

Brexit – Newcastle City Council Planning Assumptions

About this document

This document sets out the planning assumptions used by Newcastle City Council when assessing the risk of a 'No Deal' Brexit and developing mitigation plans. The assumptions and mitigation summarised below relate to activities involving the council and are relevant to the city of Newcastle. In many instances, the council is working closely with key partners in the city and the wider region.

Context

The first day of No Deal Brexit will fall on a Friday and will coincide with the October half-term holidays in Newcastle.

Concurrent risks associated with autumn and winter such as severe weather, flooding and seasonal flu could exacerbate several impacts and stretch resources of partners and responders.

Economy

- HM Treasury (November 2018) predict the North East will be the worst affected region. Impacts upon businesses could include rising tariff costs, changes in supply chains, increased border checks, access to skilled labour and regulatory approvals. A potential fall in the pound is likely to increase overall costs for most residents, although it will have a favourable impact on some businesses.
- Business readiness will not be uniform – in general larger businesses across sectors are more likely to have better developed contingency plans than small and medium sized businesses. Business readiness will be compounded by seasonal effects, impacting on factors such as warehouse capacity.

Mitigation: We will continue to work with partners across the region to pro-actively respond to the emerging economic and business issues as a result of Brexit.

The North East Local Enterprise Partnership (NE LEP) has been instrumental in developing a regional, multi-partner group to lead the region's response to economic issues associated with Brexit. Key activities of the North East Brexit Group have included:

- Developing an [online Brexit toolkit](#), providing support and finance to business to increase their preparedness;
- Commissioned research into alternative trade mechanisms;
- Improving cross-agency co-ordination to respond to different Brexit scenarios; and
- Weekly reporting and communication with the Department for Business, Energy and Industrial Strategy.

We have also been working closely with partners within the North of Tyne Combined Authority. Engagement events have been held to give businesses the opportunity to highlight Brexit-related issues and concerns. The Combined Authority will soon be launching an Inward Investment Grant Fund to support business making a first

investment in the North of Tyne; more businesses and new jobs will help mitigate any negative impacts of a no-deal BREXIT.

The Combined Authority has also taken other steps to support existing business growth and to provide increased opportunities for residents to develop their skills and employability. The Combined Authority will continue to make the case to government for further devolution, including future additional funding to both mitigate any short-term negative impacts and to support longer-term growth and inclusion.

Travel freight and border

- We expect the worst disruption to the short Channel Straits (possible reduction to 40% - 60% of current levels) to last for up to three months.
- HGVs could face maximum delays of 1.5 – 2 days before being able to cross the border. HGVs that are caught up in congestion in the UK will be unable to return to the EU to collect another load. Some logistics firms may decide to avoid the route should there be significant and prolonged disruption.
- Current analysis suggests a low risk of significant sustained queues at ports outside of Kent. Therefore, the reasonable worst-case scenario for Newcastle is a slowdown in processing of freight on the continent and disruption to the flow of goods in UK ports resulting in disruption to supply chains.

Mitigation: We have contacted our suppliers to share government guidance on how to prepare for Brexit. Suppliers have assured us that they have plans in place to mitigate any disruptions. We will monitor any impacts on our supply chains and those of our commissioned services. This includes the supply of fresh foods, building materials, fuel and salt (winter services) – more details are set within this document.

Newcastle International Airport provides a border entry and export point for imports and exports. While Newcastle is not a border entry point for food but is an entry point for goods and has a freight distribution village linked to it. We have discussed the airport's position with the Food Standards Agency. We have very good on-going arrangements with external partners, including UK Border Force, HM Revenue's and Customs, Food Standards Agency, Department for Environment, Food and Rural Affairs, Public Health England, National Trading Standards and Port Health Authority. Through these arrangements we can monitor activity and work with them when need arises - it is not foreseen that Brexit will change activity at the airport.

Citizens

- UK citizens travelling to / from the EU maybe subject to increased migration checks at EU border posts. Depending on how EU members states deal with these increased checks, it is likely that delays will occur for UK arrivals and departures at EU airports and ports. Travellers may choose other routes.
- EU Citizens living in the UK can broadly retain all rights and status that they were entitled to prior to exit from the EU. However, they have to apply for settled or pre-settled status prior to the end of December 2020.

