Grant Thornton

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Brexit Transition Support Programme

Interviews with Welsh Local Authorities to on preparedness for Brexit

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Final

Contents

Introduction and Approach

In April 2019 Grant Thornton completed a series of diagnostic interviews with Welsh local authorities to seek to identify some of the key risks facing local government and identifying potential areas where further support could be provided. Since we carried out these interviews, the outcome of Brexit discussions continue to remain unclear. However, with new leadership in Westminster and ongoing uncertainty as to the type of Brexit that might be agreed upon, including a 'No Deal' Brexit, it is important that local government is preparing for these scenarios.

The purpose of this wave of interviews is to provide an updated on the preparedness of local government and identify areas where further work is required.

To do this, this report captures the feedback of Welsh local government on the readiness to manage to the implication of a No Deal Brexit, updates on the overall preparedness and identifies particular high risk areas.

This report has been prepared by Grant Thornton UK LLP as part of our ongoing Brexit Preparedness support to the Welsh Local Government Association.

The findings within this report reflect the verbal and written comments received from Welsh local authorities in September 2019. We have not audited or tested local preparations for Brexit and can therefore make no independent judgement about the adequacy of preparations.

The document itself has two purposes: one, to feed into the Welsh Government Partnership Council meeting in early Octobers; and two, to help councils across Wales ensure that the appropriate plans are being put in place for Brexit, whilst also highlighting the common challenges facing councils and areas of best practice that can be used to support further planning.

Approach

We carried out interviews with 21 of the 22 Welsh local councils (see Appendix 1). The questions were based on guidance from the Director of Local Government, Reg Kilpatrick in his letter to the WGLA on the 7th August 2019 (see Appendix 2).

To provide a consistent basis for analysis of the main issues, we broke down and expanded the recommended questions into the following sub sections which are reflected in the structure of this report. Where the response directly addresses the questions set out in Appendix 2 we have labelled the response with 'RK' followed by the relevant question number.

Preparedness for a No Deal Brexit

- What is your assessment of your Local Authority's preparedness to deal with the implications of a No Deal Brexit? (RK1)

Managing Risk

- What do you see as the three biggest risks for your Local Authority?

- What scrutiny arrangements are in place around identifying, managing and mitigating risk? How have these been tested? (RK2)

Managing supply

- How confident are you in the sustainability of critical supply chains? (RK3)

- Have you identified and engaged key suppliers? (RK4)

- To what extent do you have business support arrangements in place? Do you have any support available to assist businesses with cash flow problems? (RK8)

Managing Demand

- What do you see as the implications of increased demand for services thinking about (i) which services and the (ii) financial and (iii) organisational implications? (RK5)

- Are you aware of potential need emerging from those currently just above the threshold to qualify for support and for whom Brexit may mean they now require more help? (RK6)

- To what extent do you have capacity to increase access to welfare systems even if extra funding was available? (RK7)

Joint working

- To what extent are you working with other local councils? (RK9)

Potential Opportunities

- Do you see any potential opportunities for your place/organisation arising from Brexit?

Additional Support

- Is there any additional support you feel is needed?

Preparedness for a No Deal Brexit (RK1)

All of the councils interviewed articulated that they are as prepared as they can be based on the information they have. Many feel that they have a good handle on the issues and risk they are facing and are doing as much as is realistically possible. However, several councils mentioned that progress with planning has been hindered by an element of fatigue due to continued uncertainty.

A large number of councils interviewed mentioned that preparation momentum has picked up in the last couple of months and that there has been a notable increase in correspondence from the Welsh Government the closer the 31st October becomes. Respondents felt confident that preparations have progressed as and when information has been made available. A number of councils mentioned the recent release of the Yellowhammer document which has brought to light some new concerns and has presented a "bleaker picture" than some had been led to believe. In response to this document, councils have had to revisit their risk registers and ramp up their preparation work.

As noted in the previous round of interviews (April 2019), internal Brexit working groups are still a key feature of the councils preparatory actions, with many of these meeting on a monthly basis. These groups bring together heads of service from across the organisation who then feed back their findings into corporate leadership teams. Since the last round of interviews, councils who hadn't yet established working groups have now done so.

All councils have continued to utilise funding from the Welsh Government to prepare for Brexit. The majority of councils that we spoke with have appointed Community Cohesion Officers/Coordinators, particularly in the last few months. These individuals are there to monitor tension and help identify and address any extremism, hate crime and activism; as well as liaising and networking with other agencies and community groups.

While the majority of councils said that that they had seen no notable increase in community tensions, a small number did raise concerns around fractions between Remainers and Leavers and small pockets of far-right extremists. The perception was that community vulnerabilities could also be exacerbated by certain situations that arise post the 31st October such as food shortages and economic instability which could have a knock on effects on tensions.

EU Settled Status support

A couple of councils expressed concerns over the small proportion of residents who have applied for EU Settled Status and are therefore investing more time and effort to raise awareness of the scheme and offer assistance in completing the registrations.

