
NORTH AYRSHIRE COUNCIL

10 September 2019

Audit and Scrutiny Committee

Title: Planning for EU-Exit

Purpose: To provide an update on Council planning arrangements in relation to a no-deal EU exit

Recommendation: It is recommended that Committee notes the planning arrangements in relation to a no-deal EU exit

1. Executive Summary

- 1.1 This report provides an update on the Council's planning arrangements to address the risks arising from a no-deal exit from the European Union. The risks and actions are detailed in full in Appendix 1.

2. Background

- 2.1 Since the last report to Committee on 26 March 2019, the date of the UK's departure from the EU has been extended to 31 October 2019. This resulted in elections to the European Parliament being held in May 2019. There are currently no signs of the EU being willing to renegotiate the deal agreed by them at the beginning of the year, which was subsequently rejected by the UK Parliament. Key to movement on this issue is likely to be the Irish border or backstop, or how an open border can be maintained in accordance with the Good Friday Agreement without any resulting trade differences between Northern Ireland and the UK mainland.
- 2.2 Appendix 1 details the potential reasonable worst-case scenarios of a no-deal, any specific risks to North Ayrshire and actions which are underway to attempt to mitigate these. These have had regard to the Scottish Government's no-deal EU-Exit planning assumptions published on 15 August 2019. Since the last report to Committee the likelihood of a no-deal has increased and the overall risk scores have increased to reflect this movement in likelihood.

2.3 Appendix 2 comprises a summary of the potential risks of a no-deal EU exit, taken from recent reports of the Office for Budget Responsibility, the Confederation of British Industry and the Institute for Government. These paint the same picture as earlier reports from the Bank of England, the International Monetary Fund, the Fraser of Allander Institute, and the Scottish Government which all suggest that regardless of underlying assumptions, a no-deal will have a detrimental impact on short- and long-term GDP, economic growth, investment and productivity, unemployment, exchange rates and house prices. The earlier Bank of England worst case stress test of a no-deal showed 8% reduction in GDP, 1 million extra unemployed (i.e 7.5% unemployed) and 16% reduction in house prices. In July 2019 The Office for Budget Responsibility (OBR) forecast that real GDP would fall by 2% by December 2020 (4% below the March 2019 forecast), and that borrowing would be almost £60bn if the UK leaves without a deal - up from £29.3bn if it does get a deal. Similarly, the IMF estimated that in year 1 and 2 of a no-deal there would be a reduction in UK GDP of 1.4% and 0.8% and in the long term, no-deal could knock 8% off the level of UK GDP compared to remaining in the EU.

2.4 COSLA have surveyed local authorities across Scotland and the following are expected to be the key risks to the local authority sector. Where relevant to North Ayrshire, these risks have been incorporated into Appendix 1.

- Currency fluctuation
- Increased cost of borrowing
- EU funding
- Infrastructure and regeneration
- Building Industry reduction in skilled workforce
- Increased costs and availability of building materials
- Impact on Scottish Welfare Fund
- Recruitment and retention of staff
- Reliance on EU nationals in specific workstreams such as hospitality, seasonal work, ancillary roles, tourism, teaching and health and social care
- Supply chain networks – shortages of food and animal feed
- Environmental Health Certification processes
- Impact on Trading Standards
- Waste recycling and environment
- Medical supplies
- EU Settlement Scheme
- Fuel supplies – aviation, transport, heating & ferries
- Operational resilience at ports
- Increased demand on council services
- Loss of market routes
- Lack of information from UK and Scottish Governments

- 2.5 Looking at Appendix 1, the most significant risk to North Ayrshire is linked to the combined impact of a no-deal on businesses, the economy and GDP. A combination of factors could result in the economy going into recession due to: -
- Continuing uncertainty will further delay investment
 - Lack of trade deals, trade barriers and tariffs with EU and under WTO rules (best guess 2-4%)
 - Port delays, supply chain issues, and higher costs
 - Loss of key personnel and higher costs to recruit, etc
 - Fall in sterling's value
- 2.6 It is expected that low-income groups will be most impacted by price rises in food, utilities and services. This is likely to increase demand for Council services. The Council will itself face higher costs and, for example food prices are expected to increase by 10% across the local authority sector. At the same time, the increased levels of public sector borrowing forecast by the Office of Budget Responsibility are likely to result in further cuts to public sector funding.
- 2.7 The other longer term risk which scores highest in Appendix 1 is that relating to trade deals. If the UK leaves with no-deal it will lose the benefit of trade deals, both with the EU and negotiated by the EU with third countries such as Canada. In the absence of an article 50 framework, a deal with the EU is likely to be harder to negotiate. Nor does the UK have a good negotiating position, due to lack of expertise and a weak starting point. A trade deal with the United States could give rise to rules limiting the UK's flexibility in social and foreign policy, human rights and impacting on the environment.
- 2.8 As regards immigration, Scottish Government research shows that the number of foreign workers in Scotland fell by 10% in 2018, over 50% being EU nationals. North Ayrshire tourism businesses already report recruitment difficulties. Immigration has been the primary means of Scottish population growth to support an increasingly elderly population. Lack of inward migration is also likely to result in skills shortages in key areas, as listed in Appendix 1.
- 2.9 EU residents have been able to apply for settled status and at 30 June 2019, 909,300 applications were made, (43,200 in Scotland), of which 805,500 applications were concluded. Of these, 65% were granted settled status, 35% granted pre-settled status. In mid- August the overall figure of applications reached 1 million, meaning that a further 2.2million EU resident citizens still have to apply before the deadline of 31 December 2019. The Council's Libraries service have registered with 'We are Digital' to provide assisted on-line support for Settled status applications and this will be operational later this month. They are also investigating the possibility of providing a service to Settled Status applicants whereby they scan supporting documents directly to the UK Government.
- 2.10 The Council also has a webpage containing links to sources of information on EU exit, and to Appendix 1. This can be viewed at <https://www.north-ayrshire.gov.uk/council/brexit-information.aspx>

- 2.11 A national resilience structure based around a Multi-agency Coordination Centre (MACC) at Bilston Glen, Edinburgh will be fully operational from 21 October 2019 and daily responses from NAC via the Ayrshire Civil Contingencies Team will then be made to the MACC.
- 2.12 Senior Council officers have regular meetings to review EU-Exit risks and actions. Reports also go to the Executive Leadership Team. Appendix 1 remains the key tool for recording the potential reasonable worst-case scenarios and planning for them.

3. Proposals

- 3.1 It is recommended the Committee notes the planning arrangements in relation to a no-deal EU exit.

4. Implications/Socio-economic Duty

Financial

- 4.1 There will be financial impacts on the Council of a no-deal EU exit. In the short term there are likely to be increases in prices driven by customs delays and tariffs, and extra costs in certifying foodstuffs for export. COSLA estimate that food prices will increase by 10%. Longer term, as a no-deal is expected to impact most on the poorest, this is likely to result in an increased demand for Council services. A fall in GDP and extra Government borrowing is likely to put further pressure on public finances and result in greater cuts to Council budgets. The Scottish Government have provided funding to date of £50,000.

Human Resources

- 4.2 There are relatively few EU citizens working for North Ayrshire and the direct impact on the Council is likely to be limited

Legal

- 4.3 In the short term most of our legislation will remain aligned to European law, and in the longer term any trade deal may rely on this. However, there are concerns that a number of derogations required to enable UK companies to continue to operate in Europe are not yet in place.

Equality/Socio-economic

- 4.4 A key issue is whether the UK remain signatories to the European Convention on Human Rights, and if not, what will replace it.

Environmental and Sustainability

- 4.5 Much of our environmental legislation comes from Europe. In the short term this will continue, but the longer-term impact is more uncertain. In particular, the United States has a very different approach to the precautionary principle, whether to genetically modified foodstuffs or the environment, and is likely to seek concessions as part of trade deal negotiations

Key Priorities

- 4.6 A no-deal Brexit is likely to result in increased demand, less funding and higher borrowing costs, all of which will have a detrimental impact on the Council's key priorities.

Community Wealth Building

- 4.7 In the short term there is unlikely to be any impact. In the longer term it could be argued that if the UK no longer has to comply with EU procurement and State Aid rules, then it will be easier to support local procurement. However, any future trade deal with the EU is likely to depend on similar rules being in place. Likewise, a trade deal with the United States is likely to be based on greater free market principles which are unlikely to support community wealth building

5. Consultation

- 5.1 Appendix 1 has been prepared in consultation with officers from all services, has regard to the Scottish Government's planning assumptions, information from COSLA and other sources.