- Government's reasonable worst-case planning scenario assumes that UK nationals would lose their EU citizenship and, as a result, can expect to lose associated rights and access to services over time, or be required to access them on a different basis to now. There is a mixed picture across EU member states in terms of the level of generosity and details in the legislation. UK nationals may be treated in the same way as third country nationals requiring them to access healthcare in different ways, depending on the country.

Mitigation: We are supporting communities to access the EU Settlement Scheme. As part of the scheme, our Registration Service can support people in their application by scanning and verifying passports or biometric permits via an appointment process. Demand for this service has increased, we are able to meet this, however this has led to increased waiting time for appointments. We are putting in place additional resources to reduce this impact. We have also worked with third-party providers to assist them in raising awareness and fulfil appointments.

We will support children in our care and young people who have recently left our care who are eligible to apply for the EU Settlement Scheme. We will also encourage and support families who our services work with to apply to the scheme.

We have asked government to provide indicative numbers UK nationals living in EU member states – we are awaiting this information and an indication of how many originate from Newcastle or the north east region.

We are confident that should UK nationals return to Newcastle, the broad mix of housing supply will meet demand, as will our services.

Disruption to services

- Government's reasonable worst-case scenario assumes that demand for energy will be met.
- While fuel production is not thought to be a risk, the planning assumption is that regional traffic disruption caused by border delays could affect fuel distribution. Customer behaviour could then exacerbate any localised shortages. The most significant risk is fuel supply to London and parts of the South-East, however there could be knock on consequences for the North East.
- Disruption could also impact on the supply of medicines for UK veterinary use and the ability to prevent and control animal disease outbreaks which could impact on human health. Newcastle is not a rural Local Authority area therefore the potential impact of this would be minimal.
- Water companies are well prepared, and the reasonable worst-case scenario assumes that public water services will remain largely unaffected.
- Some cross-border UK-EU financial services may be disrupted.

Mitigation: We are monitoring our fuel supplies and maintaining stock levels. We have put in place monitoring arrangements with our suppliers who will alert us of any

issues. If our fuel supplies were impacted upon, there would be knock-on impact to our ability to carry out some core activities including refuse collection, bereavement services, social care, highway repairs, traffic signal maintenance and council-housing stock maintenance. As per our existing business continuity plans, if we need to extend the duration of fuel supplies, they will be rationed, and non-essential vehicles / plant stood down and their tanks drained if necessary.

We have well-established plans in relation to animal health. We will continue to monitor the situation through liaison with national lead agencies including Food Standards Agency, Department for Business, Energy and Industrial Strategy, Department for Environment, Food and Rural Affairs and National Trading Standards.

Care and health

- Due to the reduced flow rates across the Dover Straits the supply of prescription medicines and medical supplies will be impacted. This will have knock on consequences for the North East.
- There is not expected to be an immediate change to the provision of adult or children social care in Newcastle. However, a combination of potential risks such as an increase in inflation and costs along with potential staff and/or transport disruption or severe weather could stretch resources in the months to come.

Mitigation: National, cross-partnership preparedness is underway with key healthcare partners and the Department of Health and Social Care has issued [EU Exit Operational Readiness Guidance](#). Most of the public health services we commission are delivered by the NHS who will work within this guidance and have provided assurances of service continuity.

We continue to work with our commissioned service providers and have offered to help with contingency planning if required. Assurances have been sought from our providers, who have not raised any issues about service continuity. In the unlikely event providers of commissioned services report issues with delivering services, we have established and tested our provider failure plans to ensure we can source alternative provision for service users. However, we do not expect to have to implement these.

