

Report of the Cabinet Member

Policy, Corporate, Resources and Asset Management

Introduction

I have been asked to report as follows for Full Council on 1st October 2020:

By Councillor Shaw on 'threats to Devon from the end of the Brexit transition period, especially in the absence of an EU trade deal, and preparations to mitigate these'.

Response

Negotiations are ongoing between the UK and the EU which may result in a trade deal and the exact opportunities and impacts on businesses remain unknown and therefore hard to predict with any certainty. The Council has undertaken some economic modelling, working with Oxford Economics as part of SW Councils to consider the current economic impact from COVID-19. This indicates a contraction of circa 8% productivity for the Devon economy, with growth returning during 2021. An additional 2% productivity loss was suggested where we exit the EU under World Trade Organisation terms.

As part of the business barometer the Council established mechanisms to support early intelligence from exiting the EU, we understand that a number of companies remain unprepared for a no deal exit, with the focus for many having instead been upon addressing the consequences of COVID 19 over recent months. This includes reducing the headroom for stockpiling and other management measures in some sectors, with additional financial and operational pressures imposed by COVID limiting many businesses' capacity to take one off action.

Since 2016 the Heart of the South West Economic Resilience and Opportunities Group, chaired by Phil Norrey, Devon County Council along with other authorities across the south-west, the LEP and a wide range of business organisations - such as Federation of Small Businesses, CBI SW, SW Manufacturers Association, Chambers of Commerce, Cultural Sector, tourism and Visitor Economy and Food and Drink - have met with Whitehall officials on a fortnightly basis to explore and lobby on issues relating to Brexit and more recently EU transition. Since March the Group has been focused on Covid response and recovery but more recently has returned to preparedness for EU Transition.

The Group has asked Government to share its plans for winter preparedness including Covid response and recovery and EU Transition and to advise of its specific of local authorities, communities and businesses so that we can update our planning assumptions and risk register. We await this information from Government and once we understand whether there is a deal or a non-negotiated outcome we will be able to review our risk register for EU transition and make the necessary preparations and mitigations where possible. We have, of

course, advised Government that due to Covid activity we have a much reduced capacity to respond and need this information urgently.

The Devon and Cornwall Local Resilience Forum is standing up arrangements to plan and mitigate impacts from EU Transition across Devon and Cornwall but, like Devon County Council, is awaiting information from Government as to the areas of risk.

Last week in the House of Commons, Michael Gove, released the Reasonable Worst Case Scenario for EU Transition but this is a generic document regarding the national position. We have asked officials for planning information and reviews for Devon and the South West.

John Hart

Cabinet Member

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