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For further information please contact Andrew Fraser, **Head of Democratic Services**, on **01294 324125**.

Background Papers

- 1- Appendix 1- Summary of Potential Risks and Actions
- 2- Appendix 2 -Summary of External Organisation Views

No Deal EU Exit - Summary of External Organisation Views

Updated v1.0 14-08-19

Organisation/Report	Publication Date	Main Economic Impact
Office for Budget Responsibility (OBR) – Fiscal Risks Report https://obr.uk/fiscal-risks-report-2019/	July 2019	<p>Heightened uncertainty and declining confidence deter investment, while higher trade barriers with the EU weigh on exports. Together, these push the economy into recession, with asset prices and the pound falling sharply. Real GDP falls by 2 per cent by the end of 2020 and is 4 per cent below our March forecast by that point. Higher trade barriers also slow growth in potential productivity, while lower net inward migration reduces labour force growth, so potential output is lower than the baseline throughout the scenario (and beyond). The imposition of tariffs and the sterling depreciation raise inflation and squeeze real household incomes, but the Monetary Policy Committee is able to cut Bank Rate to support demand, helping to bring output back towards potential and inflation back towards target.</p> <p>Borrowing is around £30 billion a year higher than our March forecast from 2020-21 onwards. Lower receipts – in particular income tax and NICs (due to the recession) and capital taxes (due to weaker asset prices) – explain most of the deterioration. These are partly offset by lower debt interest spending (thanks to lower interest rates and RPI inflation) and the revenue raised customs duties (which are treated as EU rather than UK taxes in the baseline). Higher borrowing and the assumed rollover of Term Funding Scheme loans leave public sector net debt around 12 per cent of GDP higher than our March forecast by 2023-24.</p>
CBI – What comes next? The business analysis of no deal preparations https://www.cbi.org.uk/articles/what-comes-next-the-business-analysis-of-no-deal/	July 2019	<p>The CBI has analysed the no deal preparations of the UK, the EU and businesses in 27 key areas of the economy and we have concluded that – despite existing mitigations – disruption is likely in 24 of those areas immediately after no deal. At the moment, this analysis shows there are no areas of relevance to the economy where the UK, the EU and the business community are all prepared well enough for no deal. In all 27 areas analysed, negative impacts are anticipated in either the short- or long-term.</p> <p>Should no deal occur, the short-term shock will be severe. Queues at the UK border are inevitable, with the warnings of major supermarkets making clear the fears for food supply. Thousands of services firms will simply be legally unable to fulfil their obligations to their customers across borders – though many large regulated companies have made the changes they need to in order to mitigate no deal, it is prohibitively expensive for many small firms to do so. Meanwhile, no deal will mean everything from trucks crossing the Irish border to the free flow of data will be mired in legal uncertainty. The IMF estimates that, in the long-term, no deal could knock 8% off the level of UK GDP compared to remaining in the EU. Trade barriers will become permanent, removing a key to the UK's attractiveness as a place to create jobs. These barriers will make queues at borders a regular occurrence and risk fragmentation of the UK's leading services sectors – from broadcasting to legal practices.</p>

Institute for Government – Preparing Brexit: No Deal
<https://www.instituteforgovernment.org.uk/publications/preparing-brexit-no-deal>

Before a no-deal exit

The whole of government must shift onto a no-deal footing: if the new prime minister believes there is a serious prospect that the UK will leave the EU on 31 October, he will need to kick-start the government’s no-deal preparations immediately – moving thousands of civil servants into operational centres and starting extensive communications to business. In some areas the civil service has used the extension for further preparations, but in other areas preparations must be reinstated. Ministers, new in post, must resist the temptation to rip up existing no deal plans and policies unless vital to improve readiness.

Peak readiness may have been and gone: the PM cannot assume the UK – and UK business – is ready for no deal. Indeed, it may be less ready for no deal in October than it was in March. Many businesses may find it harder to prepare again (such as building up stocks), particularly in the run up to Christmas. Other businesses, who saw their competitors waste money in March, may decide it is not worth incurring further costs, for a prospect the new PM himself has described as “a million-to-one against”.

Key Brexit bills are not needed for October 31: the prime minister does not need to complete the passage of the Brexit bills currently stuck in Parliament in order to leave without a deal. These can be brought back after 31 October. The previous prime minister has spent months trying to avoid Parliament, given its attempts to intervene and the government’s tiny majority. The new prime minister, facing more activists on the backbenchers, can do the same with this legislation. But it means key policy areas will have EU law frozen into UK law and the government will have very limited powers to make changes.

New legislation will be needed to introduce direct rule in Northern Ireland: Johnson cannot avoid legislating entirely. Given the scale and the speed of the interventions likely to be necessary, the government should bring in legislation to introduce direct rule in Northern Ireland with immediate effect from 31 October if the Executive has not been restored. This will be extremely contentious, but without it Northern Ireland will be left even more exposed to the economic shocks of a no-deal Brexit than it is currently. That would itself raise the risk of all political backlash.

An emergency Budget may be needed: the prime minister may also wish to hold an emergency Budget. If this is done in September it will need to be voted on before the UK leaves. The earlier it is held, the more potential there is for supporting and incentivising business to prepare, but any action before 31 October leaves the PM open to more parliamentary pressure.

Immediately following a no-deal exit

No deal is a step into the unknown: the prime minister’s second 100 days will even more unpredictable than his first. There can be little certainty about exactly how no deal will play out.

There is no such thing as ‘managed no deal’: it is unlikely that the EU will agree to negotiate a ‘managed no deal’, or any ‘side deals’, to soften the impact. It has continually ruled this out. The EU will take unilateral measures. But those will be aimed at cushioning

		<p>the impact on EU, not UK, citizens and will last for as long as the EU decides they are necessary.</p> <p>It will be much harder and more complex to strike a deal with the EU: a quick deal with the EU, even one identical to the current deal, will not be possible once the UK has left. This is because the EU will no longer be negotiating under Article 50. Negotiations with ‘third countries’ take place on a different legal basis with a more complicated process and ratification requirements – which is likely to involve ratification in all 27 member state parliaments.</p> <p>No deal means losing deals with many other non-EU countries: the UK will immediately lose access to a large number of important trade and co-operation agreements with other non-EU countries. It will take time to reinstate these, and in some cases countries may have little incentive to conclude a deal. Most recently, Canada has said that the UK’s approach to cutting tariffs if there is no deal means it sees little benefit in a UK–Canada deal.</p> <p>A showdown in Parliament cannot be avoided: the PM will not be able to avoid testing his majority in Parliament for long, as he will have to bring forward a Queens Speech, a Budget and, in time, new bills.</p> <p>In the months following a no-deal exit</p> <p>Brexit will dominate Whitehall: Brexit is likely to preoccupy the work of the civil service for years to come. There will be at least 16,000 officials working on it by the autumn, and that number could still increase.</p> <p>The government will have to support struggling and failing businesses: rather than ‘turbo-charging’ the economy, as Johnson has suggested, the government is more likely to be occupied with providing money and support to businesses and industries that have not prepared or are worst affected by a no-deal Brexit – as well as dealing with UK citizens in the EU, and EU citizens here, who have been similarly caught out.</p> <p>The Union will come under unprecedented pressure: Johnson may well find that having left one political union, he spends an increasing proportion of his time trying to keep another together. All nations will look to Westminster to help cushion them against any economic fallout from no deal. Northern Ireland, in particular, will face significant and lasting disruption to its economy and there is a potential for that to translate into increased political tension, particularly if direct rule has been reimposed. In Scotland, a no-deal exit will increase pressure to grant a second independence referendum as relations between Westminster and Holyrood deteriorate. Although the political fallout in Wales will be less acute, farming and manufacturing are both at risk.</p>

No Deal EU- Exit- Summary of Potential Risks effecting Local Authorities

Impacts on North Ayrshire Updated v2.6 2-9-19

Note- this document examines the potential reasonable worst-case scenario, having regard to Scottish Government No-Deal planning assumptions issued on 15 August 2019

