

## **UK exit from the European Union update for Council**

### **Report by Chris Lawson, Risk Manager**

#### **1 Purpose of Report**

The purpose of this report is to highlight the current national position in preparation for a no deal exit from the European Union and to set out the next steps Midlothian Council need to progress.

#### **2 Background**

##### **2.1 UK Government Position**

Following the UK referendum on membership of the European Union, the Government were given a mandate to secure the UK's departure from the European Union. The Prime Minister has committed to leaving the EU on the 31 October 2019, with or without an agreed deal. In response to this a cross party group of MP's took control of Parliamentary business on 2 September 2019 with the purpose of passing a bill which mandated the Prime Minister to seek an extension to the article 50 negotiation period if a deal has not been reached by 19 October 2019. The Bill has now received Royal Assent.

The default position will be for the UK to leave the EU without a deal on 31 October 2019. While the Prime Minister has stated he will comply with the law, he has also stated that he will not ask for an extension as required by the newly approved Bill. There is no guarantee the EU will agree to the 3 month extension as set out in the above Bill.

It is written into law that the UK will leave on 31 October 2019, however, it is possible that the deadline could be extended. The European Court of Justice has said the UK could even cancel Brexit altogether without the agreement of other member nations. At present there is no clear direction from the government on any outcome other than a no deal position.

"No deal" means the UK would have failed to agree a withdrawal agreement.

That would mean there would be no transition period after 31 October 2019, and EU laws would stop applying to the UK immediately.

##### **2.2 Guidance from UK Government**

In order to prepare all sectors for the UK's exit from the EU, the government had published a series of technical notices that set out information to allow businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they could make informed plans and preparations.

The link below provides access to that collated list of the technical notices which includes supporting guidance.

<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>.

Much of this guidance remains unchanged from that developed ahead of the original 29 March 2019 departure date.

The UK Government has published “Get ready for Brexit” guidance for individuals and businesses in order to assist with their preparations for Brexit. [https://www.gov.uk/brexit?gclid=EAlaIQobChMIqLe\\_xe-05AIVjbHtCh3vOQ-bEAAYASAAEqlh0fD\\_BwE&gclsrc=aw.ds](https://www.gov.uk/brexit?gclid=EAlaIQobChMIqLe_xe-05AIVjbHtCh3vOQ-bEAAYASAAEqlh0fD_BwE&gclsrc=aw.ds).

### 2.3 Guidance from Scottish Government

The Scottish Government have also set up a website with a range of advice to direct and support businesses to prepare for a no deal scenario. <https://www.prepareforbrexit.scot/>.

This site takes business owners through the process of assessing their preparedness for a no deal position and signposts a range of materials and support developed by Scottish Government and their partners: Highlands and Islands Enterprise, Business Gateway, Scottish Development International, Scottish Enterprise and Skills development Scotland.

Scotland Excel have produced a Brexit Statement which sets out potential impacts on labour, supply chain and currency in relation to a range of employment categories; Construction, Education, Facilities, Food, ICT, Social Care and Transport & Environment.

### 2.4 Scottish Resilience Preparations

Since mid-November 2018 the Scottish Resilience Partnership (SRP) Sub-Group for EU-exit Contingency Planning, has convened regularly to consider the civil contingencies aspects related to exiting the EU. While there was a suspension of this work after 29 March 2019, this work was re-established in mid-August 2019.

In particular, the more pressing contingency planning activities for a “no-deal” scenario, which could still be as soon as the end of October 2019, have been prioritised taking into account current planning assumptions. In terms of the structure for planning and mitigating risks, there is a logical sequence for the assessment and planning, which is summarised as follows:

- Assessment of the UK Planning Assumptions, leading to:
  - Development of the Scottish Planning Assumptions, leading to:
    - Category 1 Responders own Risk Assessment (Scottish Local Authorities submitted an aggregated response) which led to: Development of the Scottish Strategic Threat and Risk Assessment (STRA) leading to, prioritised mitigation.

