

# GWYNEDD COUNCIL CABINET



## Report to the Cabinet

<b>Meeting Date:</b>	<b>15 December 2020</b>
<b>Cabinet Member:</b>	<b>Cllr. Nia Jeffreys/ Cllr. Gareth Thomas</b>
<b>Contact Officer:</b>	<b>Geraint Owen/Sioned Williams</b>
<b>Contact Number:</b>	<b>32335/32547</b>
<b>Item Title:</b>	<b>Council's Preparations for Brexit</b>

### 1 **DECISION SOUGHT**

Approval of preparations made.

### 2 **REASON WHY DECISION IS NEEDED**

To reflect on the preparations and receive any further guidance in respect of the changes facing the Council and the County's residents from the 1<sup>st</sup> January 2021.

### 3 **INTRODUCTION**

We are all aware that the United Kingdom (UK) countries will leave the European Union (EU) on the 1<sup>st</sup> January 2021. At the time of writing this report, it is not clear if an agreement will be reached between the EU and UK Government at the end of the bridging period and the Prime Minister of the UK Government has already expressed that we should prepare for a situation without agreement in January 2021. Negotiations between the two sides are continuing but although it seems that progress is being made in some areas, there are a number of key issues yet to be agreed upon.

If a trade agreement is not reached, the UK will trade with EU countries on World Trade Organization rules - leading to the imposition of tolls on a number of imports and exports, which could increase costs for businesses and consumers.

If an agreement is reached, it would have to be approved by UK MPs and parliaments across the EU before the end of the transition period on 31<sup>st</sup> December this year.

Even if a trade agreement with the EU is agreed from the 1<sup>st</sup> January, there will be new rules that affect us all. There will be changes to travel to and from the EU, the way businesses import and export goods, the employment of EU people and the way services are delivered in EU markets.

This means that as an Authority we need to prepare to ensure the continuation of the Council's own services as well as supporting businesses and residents of the County from the 1<sup>st</sup> January 2021.

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This report is intended to demonstrate what preparations have been done so far in preparation, acknowledging that it is not possible to prepare thoroughly for all aspects of the proposed changes because it is not yet clear what terms will apply.

Co-ordinating arrangements for the effect of Brexit within the Council have been shared between the Head of Corporate Support and the Head of Economy and Community, with the Head of Corporate Support leading on the work of co-ordinating the Council's internal arrangements, whilst the Head of Economy and Community is responsible for the Council's work in supporting businesses and communities with their arrangements for the 1<sup>st</sup> January 2021.

### **The Council's Internal Arrangements**

To facilitate all of this work, a group of departmental co-ordinators was established across the Council during October 2018 chaired by the Head of Corporate Support. That group has been meeting regularly to review the risks faced, while the individual officers have been co-ordinating preparation arrangements within the services of their departments. The Group has compiled a risk register that identifies those issues that need to be addressed in the face of an EU exit with or without agreement (see Appendix 1).

The Welsh Government has in recent weeks, again drawn each Authority's attention to what are considered to be the main risks to continuity of services. Those risks, among many others, are highlighted in our risk register. These are the two main risks identified by the Council;

**Food Supplies and Medicines** - the potential effects on the supply chain were identified and concluded that the cost of the food supply would be the biggest risk rather than the supply itself. However, officers continue to monitor any developments in this regard and maintain regular contact with suppliers as the lack of a food supply chain has far-reaching implications for our schools and services that support vulnerable adults. Similarly, the Adult Department has identified the potential risk of a lack of medical supplies. Steps are being taken at a national level to address this particular risk but, again, officers are encouraging our local providers as well as our provider unit to liaise with their suppliers to understand and identify any potential risks.

**Independent Sector Care Workforce** - workers coming from EU countries may decide to return voluntarily while the risk remains that workers from EU countries will not have the right to work in Gwynedd in the future. The risk faced by the Health Board in this respect is likely to have an impact on the Health and Care system as a whole and therefore if we were in a situation of lack of nurses within our communities and hospitals, that could put pressure particularly on the independent care sector. This risk does not manifest itself within the Council's workforce to the same extent and internally managed provision is not considered a risk in this context.

Furthermore, the Council has been working closely with other members of the Brexit Co-ordinators Group set up by the Welsh Local Government Association. This Group is made up of officers from each Local Authority as well as the Welsh

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The Council has also received a series of grants from the Welsh Government to support preparations for January. A total of £92,000 has been allocated to invest in resources for this purpose and the Council has used the money primarily to enable us to free up key officer time to focus on the preparations. This has included providing information about the proposed changes to the public and Council staff through the Communications and Engagement Service as well as assistance, through the Customer Contact and Registration Service, to those residents who need to apply for settled status in the face of leaving the EU.

A grant of £ 40,109 (combination of capital and revenue funding) has also been received to support the efforts of food banks in the face of Brexit and has been allocated to various schemes following consultation with food bank representatives across the County.

Finally, the sum of £28,000 was released to us in order to help address the challenge of having sufficient Export Health Certificates (EHCs) after the UK has left the EU. This funding from the EU Transition Fund Project 'Supporting Welsh Fisheries and Aquaculture sectors to prepare for EU Exit' aims to enable the Council to give some flexible support/ training and to address any capacity issues.

