail	<ul style="list-style-type: none"> • Port Health makes use of a Europe-wide IT system called TRACES. Defra is developing a replacement system for use from 30th March, but at the time of writing it has not been completed and there has been no information provided in terms of training for staff. • Food Exporters from the UK to the EU will require health certificates from 30th March onwards. There may be slight delays if they arrive in port without these certificates, but this is not expected to be a major problem at Southampton Port.
	Mitigation	<ul style="list-style-type: none"> • If the new IT system is not operational by 30th March, the service can revert to scanning paper certificates to be sent to Customs. This has been done before and processes are in place. This would have an impact of requiring additional Business Support resource. • However, this may cause some delays for importers, who cannot book collection until a consignment has been customs cleared/released. • There is therefore a risk that food may be slightly delayed leaving the port and arriving into the retail market. In a case of significant disruption the service would look to the Government to give instructions on whether to lift the requirement for checks.
19.	Risk	Impact on Hampshire Waste Disposal, including Recycling Centres if there are delays to exporting materials
	Detail	<ul style="list-style-type: none"> • Delays to shipping could mean that that waste operators may not be able to export materials for recycling, or may experience delays in doing so. This could result in recycling banks and waste transfer stations becoming full and potentially closing. • It is anticipated that some additional customer checks and procedures will need to be followed in relation to waste shipments to the EU. • These concerns have been raised with Hampshire County Council and Veolia, the waste disposal contractor. Veolia has a stacking area at Warren Farm near Portsmouth, and although the bulk of its exported material leaves from Dover, they do not expect any difficulties as they have a sufficient network of UK and international routes. Much of the dry mixed recyclables material is sent to UK mills, but the glass is exported.
	Mitigation	<ul style="list-style-type: none"> • If the transfer stations are unavailable, Veolia has confirmed that the recyclables will not end up being incinerated at the Energy Recovery Facility at Marchwood as they will divert to a networked Refuse Derived Fuel station or to landfill. • Trade waste contractors state that they have now partnered with energy from waste facility operators in the UK in Croydon and Worthing.

20.	Risk	Availability of essential supplies (e.g. medicines/vaccines or food) and/or public perception of supply shortage
	Detail	<ul style="list-style-type: none"> • The availability of key supplies including medicines/vaccines and food has been highlighted in national media as a concern linked to Brexit. It is not believed that general shortages are a significant risk. • However, misinformation and rumours about supplies could drive concerns amongst residents. • There is an existing shortage of some medicines and vaccines in the UK unrelated to Brexit, and therefore a risk that this issue could be exacerbated by port delays which could potentially interrupt the supplies of medicine/vaccines entering the country.
	Mitigation	<ul style="list-style-type: none"> • The council's communications team will monitor social media and work with partners to manage any potential anxiety by communicating factual messages about essential supplies in the city. • The Secretary of State for Health and Social Care has stated that he is taking action to stockpile medicines at a national level. Current advice to patients is not to stockpile medicines but to ensure that they allow sufficient time in securing their prescriptions. • If there is any shortage of medicines, supply will be prioritised by Public Health England.
21.	Risk	Simultaneous severe weather or other unforeseen events
	Detail	<ul style="list-style-type: none"> • Brexit is scheduled to take place at the tail-end of winter and it is relatively unlikely that major snowfall or storms could compound existing challenges. However, a severe weather event cannot be ruled out – the major snow incident of 2018 took place in March, and flooding can occur at any time of year. • If vehicles become immobilised on the road network this could exacerbate traffic congestion.
	Mitigation	<ul style="list-style-type: none"> • The council's normal business continuity/severe weather plans would be invoked and the priority would be to respond to the worst weather consequences to ensure a quick return to normal operations.
22.	Risk	Community tensions
	Detail	<ul style="list-style-type: none"> • It is possible that the final outcome of the Parliamentary process could potentially escalate or aggravate community tensions. • Tensions could potentially increase hate crime and anxiety in a range of minority communities. • A total of 707 hate crimes were recorded by police in Southampton in 2017/18; an increase of 25% on the previous year. In the same period, national figures show an increase of 17%, and national mapping indicates a link