To prepare for a no deal EU exit, arrangements have been put in place to have a national multi-agency co-ordination centre. This will directly support the operations within Scottish Government Resilience Room (SGoRR) and link with the Cabinet Office Briefing Room (COBR). The Council will be required to provide updates to the national co-ordination centre on a daily basis from 31 October 2019, although this could be stepped up in the event of significant impacts.

The local authority resilience community is represented directly within the SRP Sub-Group and since mid-August 2019 the representative has been liaising with members of the Local Authority Resilience Group for Scotland through twice weekly teleconferences, Midlothian Council has participated in these. Other professional bodies have also contributed to the ongoing risk assessment and mitigation work.

## **2.5 Midlothian Council preparations to date**

Midlothian Council first highlighted the risk associated with the UK's exit from the European Union in its Strategic Risk Management Report to the Council Management Team and the Audit Committee, both in November 2017. This risk has continued to be reported regularly to both since then.

During this period, Council have been presented with reports setting out potential impacts of the UK decision to leave the European Union, with the first of these reported on 29 August 2017.

During regular quarterly risk management reviews, Heads of Service have considered the potential impact of the aforementioned within their Services. The Council's Risk Manager requested that Heads of Service and Risk Management Group members assess the impact of a no-deal exit from the European Union, directing Services to UK government guidance noted above and offering support.

The statutory obligation on the Council to prepare for contingency arrangements is set out in the Civil Contingencies Act 2004 (Contingency Planning) (Scotland) Regulations 2005.

This legislation defines the key organisations responsible for ensuring the effective management of emergencies in Scotland. These are referred to as Category 1 and category 2 responders. Local Authorities are designated as Category 1 responders.

The legal duties placed on the Council as a Category 1 responder are as follows:

1. Duty to assess risk
2. Duty to maintain emergency plans
3. Duty to maintain business continuity plans
4. Duty to promote business continuity
5. Duty to communicate with the public
6. Duty to share information
7. Duty to co-operate.

### **3 Report Implications**

#### **3.1 Resource**

There are resource implications associated with this report in relation to preparatory arrangements, further assessment of impacts and preparing to work through national co-ordination arrangements and Midlothian Council has confirmed to Scottish Government that it will take up available resourcing support.

#### **3.2 Risk**

The Strategic Risk Profile report presented to CMT and Audit Committee has highlighted the risk. Further, more detailed assessment work, is now underway to ensure the current assessment and preparatory arrangements reflect the most up to date planning assumptions. CMT have established an EU Exit Working Group with the purpose of overseeing final Service and Council preparations for a no deal exit from the European Union.

#### **3.3 Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- ☒ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

#### **3.4 Impact on Performance and Outcomes**

The purpose of the Council's risk management approach is to support a level of risk awareness, to inform decision making and support the Council to deliver on its key outcomes by highlighting and taking steps to mitigate potential disruption to delivery of services.

There is significant potential for a no deal UK exit from the European Union to have far ranging impacts which have the potential to impact performance outcomes.

#### **3.5 Adopting a Preventative Approach**

The Risk Management approach being taken by the Council is founded on a preventative and, more generally, a risk aware decision making methodology.

#### **3.6 Involving Communities and Other Stakeholders**

This report has been formulated using current national planning assumptions and national and regional resilience partnership direction on the response to a no deal.

### **3.7 Ensuring Equalities**

There are no direct equalities issues arising from this report, more detailed impacts are likely to be identified as service no deal assessments are reviewed.

### **3.8 Supporting Sustainable Development**

Senior Managers must ensure the sustainability of the Council, which entails identifying, understanding and managing Strategic and Service level Issues, Risks and Opportunities.

### **3.9 IT Issues**

IT issues will be identified as part of the more detailed assessment work proposed.

## **4 Recommendations**

Council are invited to:

- a) Note the content of this report, subject to the outcome of the Governments on-going negotiations and the requirement on the Prime Minister to request an extension if no deal is in place by 19 October 2019.
- b) Note preparation, actions and scenario planning is being progressed based on available information.

## **5 Background Papers**

None

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