Number	Risk Area	Description	Key Risk Considerations	Potential Impacts on North Ayrshire	Risk to North Ayrshire Likelihood (1-5) x Impact (1-5)	Short Term Actions/Current Control Measures	Medium/Long Term Mitigation Actions
1	Economy and Growth	<p>Economy & Growth- Risk of the UK economy going into recession due to:-</p> <ul style="list-style-type: none"> a) Continuing uncertainty further delays investment b) Trade barriers and tariffs with EU and under WTO rules (best guess 2-4%) c) port delays- see risk 3 d) higher import costs due to the fall in the pound e) most goods the UK sells have international supply chains linked to the EU- see risk 3 f) lack of business investment due to uncertainty Until final trade deals are negotiated this will continue loss of key personnel and higher costs to recruit, etc g) Fall in sterling's value <p>Analysis from the Bank of England, the UK Government's Office of Budget Responsibility, Scotland's Chief Economic Advisor, the Institute of Government, the Fraser of Allander Institute and the CBI all suggests that regardless of underlying assumptions a no-deal will have a detrimental impact on short- and long-term GDP, economic growth, investment and productivity, unemployment, exchange rates and house prices. Bank of England worst case stress test of a no-deal showed 8% reduction in GDP, 1 million extra unemployed (i.e 7.5% unemployed) and 16% reduction in house prices.</p> <p>In July 2019 The Office for Budget Responsibility (OBR) forecast that real GDP would fall by 2% by December 2020 and be 4% below the March 2019 forecast, and that borrowing would be almost £60bn if the UK leaves without a deal - up from £29.3bn if it does get a deal. IMF estimates that in year 1 and 2 of a no-deal there would be a reduction in UK GDP of 1.4% and 0.8% and in the long term, no-deal could knock 8% off the level of UK GDP compared to remaining in the EU.</p>	<ul style="list-style-type: none"> • Business failure- higher unemployment, reduced hours • Fraser of Allander Institute (FAI) estimate 18% of Scottish exports go to EU + this trade most at risk. • Also risk for businesses in supply chains for exporters. • FAI show top 5 EU exporting sectors are: <ul style="list-style-type: none"> ○ Refined petroleum, coke + chemical products. ○ Food + Beverages ○ Professional, scientific + technical activities ○ Wholesale, retail + vehicle repair ○ Computer, electronic + optical products. • Potentially big reduction in jobs – 130,000 FAI estimate at the same time as a big loss of EU workers – max of c140,000, in unlikely scenario where all go. While these roughly cancel each other out many jobs where EU labour might be lost not concentrated in export sectors (e.g. 23,000 employees (15% of workforce) in tourism and 16,000 (4% of workforce) in health + social care. The big danger is of rising redundancies plus rising labour shortages (FAI) • The sectors that appear most vulnerable include agriculture, food and drink, fishing, chemicals, construction, transport, life sciences and other manufacturing sectors. Impacts are likely to be felt quickly. • In primary producing sub-sectors, e.g. meat (particularly lamb) and seafood, tariffs (EU average tariffs between 50% and 100% for the former and between 2% and 20% for the latter) threaten the competitiveness of Scottish produce. The viability of some of the trade itself may be endangered, given the requirement to get fresh produce to market quickly to maximise its value. • Banks review lending to impacted sectors resulting in increased borrowing costs • Greater need to support local businesses 	<p>It is estimated that exports to the EU support 2,600 jobs in North Ayrshire. NAC is more exposed on jobs side than on labour supply, particularly taking into account our relatively low employment rates. (FAI)</p> <ul style="list-style-type: none"> • North Ayrshire does not have as resilient a business base, compared to the cities. • North Ayrshire has 15-19% of its workforce in sectors most exposed • Vulnerability of businesses to increased costs may result in business failure- impacts on business support required. On average manufacturing firms are four times more exposed to impacts from a no deal Brexit. Farming is also exposed. • Due to lack of investment there is a reduction in the productivity of business and industry in North Ayrshire-- impacts on business support required • Greater unemployment/ fall in disposable income- impacts on employability while increasing deprivation has widespread impacts -know from previous recession that NA takes longer to recover and this impacts on demand for Council services 	<p>Short- 4x5=20</p> <p>Long 4x5=20</p>	<ul style="list-style-type: none"> • Working with CoSLA, Government and agencies to improve understanding of issues and preparatory work required. • Business and procurement teams collaborating to increase local suppliers' awareness of procurement opportunities, and their ability to engage. • Scottish Government have launched a 'Prepare for Brexit' website. A £4k grant for registered businesses is also launched. An updated Comms pack for advisers has been circulated. • Engaging North Ayrshire businesses with SE, HIE and Business Gateway for Brexit preparedness. • Working with Ayrshire Chambers to promote Brexit related information to local and regional business base- Chamber of Commerce has a website • SDI workshop for Business team advisers to increase skills and knowledge to enable them to assist local business with action planning • Planning for increased demand for Business Support, both in terms of advice from ourselves and partner organisations (specifically the Chamber of Commerce who specialise in international trade) and also in terms of need for funding support as businesses implement new operations/employ more people as they adapt to new trade processes/regulations • Ernst & Young "Sectoral Impact Analysis and Brexit Readiness Assessment" published January 2019 describes the Scottish Business 	<ul style="list-style-type: none"> • Ayrshire Growth Deal and regional skills programme give priority to inclusive growth and to developing skills in the region. • 'Economic Strategy for North Ayrshire' and 'Fair for All' identify skills development as a key component of the strategy to secure inclusive economic growth in North Ayrshire. • Strong commitment to 'Team North Ayrshire' connection with business, regional and strategic partners, and key decision makers. • Investigating potential development of export partnership in Ayrshire and consideration of export hub. • Investing in North Ayrshire Employability and Skills programmes and increasing support for Modern Apprenticeships. • Development of new Ayrshire Regional Partnership and Regional Economic Strategy • Scottish Govt have given £500k to Fairshare who are using it to gather information on foodbank arrangements across

			<ul style="list-style-type: none"> • Fall in disposable income • Greater demand on public sector- e.g. foodbanks • Less funding for public services • Reducing growth triggers actuarial revaluation of public sector pension schemes • Loss in demand for local businesses • Low income groups likely to be disproportionately impacted by price rises in utilities and services • Slowdown in the housing market • Risk to predicted levels of private sector investment and economic outputs of AGD • 	<ul style="list-style-type: none"> • Greater demand on public sector- e.g. social care, foodbanks • Less funding for public services from Government/continuation of austerity • Reducing growth triggers actuarial revaluation of public sector pension schemes and further cuts need to be found to pay for this • In the Aerospace industry in particular there are concerns around whether existing licenses and accreditations will still be recognised by European customers post-Brexit, impacting on their order pipeline. • Similar issues will impact on the Chemical and life science sector and with a number of major employers in the area there could be significant impact. • Scottish Enterprise have also identified manufacturing companies are at risk of being most affected – NA has a higher proportion of manufacturing companies. <p>Likely if there is a no-deal that short-term measures will be announced by UK and Scottish Governments to support business</p> <p>It will become increasingly hard to attract investment into North Ayrshire</p>		<p>sector's key challenges and preparedness for Brexit.</p> <ul style="list-style-type: none"> • The local NFU communicate with their members on Brexit, from roadshows to social media and on their website. www.nfus.org.uk . Trading Standards have offered support to NFU. • To check if framework agreement for business support is sufficient to bring in additional support if additional funds are paid. • July 2019 CBI publish 'What comes next? The business analysis of no deal preparations' containing over 200 recommended steps to mitigate the impact. Its conclusion is "there is no such thing as a no deal without negative consequences for jobs and growth" <p>Database maintained by Business Team with detail of Brexit issues, impacts and comments raised by North Ayrshire business and industry, to inform Council engagement with influential stakeholders and decision makers. Good range of business and sectors included.</p> <ul style="list-style-type: none"> • Prepare to re-align employability funds towards redundancy support/re-training initiatives. Explore possibility of quick procurement procedures to increase capacity quickly. 	<p>Scotland. Scottish Government's future model to support foodbanks will be informed by this analysis Connected Communities are in contact.</p> <ul style="list-style-type: none"> • The Scottish Affairs Committee has launched an inquiry around the future of Scottish agriculture post-Brexit. • An increasing focus on community wealth building should in theory make local businesses more resilient to national and global swings • Brexit webpage to be developed for the Council • Lobbying of UK and Scottish Government to attract greater support to help maintain the local economy • In situations of emerging labour shortages, opportunity to improve by, upskilling + re-skilling, position of under-employed, poorly paid employees and priority groups -via the hub model we are committed to the upskilling of our supply chain and their staff via the "Skills Academy" and "Supply chain institute" initiatives. •
2	Finance and Higher Costs	<p>Inflation and cost of living Risk-including</p> <ul style="list-style-type: none"> • increase in costs of goods- Draft Public Sector Food Plan July 2019 estimates 10% increases in local government sector • depreciation in the value of the pound results in higher inflation. • Possible interest rate increases to control inflation will further hurt economic growth. • Finance Risks-Increased cost of borrowing through higher interest rates and the liquidity of Money Market Funds (MMF) • -Cross border EU financial trading will be disrupted • - Impact on pension scheme returns and valuations 	<ul style="list-style-type: none"> • If is a no-deal will have to be a new budget which will trigger a new Scottish budget. • UK Government has given a commitment to fund any additional local authority costs stemming from Brexit- Scottish Government have given no such commitment. • In 18/19 none of the £33m extra given to the Scottish Government was passed on to local authorities. Of the 19/20 £50m allocation by UK Government allocated 		<p>4 x 3 = 1 2</p>	<ul style="list-style-type: none"> • Working with CoSLA, Government and agencies to improve understanding of issues and preparatory work required. • Check contracts with key suppliers • In liaison with financial advisers to keep a close watch on markets and Council funding requirements. • Check where our money is held and how quickly it might need to accessed. 	