For example Bridgend has been working with commissioned providers to push out communications and disseminate as much information as possible. Another Authority that is being pro-active is Ceredigion who are sending out information via local media and trying to hold more engagement events in areas where there are high numbers EU resident. Both councils, along with Caerphilly, are also offering ID document scanning to help assist EU citizens with the process.

Long term focus

A number of councils have suggested that early planning was predominantly focused on the short term impacts and mitigation but there is now increasing attention being placed on medium to long-term planning. For example, Flintshire has recently produced a Brexit Transition Plan which focuses not just on the council impacts but also on the communities. It looks at high level risk in the medium to long term and explores themes such as the economy and community cohesion. One council suggested that other council's may be missing opportunities by not focusing on the long-term consequences of Brexit.

A small number of councils have started to consider what the long-term impacts would be if large businesses were to relocate, including impacts on other businesses in the supply chain and local employees.

In addition councils are increasingly starting to factor in winter pressures into their assessment of impacts, which could exacerbate the Brexit impact. This is covered in more detail in the 'Identifying, managing and mitigating risk' section.

Brexit toolkit

The Brexit Toolkit continues to play a part in a council's preparedness. Many authorities spoke about using the first toolkit issued as the basis for grouping their risks and helping them to focus on the key risk areas. The 'No Deal' checklist was seen as a useful update for councils to reference their 'preparedness' against, ensuring they have completed the recommended actions before the 31st October and highlighting any gaps in their current plans.

Identifying, managing and mitigating risk (RK2)

Since the diagnostic interviews in April 2019 there has been no definitive clarity from central government as to the outcome of Brexit negotiations. To this extent, all of the risks identified in April 2019 remain true today.

During our interviews we looked to reaffirm the previous risks outlined and identify any additional risks, as well as establish what scrutiny arrangements are in place around identifying, managing and mitigating risk.

Identifying new or significant risk

Our previous report details the multiple Brexit related risks facing Welsh government and these were discussed at length throughout our interviews as remaining current and significant.

However, as the 31st October deadline approaches, there were a number of risks highlighted that can be considered 'new' or to have subsequently increased in significance.

Timing of Brexit

Following the delay to Brexit, and the latest deadline of the 31st October, local government Brexit preparations have had to incorporate the additional risk attached to winter pressure contingency planning.

Many of the councils we interviewed highlighted the concern around planning for multiple risk scenarios, for example a fuel shortage and outbreak of flu. This was felt to place significant pressure on the resilience of business continuity plans as it would require mitigation of both issues simultaneously. In addition to this, extreme weather or simply the reduced daylight hours during the winter months were seen to severely hinder contingency measures and make undertaking designated plans more difficult. For example, one council described that during the winter months, it is likely that most council or civic buildings will have high utilisations as activities will be predominantly based indoors. In the case of an emergency, this would limit the facilities available for contingency use or cause a knock-on displacement if they were used instead.

Another council drew attention to the additional risk posed by the 31st October being during the school half term. This was seen to hinder a councils ability to communicate messages. Furthermore, councils will be challenged to optimise staffing support in the immediate aftermath of Brexit given staffing levels are often stretched during this period for child-care related leave.

Community Cohesion and Civil Unrest

As part of our previous report, we discussed the impact of Brexit on existing tension within the community. This risk remains, with councils continuing to monitor levels of reported hate crime as an indicator of the extent of disruption. Through this next round of interviews we were able to discuss in more detail some of the factors that might increase the likelihood of this occurring.

Rather than discuss existing tensions, many councils highlighted the potential new tensions arising in communities as a result of a no-deal Brexit leading to a significantly negative economic downturn. For example, a likely knock on effect of an economic downturn could be an increased level of unemployment which in turn would add pressure to family and community structures. This could lead to an increase in family breakdown, children needing social care support, competition for scarce opportunities/ resources and increased level of crime.

The competition for scarce resources was a particular concern raised by a number of councils. For example, they discussed the difficulty in predicting the behaviours of consumers if food shortages arose, and as a result felt it challenging to assign clear mitigation plans to combat the potential outcomes.

Despite an inability to quantify this risk, there is a shared concern at the wider societal impact as a result of Brexit.

Risk to rural communities

Whilst this was acknowledged in our previous report, many of the predominantly rural councils we spoke to were keen to stress the additional risk to contingency planning when factoring in sparsely populated communities.

In addition, the view was that it is more difficult to ensure residents in this community are receiving all Brexit related communication due to connectivity issues.

Small & Medium Size Businesses (SMEs)

A couple of councils highlighted that SMEs had gone under the radar in terms of adequate preparations for Brexit. This was particularly in regard to their ability to continue exporting what could be considered fairly niche products if or when new tariffs are introduced.

Another concern was the additional time pressures associated with new administrative procedures that smaller companies, for example those with 5-6 employees, may struggle to deal with.

Identifying, managing and mitigating risk (RK2)

Managing Risks

As previously discussed the majority of councils have established some form of internal cross-council Brexit group, tasked with leading and coordinating the councils preparedness for Brexit. Given the cross-council membership, risk is often managed at a service level and fed back to the Brexit group. These groups continue to serve as the primary internal forum for Brexit planning and meet regularly to discuss the Brexit risk register, mitigation and forward planning.

