

Report of the Cabinet Member
Policy, Corporate and Asset Management

1. Introduction

I have been asked to report by Cllr Brennan as follows:

Can we have a report on the impact that a No Deal Brexit would have on Devon County Council's finances, its ability to provide statutory services, and on our expectation of the overall impact on jobs, the economy and the environment in Devon? Can the Leader also confirm that he is continually pressing government about the importance of avoiding a No Deal, and informing them that the best way out of the Brexit mess is to put the Prime Minister's Deal back to a referendum, with an option to Remain?

2. Response

As Members will be aware there is still much uncertainty as to the likely outcome of the Brexit process and I recently went on record to report my own concerns about the potential impacts of Brexit on the County Council, our communities and our economy.

In relation to understanding the full economic, environmental and social impact, both positive and negative, it is very difficult for the County Council to predict and plan for this in isolation. This is compounded by a lack of information from the Government about possible contingency plans relating to a No Deal scenario.

What is certain is that the County Council is determined to help our communities and businesses to deal with whatever occurs. The situation is not of our making, but we stand ready to play our part in helping Devon to deal with any immediate and/or future challenges.

In the event of a No Deal Brexit the Government is likely to announce a major incident and it will be the responsibility of Local Resilience Forums to co-ordinate a response. As Members will be aware our Local Resilience Forum is chaired by Devon and Cornwall Police and has senior representative from all major stakeholders across the area including Health, business and local authorities. Devon County Council is an active member of this forum.

The County Council itself is preparing contingency plans to enable us to continue to provide our statutory services should there be a no deal Brexit. We do not know what this will mean in terms of supplies of fuel and food but we are planning for all eventualities to the best of our abilities. As such we are:

- Looking at all aspects of our business to highlight potential vulnerabilities
- Updating Business Continuity Plans and sharing with partners across the LRF

- Working through professional associations such as the Association of Directors of Social Services, Local Government Association, Trading Standards to share information and good practice
- Pressing the Government to release impact assessments, assumptions and contingency plans to inform our own planning and preparedness

No short-term impact is expected on council finances. Our settlement with central government for 2019/20 is agreed along with a Council tax increase and our business rates position is clear. However, future business rates income could be affected if businesses are affected by delays and potential cost increases from imports and exports. Currently it is not possible to quantify this.

Looking more broadly, Members should be aware that we have and continue to play an important role in advising Government about potential economic and community impacts across the region:

- Since 2016, Phil Norrey has chaired the HoSW Joint Committee's Brexit Resilience and Opportunities Group with major research pieces on the impact of Brexit on agriculture, workforce and construction.
- We have worked with the Local Government Association and the County Councils Network to provide information on potential impacts on the Council and maintain links with Government Departments.
- Our Economy and Enterprise Service, including Trading Standards, is working closely with business and trade associations, to monitor the impact on our regulatory services, business and the economy.
- At the end of January 2019, Phil Norrey was invited by the Secretary of State for MHCLG to be one of 9 Regional Chief Executive Communication links. Phil represents the South West and is working with 41 Councils and 5 Local Resilience Forums across the South-West to feed Brexit issues, identified by local authorities and partners, directly to Government.

According to the DiT, Devon currently has a smaller proportion of businesses that export, however, in a recent Centre for Cities report, a significantly higher proportion of those businesses who do export, do so to European countries. This is particularly true in Exeter, where 70% of exports were to the EU. Certain sectors in Devon are also potentially more reliant on overseas labour, including healthcare and hospitality.

The Council is in regular contact with business representative organisations and in relation to recent business closures such as Wolf Minerals and British Ceramic Tiles, none had cited Brexit as a reason for closure. However, the Economy, Enterprise and Skills team were working with businesses to keep a close eye on performance and impacts on the Devon economy.

We are currently awaiting a Government consultation on its proposed Shared Prosperity Fund which is expected to replace elements of the current EU structural funds. Current EU structural fund programmes such as ERDF and ESF are scheduled to continue post-Brexit, underwritten by the UK Government.

To summarise, we are determined to rise to the challenge and deal with whatever we end up being faced with on behalf of Devon's people, communities and businesses. We are working hard on our own contingency plans to ensure the continued provision of vital local services and, working together through the LRF, will plan to deal with every eventuality we can reasonably foresee.

The Government announced in January that it put £56.5m aside to assist Local Authorities with their Brexit planning. The Devon County Council share of the first tranche of £40m is £175,000 to be split over the next two financial years.

Councillor John Hart

Cabinet Member for Policy, Corporate and Asset Management