Food

- There is not expected to be a shortage of food in the UK but it is likely there will be a reduction in choice due to border disruption. Certain types of fresh food will decrease. Critical dependencies for the food supply chain, such as key input ingredients, chemicals and packaging, may be in shorter supply. This will lead to an increase in price, which could impact on vulnerable groups. The UK growing season will have come to an end and preparations for Christmas will put the supply chain under increased pressure. Panic buying could exacerbate the situation.
- Food price increases have been forecast by a range of sources; this could increase requests to use local food banks in the city.

- Lower income groups are likely to be disproportionately affected by price rises in utilities and services. Therefore, we could see an increase in deprivation within Newcastle.

Mitigation: We are working closely with our food supply chain to mitigate any potential changes to their service. We are confident that through this careful planning and close working relationships with suppliers, services like our catering service (including school meals) will continue uninterrupted. This includes school meals and meals at home - nutritional standards will be maintained, though we may need to replace some of the fresh ingredients with frozen or tinned products. We are engaging nationally on what level of support Government will provide to people most vulnerable to food and utility price increases should these occur.

We have contacted supermarkets about their planning arrangements. We have also engaged major foodbanks in the city to agree means of monitoring early warnings about increased demand or decreased donations.

Information and data sharing

- The government reasonable worst-case planning assumption is that the EU will not have made a data protection adequacy agreement with the UK before exit. This could disrupt the flow of personal data due to new legal requirements. In a no deal an adequacy assessment could take years.

Mitigation: Most of the systems and data we use are hosted within our ICT environment. We have carried out an audit of those which are not, and most providers have assured us that the appropriate agreements and security measures are in place. We do not expect there to be any impact on systems or access to data / ability to share data.

Demonstrations and disorder

- Since the referendum result in 2016, an increase in reports and incidents of hate crime has been seen nationally and locally so there is the potential for a rise in community tensions and public disorder.
- We have seen some small protests and counter-protests connected to Brexit. It is anticipated that more will take place in the city and across the wider region. If large demonstrations occur, focused on London, it is likely that local police forces will be asked to provide mutual aid.

Mitigation: Working with partners in Safe Newcastle, we have established close reporting arrangements with the police and other statutory and voluntary sector partners, including daily communication about incidents to monitor potential tensions which may arise.

Should a major demonstration or disorder occur, the response would be led by the police, through established and tested local resilience arrangements, with the Council's role focusing on support, community reassurance and recovery.

We are actively encouraging the reporting of hate crime so that victims can be referred to support. We are raising awareness of the Stop Hate UK reporting line and website through press coverage, social media and posters promoting the service.

Impact on council resources

- Residents' financial situation may be more challenging leading to prioritisation of essential expenditure. This may result in them not paying Council Tax and other amounts owed to the council. Businesses may also be less financially sustainable and will potentially prioritise essential expenditure and not pay business rates and other amounts owed to the council. Wider economic impacts may also lead to cost increases in our supply chains.
- Potential impacts upon council workforce as a result of the EU Settlement Scheme, central government reporting arrangements, potential transport and service disruption.

Mitigation: We have an established Council Tax Reduction Scheme and limited hardship fund to provide support to individuals who may be financially vulnerable. Our risk assessment of the General Fund unearmarked reserve and earmarked reserves may be re-purposed on a time-limited basis to any additional costs arising from Brexit – this would only be sustainable in the short-term.

Our workforce processes allow for flexible working and redeployment of staff if required, we have reviewed our on-call and support arrangements and are providing training should response arrangements be required. Our Trade union agreements and mature industrial relations will allow for any required rapid changes.

We have identified members of staff who are eligible for the EU Settlement Scheme and support has been communicated, including the offer of assistance to apply.

On-going monitoring and partnership working

In addition to the engagement and monitoring with partners and suppliers described above, we are developing a way for any Brexit related issues or concerns to be reported alongside our existing customer contact arrangements. As well allowing us to monitor the impact of Brexit and inform any reporting arrangements that are put in place, this will allow us to refer people to appropriate advice and support services.

We will continue to actively work with our partners in the city and wider region to ensure continued appropriate plans and support, including the NE LEP and North of Tyne Combined Authority as described above.

We will continue to work with the Local Resilience Forum and their Strategic Brexit Group to ensure that appropriate response arrangements are in place and tested.