		<ul style="list-style-type: none"> Extra UK Government monies to local authorities are not passed on by the Scottish Government -Current Scottish Government budget based on a deal Contracts- currency fluctuation clauses and price escalation clauses linked to the rate of inflation could result in cost increases Impact of higher costs greatest on low income households with household incomes squeezed OBR estimate that higher borrowing and roll-over of term funding scheme loans will leave public sector debt 12% higher than the March 2019 forecast by 2023/24 Overall- likely to be further cuts to local government budgets at a time of increased demand <p>it is estimated that food inflation in the UK could increase drastically as a result of the UK departure from the European Union. As part of the public sector food plan COSLA are currently anticipating around 10% food inflation will result. The new departure deadline of 31st of October 2019 brings various additional challenges including the fact that the cost of living is generally higher from November to January and an increase in consumer prices could pull more people into household food poverty and could therefore increase the demand on the public food sector, for example greater uptake of school meals. Availability of fresh produce, which cannot be stockpiled, could also push food prices higher. Scotland Excel is also monitoring this and will be keeping councils updated on any changes.</p>	<ul style="list-style-type: none"> to local authorities, only £1.6m has been agreed (£50k per authority) If there is a deal then the unlocking of UK Government reserves held for Brexit could boost the economy. Likelihood of more attempts to renegotiate contracts The tendering process for a number of Scotland Excel framework agreements is likely to span the Brexit process. Higher costs and higher wage demands at a time of further reduced funding- More cuts needed to fund this at a time of increasing demand. Particular sectors are considered later Costs likely to increase more in remoter areas- cost of living already 33% higher in such areas giving a risk of depopulation. <p>Concern that lack of a EU negotiated copyright agreement will impact on libraries and public access to £10,000s worth of ebooks, digital magazines, software licences, online reference resources, CDs, DVDs and music streaming services.</p> <p>A further increase in demand for assistance via the Scottish Welfare Fund (SWF) is also likely, and COSLA is engaging with Scottish Government around existing pressures on the SWF budgets and local authority concerns over expectations that the SWF will also support those impacted by Brexit (without additional resource being committed).</p>			<ul style="list-style-type: none"> COSLA negotiating with Scottish government over funding required for extra local authority costs of a no deal exit Audit Scotland have produced Guidance for auditors with examples of the action that audited bodies may have taken to prepare for EU withdrawal. Auditors should use this as a framework to assess what audited bodies have done, to help inform an overall judgement on how well the audited body had prepared for EU withdrawal. Scottish Government made £50k available per local authority for Brexit in July 2019 On 1/8/19 UK Government announced a further £2.1bn to prepare for no deal. Funding will accelerate preparations at the border, support business readiness and ensure the supply of critical medicines.” The key elements are <ul style="list-style-type: none"> a) £1.1 billion being provided to departments and the devolved administrations immediately to prepare critical areas for EU exit on 31 October. Barnett will apply in the usual way to all new funding given to UK government departments in devolved areas. b) A further £1 billion available to enhance operational preparedness this year if needed. Departments will be invited to submit bids to the Treasury if they require additional funding. The devolved administrations can bid for access to the £1 billion unallocated pot where they face disproportionate pressures compared to England, as they can with the existing reserve. 	
3	Supply Chain Delays/General Procurement	<ul style="list-style-type: none"> UK/EU Customs controls- Ports expected to operate at 15% capacity, resulting in significant reduction in the flow of goods over a 3-6 month period Supply chains are very complex, (eg where do raw materials come from) Even Government does not have a full overview of vast, competitive and complex supply chains Public panic results in shortages- e.g there is no fuel risk but unless the public know this they may attempt to stockpile. 	<ul style="list-style-type: none"> Significant delays and impact on lead times- travel delays are likely for a 3-6 month period, Lack of products available, price increases. UK registered hauliers may lose market access to the EU if UK contingency measures prove inadequate 	Increased traffic and congestion at Scottish ports, Cairnryan, Grangemouth, Rosyth, Greenock - resulting in delay to the distribution of goods from these ports to the rest of Scotland. This would have residual consequences for a range of sectors that rely on just-in-time delivery of crucial supplies such as animal feed, food ingredients and water treatment	4 x 4 = 1 6	<ul style="list-style-type: none"> Working with CoSLA, Government and agencies to improve understanding of issues and preparatory work required. Roads impact of lorry traffic on Cairnryan- U Division to link in with colleagues in D Division. Fuel and drinking water purification expected to be low risk 6 month derogations agreed by EU to allow UK hauliers and planes to access EU 	

		<ul style="list-style-type: none">Concerns that while the UK has put derogations in place to ease border delays, these still need to be reciprocated by the EU- the EU may only do so where this benefits thenUK citizens subject to increased immigration checks at EU borders	<ul style="list-style-type: none">Delays in lorry traffic on Holyhead to Dublin will result in lorry trade moving to Cairnryan at very short notice (6 hours) - impact on communities bordering A75, stacking arrangements etc.- HGVs may attempt to avoid stacking by using alternative routes including through Ayrshire and country roadsCurrent concern about insufficient warehousing space to deal with stockpiling, particularly given the Black Friday and Christmas period demand	<p>Increased opportunities for Prestwick airport, Ayr, Troon and Hunterston ports</p> <p>Impact on delivery of major capital projects e.g Ayrshire Growth Deal , new schools etc</p> <ul style="list-style-type: none">The risks re construction could impact development budgets and cause delays in programme completion. Delays could mean we miss out on government grant, which could impact the future of the development programme.		<ul style="list-style-type: none">Corporate Procurement are having discussions with key suppliers to understand their Brexit planning and any potential issues. Procurement have emailed all named contract managers for high value / high risk spend a they review their contracts and have discussions with key suppliers Procurement prepared a questionnaire to ensure these discussions capture the information needed consistently. For complex supply chains key suppliers were asked to cascade this exercise.Generic “no deal” Brexit risk assessments have also been provided by Scotland Excel for all of their category B frameworks. In addition Corporate Procurement has access to category specific risk analysis reports from IBISWorld across more than 400 separate category sub-headings. Each of these contains specific risk analysis around a “no deal” Brexit. This is used to inform current and future procurement strategies. <p>•Scotland Excel are continuing to undertake work</p> <ul style="list-style-type: none">Monitor, particularly in relation to contract prices, number of tenderers and particularly of timescales.<ul style="list-style-type: none">Place Directorate’s Tier 1 Contractors do not import material directly. They are carrying out audits and risk assessments of their key suppliers and collaborating with their supply chain partners over potential Brexit contingency planning arrangements for construction programmes. This could include alternative shipping arrangements or early product delivery to the UK and storage. Where possible they will look to price fix.When hub goes to contract with a participant, they enter into a fixed price lump sum contract. This removes the price fluctuation risk although we are beginning to receive requests for a Brexit relief clause in contracts going forward.We may see some price volatility in the construction market, particularly for larger value projects with a long construction programme. However, it is expected that by the time we get to a price finalisation of a new project the uncertainty will have reduced irrespective of the outcome.	
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						<ul style="list-style-type: none"> The risks re construction could impact development budgets and cause delays in programme completion. Delays could mean we miss out on government grant, which could impact the future of the development programme. Price escalation clauses are in Scotland Excel's Engineering Consultancy, Buildings Related Engineering Consultancy, Domestic Gas Boiler Maintenance and Outdoor Play and Artificial Surfaces and could be exposed to significant price hikes over their framework terms. Scotland Excel have analysed and commented on key risks and steps in place. Business and procurement teams collaborating to increase local suppliers' awareness of procurement opportunities, and their ability to engage. Public messaging important Scottish Government are to issue national messages; their website went live on 6 Feb2019 https://www.mygov.scot/eu-exit , 	
4	Migration of EU workforce back to EU	Workforce Migration Risk; Where EU migrant workers leave to go back to EU and it becomes increasingly difficult to attract new migrant workers- see risk 5	<ul style="list-style-type: none"> All of Scotland's population growth over the next 25 years is projected to come from immigration. At present, 2,000,000 EU nationals work in the UK including 400,000 in the food and drink supply chain. Of those, 30% are employed in manufacturing and another 60,000 are employed in a seasonal basis in agriculture. The percentage of non-UK nationals employed within the adult social care and childcare services in Scotland is 5.6%. Longer term issue of businesses being able to recruit skilled labour In 17/18 143,000 EU nationals were employed in Scotland, albeit Scotland much less dependent on EU workers than most other regions of UK Scottish Government research shows the number of foreign workers in Scotland fell by more than 10% in 2018. There were 198,000 non-UK nationals in employment in 2018 - 21,000 fewer than in the previous year. About 12,000 of those who left the Scottish labour market were EU nationals. Current right to work checks (eg EU passport and/or national ID card) apply until the end of 2020 no change to the right and status of EU citizens living in the UK until 2021. 	<ul style="list-style-type: none"> There are approximately 2000 EU nationals in North Ayrshire. North Ayrshire's population is forecast to decline and any reduction in immigration could have significant effects. In 2017/18, 810 (1.4%) of all those employed in North Ayrshire were from EU (compared to 5.7% in Scotland) NAC employ 38 EU nationals, 14 of which are in the Education sector- 0.4% of workforce. Tourism and Arran hospitality sector rely heavily on EU workers. The HSCP commission social care services from independent and third sector providers who will employ EU nationals, there is a risk of commissioned providers not retaining the workforce and the HSCP becoming the provider of last resort. Resilience advice is that Local Authority economic development services should utilise systems to maximise contact with companies operating locally to promote the EU Settlement Scheme. 	Risk re NAC employees 2x1=2 Risk re knock-on from NHS/Care etc 3x3=9 Risk long term 3x4=12	<ul style="list-style-type: none"> Each Directorate is responsible for workforce planning and where relevant will consider and address impact. Hosted pan Ayrshire event with Scottish Government and CoSLA for EU migrants, stressing the value placed by government Ministers and Ayrshire Council Leaders on migrant contribution to local and regional economy. Engaging in pan Ayrshire approach to raising awareness of EU Settled Status Scheme and supporting EU migrants who wish to continue to work in UK. Close working with commissioned providers through contract management and engagement process Libraries have registered with We Are Digital (Govt supplier) to provide assisted on-line support for Settled Status applications. To start in Sept Comms to look to advertise Libraries service and at the same time make clear the value of EU nationals to our economy. Applicants for settled status can take docs to 83 sites across the UK and scan documents directly. Locations nearest to KA12 8EE (Cunninghame House Post Code) are Kilmaronock Burns Monument Centre, Cumnock Registrars and Helensburgh and 	<ul style="list-style-type: none"> Supported SG commissioned research with EU migrants to identify key needs and aspirations re future migration policy (Arran workshop). Promote social care as a career of choice, both internally and together with commissioned service providers Libraries to support EU nationals to complete applications for Settled Status