## **Effect on Gwynedd**

In order to understand the effect of Brexit on businesses and communities in Gwynedd, it was agreed to work with Wales Government and CLILC to look at the situation across Wales and make a comparative analysis using presumptions based on the most current data.

Grant Thornton were used to do this work. Although they were commissioned before the COVID period, they were recently asked to review the information in order to reflect COVID's effect as well. Four documents relevant to Gwynedd were produced:

- Analysis of the impact of the transitional period of leaving the EU on trade in Wales - [The Impact of the EU Transition on Trade in Wales](#)
- Analysis of the main risks and considerations for Gwynedd - [Gwynedd EU Transition Exposure Dashboard](#)
- Analysis of the main risks and considerations for Gwynedd - [Regional EU Transition Exposure Dashboard – North Wales Economic Ambition Board](#)
- A tool to help employers measure their willingness to respond to the change - [The EU Transition Readiness Toolkit](#)

The regional analysis is very relevant to Gwynedd as it illustrates a diverse impact across the region that could have an impact on workers, communities and Gwynedd business supply chains. But I would like to draw particular attention here to the second report, which details the situation in Gwynedd. You will note that the report concludes that:

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- Compared to the rest of Wales, Gwynedd has a low proportion of its population who were born in the EU, at 1.6%, which compares to a Welsh average of 2.6%.
- Gwynedd ranks in the lowest 20% on our Community Vulnerability Index, indicating very low levels of social vulnerability to the EU transition.
- Despite low vulnerability overall, Gwynedd has very high levels of people employed in elementary occupations and very low total incomes.
- Gwynedd has seen high levels of net migration, with the second highest net migration rate of all Welsh authorities.
- Relative to all other Welsh authorities, Gwynedd has a very high proportion of employment in Agriculture, Forestry and Fishing, which is identified as an 'at risk' sector to the EU transition. It also has very high levels of employment in Arts, entertainment & recreation and Accommodation & food services which are both notably at risk to COVID-19.
- Productivity, as measured by GVA per job, is low in Gwynedd ranking 15th out of 22 authorities.
- When employment across all COVID-19 'at risk' sectors is aggregated and benchmarked to all other Welsh authorities, Gwynedd has a relatively average proportion of people employed in 'at risk' sectors, compared to the other Welsh authorities, and an average proportion of businesses in 'at risk' sectors.
- However, the estimated decline in GVA as a result of COVID-19 is predicted to be 15% which is higher than the Welsh average.
- Whilst the claimant rate rose sharply in March, it has remained below the Welsh and UK average and appears to be gradually declining.
- Gwynedd has the highest furlough take-up rate of all Welsh authorities, at 36%.

The report highlights the implications most **key for** Gwynedd:

- Although Gwynedd ranks low on the Community Vulnerability Index, it is still important for the council to continue to support the most vulnerable communities, particularly in light of job losses and income reduction as a result of COVID-19. As part of this, it will be important for the council to identify where new vulnerable communities might be emerging.
- Given the very high proportions of employment in Agriculture, forestry and fishing in Gwynedd relative to the rest of Wales, the council should seek to understand the risks this could bring to the local economy post-EU transition. These risks could relate to businesses, people and place and will inevitably be interrelated. Working through some of these scenarios and linkages will be important in helping to provide economic and social resilience.
- Particular focus should also be given to supporting businesses in those sectors most impacted by COVID-19 (Arts, entertainment and recreation and Accommodation & food services) where the management focus will have been on survival rather than preparations for the EU transition. A key action

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for businesses should be refreshing their view of all critical suppliers throughout the whole length of the supply chain to ensure business continuity and compliance.

- The reduction in EU NINO registrations over recent years means that Gwynedd should assess how lower levels of migration will impact its economy. This assessment should consider the economy's scale, strengths, weaknesses, key sectors and productivity. This will assist you to understand the local exposure to the EU transition by sector and intervene or offer reassurance and support where necessary.

Prior to commissioning this work, the Department for Economy and Community had held a series of discussions with various businesses and enterprises to understand the potential impact on the county's key employers and to raise awareness of the information and advice available to them encouraging them to plan where possible. This information continues to be available on Gwynedd Council's website, but it is fair to note that it has not received as much attention since the start of the COVID period.

It is recommended that Gwynedd Council further promotes this information over the coming weeks and re-commences the engagement work with businesses, employers and communities in the new year when the position of any exit agreement is clearer.

## **OPINION OF STATUTORY OFFICERS**

### **Monitoring Officer:**

I welcome this report. It confirms that such monitoring and preparatory work as is possible in relation to the end of transition period has been continuing.

### **Chief Finance Officer:**

The Council has long recognised that a risk exists of increased costs in specific areas, particularly for food, fuel, equipment and medication. However, uncertainty exists as to the likelihood and magnitude of any such increase, and other circumstances may also lead to higher costs in 2021. Hence, although the costs will be assessed on a regular basis, it will not be possible to isolate and identify the actual total financial cost. In addition to finance and supply aspects, steps have been taken to mitigate the risks relating to data protection, and the potential impact should there be no agreement on information sharing between the UK and the European Union.

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