		between major events including Brexit and national/international terror incidents and hate crime.
	Mitigation	<ul style="list-style-type: none"> • The council is continuing to work with the police to monitor tensions including any potential rise in hate crime. • There are established procedures for ensuring that civil demonstrations are safe.
	Other impacts	
23.	<u>Traffic risks arising from Port of Southampton</u> Given the risks arising from the Port of Portsmouth, officers have met with both Associated British Ports (ABP), owner of the Port of Southampton, and port operator DP World to understand their assessment. Broadly speaking, both companies are of the view that the risk of operational impact posed by a no-deal Brexit is low and manageable.	
24.	Southampton is mainly a cruise, automotive and container port and has almost no roll-on roll-off capacity of the type used in Portsmouth. As such ABP expects any additional freight being diverted from Dover to Southampton to be containerised and to operate through the container port, and believes any traffic delays arising from this business would be minimal. HGV drivers must book collection slots and cannot simply turn up to the container port speculatively, so traffic flows are managed in line with demand.	
25.	Current advice from the UK central competent food authorities (Defra/FSA) to Port Health have provided some confidence that in the event of a no-deal Brexit, the Government will waive the requirement on food imports from the EU to be checked for an initial period to ensure continuity of supplies and eliminate delays, at least in the short term.	
26.	The Port and its wider supply chain is experienced in dealing with disruption, and as such will adapt to respond to traffic pressure arising from outside Southampton. For example, cruise departures can respond to major traffic disruption of the wider road network by varying departure times when needed. In addition, additional land has recently been allocated within the port to the storage of containers to ease the flow of activity through the Port.	
27.	<u>Staff and services impact</u> Should there be significant traffic disruption within and around the city, the council will invoke business continuity plans that are already in place. This may include helping staff to work from home where appropriate.	
28.	An initial set of Frequently Asked Questions for staff has been published on the council's intranet, and will be updated as more information become available. Information regarding the EU Settlement Scheme has been published on the SCC website, and following an announcement in Parliament on Monday 21 st January, the Government has confirmed that there will be no fee for the resettlement scheme.	
29.	The council's Registration Service is offering additional help with the new scheme for those applying for Settled Status and Pre-Settled Status, for a small fee of £14. The service can support applicants by scanning and officially verifying passports or biometric residence permits before the online application.	
30.	<u>IT systems</u>	

	It is not believed that a no-deal Brexit causes any risk to essential council IT systems. However, the council is in the process of contacting its major suppliers to ensure that full risk assessments have been carried out and mitigations are in place for any potential impact.
31.	<p><u>Elections</u></p> <p>City Council elections are due on 2nd May and the pre-election period begins on 22nd March (one week before the anticipated exit from the EU). In the event that Parliament votes to extend Article 50, the council may need to arrange and facilitate European elections. There is also a possibility that a general election or referendum may be called, and the council would be again required to support and facilitate any such vote. In the case of multiple electoral events the council may face a challenge to recruit sufficient staff to resource these votes.</p>
	Medium to longer-term impacts
32.	Regardless of short-term outcomes and the process of exiting the EU, the council will need to plan for longer-term policy and service changes, which will need to be delivered in line with national legislation. The council is undertaking work to understand the future requirements and plan for potential longer-term impacts.
33.	<p>Longer-term risks of Brexit in any form for Southampton may include the following negative impacts:</p> <ul style="list-style-type: none"> • The general effects of any potential economic disruption or downturn which could in turn include: <ul style="list-style-type: none"> ○ Potential failure of care providers due to economic downturn ○ An increase in the cost of essential supplies related to a fall in the pound ○ Potential reduced consumer activity on major businesses such as the Port of Southampton and Hammerson (operators of West Quay shopping centre) ○ Impact on council finances of lower business rates yield • EU nationals electing not to stay in the UK • Reduced flow of incoming EU workers • Specific risk of shortage of worker in certain sectors e.g. social care workers and LGV/HGV drivers • Ongoing community tensions and political instability/uncertainty • Shortage of vaccines and medicines, and associated health impacts.
34.	However, it should also be noted that Brexit may bring a range of opportunities including greater commercial opportunities for the Port and local export businesses through new trade deals. Stakeholder engagement has indicated that a number of local businesses are positive about post-Brexit opportunities.
35.	Following confirmation of the agreed process for exiting the EU for the Government, the council will establish a full project to scope and manage these longer-term impacts.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
36.	There are no immediate Capital implications directly relating to this paper. Revenue implications at this stage are related to staff time, with significant resource being required to address planning and preparation issues.

37.	The £210K funding announced by the Government (£105K in 2018/19, and £105K in 2019/20) will in the first instance the funding will support the additional staff resource pressures on the council relating to planning and preparing for Brexit. Additional uses of the agreed funding will be considered as planning progresses.
38.	In the event that the council is required to respond to an emergency scenario relating to the UK's exit from the EU, spending powers will be exercised as prescribed under the Southampton City Council Constitution.
<u>Property/Other</u>	
39.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
40.	N/A
<u>Other Legal Implications:</u>	
41.	Any legal implications relating to the UK's exit from the EU are being considered as part of the council's planning and preparation. The council will respond to any changing legal requirements in line with relevant legislation and the council's Constitution.
RISK MANAGEMENT IMPLICATIONS	
42.	The risks relating to Brexit, including a potential no-deal Brexit, are being monitored and managed in line with the council's Risk Management framework.
POLICY FRAMEWORK IMPLICATIONS	
43.	Any activity to prepare for Brexit and to respond to any emergencies arising will be considered in line with the council's Constitution and Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Equality and Safety Impact assessments will be undertaken to support any decisions relating to preparing for Brexit as required, following agreement and clarification from Parliament on the process for exiting the EU.

Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	N/A	