			<ul style="list-style-type: none">• Irish nationals do not need to apply• Figures from the Department for Work and Pensions in March 2019 show the number of overseas workers registering for a national insurance number in Scotland has fallen by 18% since 2015.• Issue of any looked-after children who are EU nationals	<ul style="list-style-type: none">• Issue of supporting vulnerable people to apply and if we have any looked after children who need to apply• Delivery of construction related capital projects		<p>Lomond Civic Centre. If using the service applicants need to check the actual details to see what services the LA is providing, some are charging for the service and the typical fee is £14. Libraries to investigate provision of this service in North Ayrshire</p> <ul style="list-style-type: none">• LA suggested actions - signpost residents to GOV.UK content and encourage them to sign up to email updates<https://gov.smartwebportal.co.uk/homeoffice/public/webform.asp?id=67&id2=627DF7>. Use community leader and local authority toolkit<https://www.gov.uk/government/publications/eu-settlement-scheme-community-leaders-toolkit> to update EU employees. Take part in telephone focus groups on the local authority tool kit and engagement strategy by emailing EUSettlementscheme@homeoffice.gsi.gov.uk<mailto:EUSettlementscheme@homeoffice.gsi.gov.uk>• Looked after children - Guidance was provided on 30th March for looked after Children review records to identify those in scope. Sign up to host an Identify• Joint Ayrshire approach being taken to provision of additional specialist support with EU Settlement Scheme applications for vulnerable individuals and communities (Home Office funded). COSLA are working in partnership with the Organisation for Migration and have an IOM officer embedded to provide specialist support via local authorities. Staff across Ayrshire, whose Services support vulnerable children, adults and young people, are invited to meet with IOM and CoSLA in the Council Chamber at Cunninghame House in Irvine, from 10:00 to 12:00 on Tuesday 20th August, to discuss the best way to use this specialist support in Ayrshire.• The Scottish Government '<u>Stay in Scotland</u>' campaign and toolkit provides a package of support to help EU citizen stay. SG has printed leaflets and posters, Scottish Government are also funding CAS (who don't operate in North Ayrshire) to provide <u>an advice service for EU citizens</u> who live in Scotland.• SG Minister Ben McPherson came to (Ayr Town Hall on evening of 21 August) to speak with non UK-EU citizens, and to Arran on 21st daytime to engage with Arran businesses.	
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						<ul style="list-style-type: none"> 15 August- 1million out of 3.2million EU nationals living in the UK have applied for settled status. The deadline for applications is currently 31 Dec 2019 	
5	Skills shortages in key areas	<ul style="list-style-type: none"> Particular areas at risk include: - Maintenance and cleaning services Tourism/hospitality Social care Food Processing Agricultural sector Construction sector Education ancillary staff Early years staff Public health vets To recruit EU workers will be the same procedure as recruiting workers from elsewhere in the world. Particular issues are the costs involved in applying for a visa, both for those applying and employers (for 5 year visa £3220 per person(ie £13k for a family of 4) and £5199 for business), and the proposed threshold of income precludes lower paid roles Shortage of entry level workers Fall in value of sterling makes the UK an unattractive option for workers who send money home 	<ul style="list-style-type: none"> Proposed UK government scheme does not currently make provision for low skilled labour immigration. Businesses will require to obtain a Sponsor Licence for EU workers, the application process for which is administratively burdensome and requires a set of prescriptive documents to demonstrate that the business is genuinely trading and that it has a genuine vacancy that cannot be filled by a settled worker. Cost is £199, plus £1000 per annum Sponsor compliance is hugely time consuming. Sectors most affected include hospitality, agriculture, timber harvesting, security industry, contractors on the Energy Efficiency Contractors framework, food and drink, financial services, life sciences and creative sectors. May exacerbate existing skills shortages in the construction industry- EU nationals comprise 10% of the construction of buildings sector London construction heavily reliant on EU workers- their departure could result in higher wages drawing workers into London, leaving shortages elsewhere. Likely that the legislative demands of a no-deal will result in delays to the remaining legislative programme of the UK and Scottish Governments 	<ul style="list-style-type: none"> Proposed Tier 2 immigration rules aim to and have a required salary of £30,000 (level currently under review). UK Govt are potentially looking at introducing a seasonal agricultural worker scheme. A small scale pilot will run in 2019 Uncertainty over transitional arrangements and harder policies for dependants may make it harder to fill key vacancies. Potential workforce planning issues, not just losing staff but increased work- teachers, EH or TS Officers or social care. Providers in care home sector may face recruitment difficulties, driving up salaries in an area where there are already shortages. Council would need a Sponsor Licence if recruiting EU nationals, the procedures for which are bureaucratic and burdensome. Impacts on Prestwick- 50% of those employed in Ryanair maintenance hanger are from EU and currently air traffic controllers with EU licences would not be able to land planes 	3x3=9	<ul style="list-style-type: none"> Support for business as mentioned in preceding paragraphs. Council/ Comms messages about valuing EU nationals working in our area All services considered critical have contingency plans in place Roundtable event on Arran on 21st August engaging Scottish Government Minister and island businesses on the impact on the island's labourforce. Some businesses, particularly in hospitality and tourism sectors, are already experiencing shortage in critical elements of their labour force, and facing difficulties securing replacement. 	<ul style="list-style-type: none"> Wage inflation and greater difficulty in recruiting to be kept under review Employability support, regional skills investment plan will be developed as part of new Ayrshire Regional Partnership
6		Inward Migration- UK nationals in the EU return	<ul style="list-style-type: none"> Generally thought low risk Government Planning Assumptions assumes that UK nationals would lose their EU citizenship, removing rights to residency and essential services including non-emergency healthcare, and will become third country nationals. There may be an influx of vulnerable expats who create significant pressure on Council services, H&SC partnerships and RSLs. Government Planning Assumptions for Scotland are, this number could be around 17,300, or around 7% of the total, of which around 3,300, would arrive in 	<p>Potential pressures on housing and primary and social care</p> <p>European Commission has published a proposed regulation that would commit EU member states to continue honouring coordination rules as a temporary measure in the event of a no deal. This is a substantial step forward and means that social security entitlements will be maintained even in the event of no deal. This should also help mitigate the risk of UK nationals returning to the UK - a key motivation for this would've been loss of financial support in the form of benefits and pensions.</p>	2 x 2 = 4	<ul style="list-style-type: none"> Working with CoSLA, Government and agencies to improve understanding of issues and preparatory work required. Issues could be similar to those facing other resettlement groups Contact Centre staff to be briefed on what to do should anyone get in touch EU will continue to provide emergency life-saving treatment to UK nationals EU will continue to pay the pensions it currently pays to UK nationals living in the UK 	

			the first 12 weeks following the UK leaving the EU, of which: 210 children (6%), 1,960 working age (56%) and 1,130 Pensioners (38%). It is likely that those in most acute need would return first. Recent EU actions have lowered this risk.				
7	Devolution/subsidiarity Risk	<ul style="list-style-type: none"> Devolution/subsidiarity Risk- Powers returned are not repatriated to Scotland or the Scottish Government do not delegate them to local authorities. Danger that Governments are so focussed on the political and reputational aspects of Brexit that they decline to share planning with each other or with local authorities 	The Committee of the Regions has agreed to launch a joint committee with the UK, to continue sub-national dialogue and cooperation. This will involve COSLA		3x2=6		<ul style="list-style-type: none"> COSLA has identified 64 returning powers of interest to local government Scottish Government has committed to better sharing of its planning with resilience partners The UK Government has reached an agreement in principle with the four UK local authority associations (including COSLA) about consultative arrangements for repatriated powers at a UK level. On the back of this the Cabinet Secretary for Communities and Local Government has given the Scottish Government's agreement in principle to put in place consultative arrangements for Scotland
8	Trade Deal Risks	<p>Trade deal risks-</p> <ul style="list-style-type: none"> After a no-deal, it will be harder to negotiate any deal with the EU as it is no longer negotiating under Article 50. This may involve ratification by all 27 EU states Many trade deals with non EU countries are negotiated with the EU and a no-deal will also terminate such deals. Ability of UK to negotiate satisfactory trade deals- size matters and unlikely to be able to negotiate anything better than the EU. Capacity of UK Government to negotiate so many trade deals. Post Brexit economic vulnerability of UK is not a good negotiating position to start from. The weakness of the UK's negotiating position may result in a trade deal which a) opens up areas of the public sector such as health to competition from US companies; b) weakens the precautionary principle resulting in lowering of standards (e.g food) and environmental impacts, (c) differs from EU regulatory standards making trade with the EU more difficult and d) gives US companies to sue national governments for policy decisions which cause them loss, discouraging social policy 	<ul style="list-style-type: none"> Risks of high tariffs prior to deals, impact on exports and prices, and in the longer term poor trade deals result in impacts on economic growth and lack of investment. The threat of such action by global multinationals has often been enough to discourage governments from taking innovative social measures. For example, minimum pricing of alcohol might have been an obvious target had such rules been in place 		4x5=20		<ul style="list-style-type: none"> Keep a watch on developments

9	Human Rights	Human Rights- will the UK pull out of the European Convention on Human Rights?	ECHR has over the last 20 years been increasingly the means by which fundamental rights, particularly those of minorities are protected.		2x4=8	EU laws will remain in place in the short and medium term	<ul style="list-style-type: none"> Keep a watch on developments
10	Health and Social Care	Particular risks include:- Interdependencies of actions taken by different public sector partners, particularly regarding acute and social care Workforce gaps, food supplies and medicines issues Supplies of medicine and medical supplies impacted by reduced flow rate across the Channel	<ul style="list-style-type: none"> Concern over effects of substitute medicines on the elderly. Loss of key staff in the NHS may lead to non-essential operations being delayed, poorer health and an increased burden on social care. Equally workforce shortages in social care may have an impact onto hospitals 	<ul style="list-style-type: none"> Actions of NHS , such as delaying non-essential operations may increase the burden on social care. Glasgow Equal Pay payout shortly after Brexit will result in a large number of retirements in the social care, exacerbating the skills shortage. Glasgow demand could raise wages and see loss of Ayrshire social care staff. 	3x4=12	<ul style="list-style-type: none"> UK Government requested pharmaceutical companies to ensure they have a 6 week supply of medicines, organising alternative transport channels away from Dover and possibly, supplementary warehousing space- expectation is the same will happen at the end of August 2019. Current SG assumption is that NHS medicine stockpiles should last 6 weeks and they will buy more regularly- albeit some items have limited shelf life- biggest concern is radionuclides which are used in diagnostics. Blood supplies are sourced in Scotland although some chemicals required to turn it into platelets come from the EU. <ul style="list-style-type: none"> An Ayrshire pharmacies group is being set up by the NHS. NHS Ayrshire are obtaining information on those who require specific foods, such as milk as medicine. SG has provided funding to Scottish Care to cover the costs of a coordinator with a specific focus on ensuring adequate supplies of medical devices and clinical consumables. 	
11	Data Risks	Government Planning Assumption is that EU will not have made a data protection adequacy agreement with UK before exit and as part of this law enforcement data and security and information sharing systems may be impacted Risk that personal data flows between the EU and UK will cease and information currently in EU (including that stored on EU based cloud providers) will not be returned	<ul style="list-style-type: none"> Potential disruption in flow of personal data. 		4x2+8	<ul style="list-style-type: none"> On 12 February 2019, the European Data Protection Board (EDPB) published an information note clarifying the steps that businesses should take to ensure the continued sharing of personal data with UK recipients in the event of a no-deal Brexit. https://edpb.europa.eu/sites/edpb/files/files/file1/edpb-2019-02-12-infonote-nodeal-brexite-en.pdf UK Govt issued guidance on 11-03-19. https://www.gov.uk/government/publications/accessing-data-from-the-european-economic-area-under-no-deal-brexite/accessing-data-from-the-european-economic-area-eea-under-no-deal-brexite Use of Standard Contract Clauses may help in some circumstances. 	

						<ul style="list-style-type: none"> All NAC corporate IT systems are held on UK based cloud and the only Directorate one with EU cloud storage identified is CBUK who supply Education. They are not proposing changes until there is further political clarity 	
12	Food Security	<p>Food- the EU accounts for 30% of UK imports and 70% of fruit and veg, particularly in the winter months- issues include a) delays due to border controls, b) loss of labour, c) even for UK produced food, the complexity of supply chains mean they are often dependent on EU goods, d) Disruption to the food supply chain increases food safety risks Danger is that vulnerable communities and groups are particularly impacted. Increasing cost- Draft Public Sector Food Plan July 2019 estimates 10% increases in local government sector</p> <p>Government Planning Assumption is there will not be an overall shortage of food but there will be a reduction in choice and certain types of fresh food will be unavailable leading to price increases.</p> <p>A reduction in choice, particularly in perishable products may be more marked the further north the end of the distribution chain</p>	<ul style="list-style-type: none"> 400,000 EU workers are employed in the food and drink supply chain. Of those, 30% are employed in manufacturing and another 60,000 are employed in a seasonal basis in agriculture. A no deal Brexit would also likely push up the cost of fruit, vegetables, meat and dairy products as fresh products would not be able to be stockpiled like packets or tins. At present, the UK only produces about 25% of the fruit and vegetables consumed and on the whole only produces 60% of what it needs to feed itself, compared with 74% 30 years ago. We import substantially more fresh produce in the winter. Current estimates are that food price rises will be between 5-20% depending on the product 	<ul style="list-style-type: none"> Food prices have already been going up as a result of Brexit Question of whether might need to amend school nutrition standards Risk that manufacturers will provide all supply to retail creating a shortage in public sector. Both DEFRA and the Scottish Government advise this is being looked at, but no real answer was given 	4x3=12	<ul style="list-style-type: none"> Scotland Excel have analysed and commented on key risks and steps in place. Brakes have confirmed high levels of confidence in ability to continue supply. They have also done work to identify 10 high risk, 107 medium risk and 411 low risk items. Noting up to 4 day delay as reasonable worst case scenario. Major suppliers, including Brakes are concerned about the availability of storage across Scotland after 31 Oct, due to the run-up to Black Friday/Christmas causing a reduction in available storage. Scottish Government have given £0.5m to Fairshare for foodbanks. NA Foodbanks is a member of Fairshare. NHS Ayrshire are obtaining information on those who require specific foods, such as milk and medicine Scotland Excel have produced the following documents:- <ul style="list-style-type: none"> 1) Suppliers responses to the supply chain questions asked and 2) Scotland Excel Food Framework Brexit Product Analysis – this document provides details of the top 50 products (20 in the case of the fresh meat framework) supplied through the food frameworks by supplier. Details of where the products are sourced, risk factor and any supplier comments are also provided. Scotland Excel estimate there will be a 10% increase in food costs to local authorities UK Food Security Assessment published by DEFRA concludes that in the event of no access to trade UK agriculture has sufficient calorific content to feed the population, albeit with a restricted diet and a dramatic reduction in livestock production to enable all crop production to be used as human food. 	

13	Transport	Transport- increased lead-in times for obtaining required transport and spares, and higher costs	<ul style="list-style-type: none"> For heavy vehicles, heavy plant and grounds maintenance equipment, most of this equipment is manufactured in Europe and we could see significant price increases post Brexit. There is also a large dependence on where hire companies are on their vehicle inventory lifecycles. In terms of fleet, this in an area that Brexit could have significant impact depending on the outcome of any trade deals that are (or not) agreed. Light and commercial vehicles are at high risk. Potential impact for road salt as Cleveland Potash (who supply the Eastern side of Scotland) extract and ship much of their rock salt from their Spanish salt mines. Irish Salt Mines (who supply the Western side of Scotland) should not be affected as they are based in Carrickfergus in Northern Ireland. 	<ul style="list-style-type: none"> Lead time delays in getting spares for heavy vehicles could impact on services (e.g waste collection). Cost increase for vehicle purchase or hire. 	3x3=9	<ul style="list-style-type: none"> Scotland Excel have analysed and commented on key risks and steps in place Need to look at fleet to identify vulnerabilities in terms of parts replacement and future purchase/lease plans 	
14	Fuel	Currently estimated as low risk, other than from panic buying	<ul style="list-style-type: none"> Current assumptions are that neither should be an issue albeit fuel may be impacts from panic buying and in SE England due to traffic congestion. Prestwick airport has 7-10 weeks supply of aviation fule, greater than other airports 		2x1=2	<ul style="list-style-type: none"> Scottish Government to undertake national publicity to minimise panic buying. https://www.mygov.scot/eu-exit/ NAC increasing stocks of fuel Under the Ayrshire Fuel Disruption Plan the Trading Standards Team have the role to monitor general fuel availability if the plan is activated and coordinate with the transport team and others if required. 	
15	Waste Management	<p>Waste – inability or delay in moving waste for disposal in EU and possible price rises.</p> <p>Key issues are general traffic disruption, workforce loss, exchange rate implications, additional gate fees, flow of more waste from England to Scotland and increased likelihood of waste crime</p> <p>If commercial operators fail, as local authorities have a duty to uplift waste, they may need to bail out such failures, resulting in higher costs.</p>	<ul style="list-style-type: none"> With or without a deal, all existing consents which authorise the export of hazardous waste, known as 'notified waste', to any EU country will remain valid when we leave the EU. Companies that export waste from the UK will see no change in the processes that govern the export of 'non-notified waste' ('green-list' wastes) to the EU. However, in the event of no deal, changes to border controls may impact on some waste exports. Disruptions at container ports are not expected, but there may be some delays at ports which operate 'roll-on, roll-off' systems. The Port of Dover is predicted to be the most affected and steps are being taken to minimise the impact. Waste exports using the Eurotunnel may also experience disruptions.' <p>More details can be found at:</p>		2x4=8	<ul style="list-style-type: none"> Scotland Excel have analysed and commented on key risks and steps in place. SEPA are mapping Scottish Landfill capacity and establishing contact with smaller waste management operators. 	

			https://www.gov.uk/government/news/no-deal-eu-exit-government-issues-reminder-to-waste-industry <ul style="list-style-type: none"> Potential impacts include Stockpiling of waste at source, sites or ports and associated environmental/regulatory issues. Increase opportunities for organised crime For the Scotland Excel DPS for Recyclable and Residual Waste, the most concerning impact is regarding refuse derived fuel. The landfill ban comes into force in January 2021 and this means potentially more material going to energy from waste. Capacity, demand and infrastructure is arguably not at a sufficient level in the UK, at least for the moment. Material has increasingly been sent to energy from waste plants in Europe, such as Norway and the Netherlands, however there is a fear in the industry that post Brexit the costs of sending material there may become uneconomic and not viable. A key issue has emerged (3 April) regarding transport contracts. It would appear that exporters have not renewed contracts and are using the spot market during the current period of uncertainty which will inevitably lead to an increase in price. 				
16	Legal and Regulatory Compliance	<ul style="list-style-type: none"> Leaving the EU will result in the UK leaving a number of regulatory regimes (e.g. REACH in the chemicals sector, and Clinical Trial Regulation EU No. 536/2014 in life sciences), and the end of passporting in financial services. 	<ul style="list-style-type: none"> Competition and Markets Authority are to take over EU's role in state aid compliance- draft guidance issued, effective on 18 March 		2x3=6	Paper to ELT on State Aid and proposed actions week commencing 4 Feb	
17	Environmental Health and Trading Standards	Insufficient EHOs to serve the potential increase in inspection & certification and general surveillance required in the event of a no-deal where the UK is listed as a 'third country'.	<ul style="list-style-type: none"> Increased demand for surveillance, checks and inspections to satisfy bodies within and outwith the EU that our products meet relevant standards. Export Health Certificates (EHC) will be required for exports of all animal products and live animals from UK to EU. Certification for high risk (non-animal origin) foods is also likely. Estimate 150,000 extra certificates p.a. across Scotland will be required- current resources insufficient without derogations being put in place to allow risk based/remote certification. 	<ul style="list-style-type: none"> More work for Protective Services. Current UK Government estimates are that a 350% increase in certification will be required (SG suggest 3-fold increase). However how this impacts individual authorities is unknown. Current estimates are that a small number of NAC premises attestations will be required for hub certification elsewhere. Scottish Govt proposed to UK Govt on 406-19 that DFS Logistics be treated as a certification hub for Scottish Salmon, however 'mutual 	4x3=12	<ul style="list-style-type: none"> information on quantity and frequency of consignments is available. SG have put forward suggestions for assisting LAs with capacity issues using APHA's proposed system of 1 certifying officer supported by 4 certifying support officers (with basic qualifications and online training). However, all EHO's in NAC will undertake online training and will be listed as certifying officers, to avoid the need for employment of certifying support officers. 	

			<ul style="list-style-type: none"> • Certain fish and fish product exports require rapid turnaround after landing to preserve freshness and fulfil customer orders in good time. Exporters of this type of catch may require an out of hours inspection and verification service due to local tides, species of shellfish, EU shipping or land transportation times. • Potential increased risk to domestic food safety if resources are diverted towards ensuring smooth export trade. • LA's will be subject to additional European (Sante F) audits, where there are companies exporting to EU27. • New EC Official Control Regulation requires implementation from Dec 2019 (in deal or no deal scenario). • Potential livestock health/welfare issues if sheep export market collapses (due to high tariffs). • Risk of losing key staff • Issues in adequately training sufficient support staff 	<ul style="list-style-type: none"> aid' resources may be required from other Las and resources may be required to prepare 'premises attestations'. • SG have pushed for a derogation but to date have not been successful in this. Their guidance/checklist covers all the requirements but has not yet been published but will be shortly • LA officers may be asked to certify fish/shellfish exports. Currently only one company exports to Europe so weekly EHCs may be required. However, primary products can no longer go direct to EU27 – must go through approved premises. Inquiries are continuing to establish the customer base for this trade and whether this will have resource implications. A second shellfish company has expressed an interest in trading with EU 27, however quantities and frequency are currently unknown. <ul style="list-style-type: none"> • Increased requirement for market surveillance to monitor prices and standards. • Guidance is being finalised for certifying authorities laying down rules regarding risk based inspections and their frequency in relation to export certification. • Increased burden from updating documentation etc following legislative changes. • Society of Chief EHOs are preparing report recommending a uniform charging regime for export certificates. 		<p>EHC application process & system currently being streamlined to expedite requests and cut down errors.</p> <ul style="list-style-type: none"> • Need for Trading Standards Scotland, Food Standards Scotland, SCOTSS (Trading Standards Chief Officers) and SOCOEHS (Environmental Health Chief Officers) to prepare alternative systems to share knowledge of emerging risks such as dangerous imports and potential to establish a black market for goods such as medicines and the opportunity that this poses for internal manufacture of counterfeit medicines and other items. • Public messaging, communication and visibility of the service will be required. • NFU (Kirsteen Kirk) are linking to support farmers and Chambers of Commerce • On 12-03-19 Defra put together a guide that can be shared with exporters to explain the no deal export health requirements for fish and fishery products. The guide provides insight on the export process, illustrates export scenarios and clarifies frequently asked questions. • On 29 August 2019 Scottish Government Marine Scotland EU Exit team and the Food and Drink team will meet Local Authorities to discuss preparedness for a no-deal Brexit (especially in relation to support for businesses in the seafood sector with the provision of Export Health certificates). Catherine Boyd to attend. • Relevant businesses will be contacted with latest advice for no deal exports following 29th Aug teleconference and DEFRA EHC stocktake. • NAC Lead Food Officer attending regular BREXIT meetings organised by FSS/SCOCOEHs to keep up-to-date. <p>Propose to implement standards EHC charge as per SOCOEHS recommendation.</p>	
18	Safety of Imports	SAFETY OF IMPORTS - issue of the need to ensure that a “no-deal” withdrawal does not increase the risk of unsafe products reaching the UK.	<ul style="list-style-type: none"> • Sudden divergence from EU standards and regulations will put extreme pressure on UK businesses and cause uncertainty among consumers. 	<ul style="list-style-type: none"> • More work for Protective Services as there will be an increased demand for advice from consumers and businesses. 	3x3=9	<ul style="list-style-type: none"> • Requirement to ensure staff have adequate access to training and resources etc 	

		<p>US Trade deal- Unlike the EU, the US's approach to environmental issues and genetically modified foodstuffs is not based on the precautionary principle. A trade deal with the US may well open up the UK to foodstuffs which differ from EU regulatory standards, leading to greater border controls and concerns over safety</p> <p>Disruption to veterinary medicines may impact on UK's ability to prevent or control disease outbreaks with a potential impact on animal health and welfare</p> <p>UK will lose full access to all information provided by the European RASFF system which alerts MS to food failing food safety requirements. However, EU27 are obliged to notify MS of certain unsafe foods so limited information will be made available.</p>	<ul style="list-style-type: none"> Potential for panic buying will increase fear of shortages, drive up prices etc, The may mean some essential items will become beyond the means of the most disadvantaged, who will be forced to buy goods of questionable providence, with resultant public health consequences. Local Authorities enforce food labelling. A resurgence of foot and mouth, 'mad cow' disease etc, due to disruption of veterinary supplies 	<p>Trading Standards Scotland, Food Standards Scotland, SCOTSS (Trading Standards Chief Officers) and SOCOEHS (Environmental Health Chief Officers) to prepare alternative systems to share knowledge of emerging risks such as dangerous imports and potential to establish a black market for goods such as medicines and the opportunity that this poses for internal manufacture of counterfeit medicines and other items.</p> <ul style="list-style-type: none"> Protective Services may be asked to undertake additional checks of imported foods on sale or passing through to alleviate pressure on other LAs. This will have resource implications and may require additional sampling budget. Estimated no increased risk from day one no deal but risk to domestic food safety will increase as flow is prioritised over compliance. In addition to increased checks from overloaded border inspection posts, there's a small chance that increased surveillance will be needed for '3rd country checks' (currently undertaken by first EU country food arrives in, however, if destined for UK, it is likely that EU will no longer check these for us). 		<ul style="list-style-type: none"> Lower risk on day 1 but will increase with time. 	
19	Resilience, Crime and Protest	<ul style="list-style-type: none"> Protest – Likely to be large demonstrations. Extreme right wing groups may choose to use this to exacerbate racial tension Danger that over-reliance by Government on a centralised police-and resilience led response to Brexit results in and insufficient attention to the medium and longer term impacts The legal status of the Irish border in a no-deal is unclear, Danger of recurrence of Irish troubles- Greater sectarian tensions in west of Scotland, including North Ayrshire lack of an agreement to share intelligence impacts on our ability to deal with terrorism and serious and organised crime Fisheries- potential illegal fishing leads to clashes and stretched enforcement capacity Increased opportunities for organised crime, particularly in human slavery 	<ul style="list-style-type: none"> Currently no intelligence that events will not be law-abiding Most likely to be in main cities. UK Govt proposals to maintain an open Irish border appear unlikely to entirely deal with livestock and food checks required- this will only get worse if a UK-US trade deal provides US access to more genetically modified food 	<ul style="list-style-type: none"> More work for the Council under the Prevent duty. Ayrshire police could be deployed to help in cities and Northern Ireland 	2x4=8	<ul style="list-style-type: none"> Safety Advisory Group arrangements need to be finalised. National Multi Agency Co-ordination Centre (MACC) to be fully staffed from 21 October 2019.- weekly responses from NAC via ACCT to Resilience Direct likely to be again, Internal Council reporting structures in place using a Brexit - Barometer. Local Resilience Partnership and West of Scotland Regional Resilience Partnership have met. In turn the LRP Is pulling together a weekly pan-Ayrshire Agency Report for the MACC- Their focus is on short term contingencies over an initial 3 month period after which there is expected to be a 6 month recovery period (i.e. resilience community are not looking at the medium and long term economic implications) 	

						<ul style="list-style-type: none"> July 19- Local authority Chief Officer appointed to chair the multi-agency EU-Exit Recovery Sub Group Updated Risk and Mitigation document to be issued by Scottish Government in mid August A Resilience Direct EU-Exit Response Site is hosted on WOSRRP and Police Scotland's Resilience Direct site- Ayrshire multi-agency model based on Safer Shores to be used Local Resilience Partnerships (LRPs) have met. Police numbers have been increased to deal with the impacts of a no-deal Any intelligence to be passed to Police. Currently no increase in hate crime incidents in Ayrshire. 	
20	Elections	Elections- Capacity Risk associated with delivery of Elections	Possibility of General Election, further EU referendum and in due course a Scottish Independence referendum.	<ul style="list-style-type: none"> North Ayrshire Returning Officer will have to organise these 	4x1=4	<ul style="list-style-type: none"> Unplanned EU Election already held – a pan-Ayrshire de-brief with the ERO and Democracy Counts has been held to resolve issues. <p>Polling scheme agreed, and caveats in place.</p>	
21	Grant/Replacement to ESF/ERDF	<ul style="list-style-type: none"> Grant Funding Risk - Lack of clarity around the UK Prosperity Fund- UK spend on regional support is less, as a proportion of GDP than most EU countries, while regional disparities in productivity are higher Danger is that the new model prioritises overall growth at the expense of inclusive growth, favouring the cities and not outlying areas (unlike the current EU schemes) Less grants that can be applied for 	<ul style="list-style-type: none"> While the key objective of the new fund is to tackle inequalities between communities by strengthening the foundations of productivity, unresolved issues include how much funding will be made available, how it will be allocated and what it will fund. 	<ul style="list-style-type: none"> EU funding level of support for business, skills & employability, regeneration, tackling poverty, rural projects relatively safe given UK Treasury guarantee. 	3x3=9	<ul style="list-style-type: none"> Maximising benefit from current EU social, rural and regional development funding. Council has effective audit and compliance procedures in place. Applications submitted to extend EU support for local skills & employability and business growth programmes to 2022. Influencing future of fund - Lobbying via COSLA, ICA, WoSEF, HIEP and consultation responses, attendance at events. 	
22	Education	<p>Access to Educational resource- access to future EU programmes eg Erasmus, Horizon, Interreg, Cross Border</p> <p>Impact on overseas school trips of border delays</p>	Post EU withdrawal the UK Government remains committed to Erasmus and Horizon 2020	<ul style="list-style-type: none"> Erasmus plays an important role in North Ayrshire's 1+2 modern languages programme 	2x3=6	<ul style="list-style-type: none"> Working with local and strategic partners to influence government thinking on benefits of securing access to education, innovation and regional cooperation programmes post Brexit. The case for continued access to Erasmus is being pressed through Education networks. <ul style="list-style-type: none"> School trips- procedure in place to ensure that all foreign school trips are notified to Education HQ. Insurance have confirmed that cover includes unlimited medical expenses, even 	

						if pupils are no longer able to rely on the European Health Insurance Card (EHIC) or other reciprocal medical agreements.	
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