The majority of councils identified that Brexit was included as a specific risk on their corporate risk register. Updates from the internal Brexit groups were also regularly given to senior leadership and management teams.

In regards to member engagement there was more variety across the councils. Most commonly, councils gave regular updates to informal Cabinet meetings, and to wider membership through written briefings and formal full Council updates. Some members were also part of joint officer/member working groups.

Management of public and member communication was identified as an additional risk to councils preparedness for Brexit. Many councils highlighted the 'balancing act' between internal 'worse case scenario' planning and what was communicated to members and the public. Measured messaging was key to ensure that Brexit communications did not create panic amongst communities and lead to more issues. This issue was reflected by almost all councils suggesting any hosted Brexit webpages or links almost always referred people to either the Welsh Government or Central Government sites in order to maintain consistent messaging.

Some councils also highlighted that the increasingly politicised nature of Brexit discussions has limited the extent to which they have been able to actively engage with membership. In addition, many noted an element of 'Brexit fatigue' when discussing the risks, given all the previous activity leading up to the spring deadline, and the continued uncertainty around the outcome on the 31st October.

Mitigating Risk

The continued uncertainty surrounding Brexit was cited by all councils we interviewed as a hindrance to their ability to actively test identified mitigating actions to risks.

Councils relayed a general caution over leaping into action before the full extent of the impact was known. This was in-part due to councils already operating within stretched resources and the need to maximise any intervention when a specific issue is identified.

Councils felt in the build up to the previous spring deadline, they had done all they could, and since the delay – for the most part – have looked to maintain this level of preparedness. Given the work that went into the previous deadline, the overall feeling was that they felt more prepared for the 31st October than they did in March and yet continued to find preparation challenging given the lack of information from central government. Councils have continued to engage with the guidance from the WLGA and through local and national forums and events.

The primary action since March has focused on the high risk areas that would impact on Day One of a no-deal Brexit. This has involved detailed supply chain planning (discussed later on in this report) and continuing to actively engage with Local Resilience Forums (LRF). It should be noted, nearly all the councils we interviewed relayed the benefits of working as part of a LRF. Given these structures existed already for business continuity purposes, this has provided a strong, multi-agency foundation for Brexit planning.

Case study – Isle of Anglesey County Council

Anglesey County Council will be analysing and cross referencing their Business Continuity Plans against their EU Exit Risk Register to ensure effective plans are in place and robust enough to respond to any potential impact on service delivery as a result of a No Deal Exit.

The Regulation and Economic Development Service have reviewed theirs as a baseline and will be seeking to ensure that other services carry out a similar exercise. Anglesey also noted the benefit of shared learning from the police force, through the Local Resilience Forum, as they have a very comprehensive and practical approach to business continuity planning and testing.

Managing supply

The sustainability of critical supply chains (RK3)

In general terms all councils expressed a degree of confidence in the sustainability of their critical supply chains. This confidence did however vary from those that were extremely confident and those that were more conservative in their opinions. Interestingly, this variance appeared to be more a result of personality than particular actions or activities. Regardless of the level of confidence, respondents did however caveat their responses. These caveats generally covered three main areas:

1. That their confidence is simply based on what they are being told by the suppliers they have spoken with;

2. That there are significant uncertainties which make contingency planning difficult – for example suppliers are unsure how demand levels may change;

3. That for many of them they have only engaged those suppliers that supply directly to the local authority.

This last point, while not common across all authority areas (see below) was one that was raised by a number with particular concerns raised in relation to independent care providers and food suppliers.

Social care, food, fuel and medical suppliers were the four most cited supply chains where concerns lay.

*   For schools there was generally higher levels of confidence in their resilience with authorities noting that products were either already sourced locally (for example, 80% of school dinner products were sourced from the UK in one local authority area); or there was scope to change menus; or there had been some stock piling (which would enable menus that are less reliant on fresh produce).

*   For social care there was greater concern for the fragility of smaller, independent domiciliary providers who could see supply chain challenges in relation to workforce, food and medical suppliers.

*   For medical supplies the view was generally confident with many authorities pointing out that there had been good joint working with health, often on a regional basis. One authority had gone into a significant level of detail in understanding the country of origin of different medical products.

*   For fuel, confidence was generally high. Councils have bunkered stores of fuel and several have been maintaining these to full capacity in light of Brexit. The issue of fuel supplies has also been addressed by councils working together regionally via the Local Resilience Forum

*   A number of councils did acknowledge that they need to do more work to engage suppliers, particularly as much of the engagement happened pre-March 2019.

Identifying and engaging key suppliers (RK4)

As noted, in general, councils have identified key suppliers to the authority itself. This has happened primarily through procurement teams or head of services. One authority – Newport – spoke of how thy used frameworks to identify key supplies across utilities, energy, food and fleet and then worked with heads of services to look at individual contract arrangements and ensuring contingency provisions are in place.

Contact generally took place through three channels:

*   Face-to-face or telephone conversations;

*   Survey questionnaires or letters;

*   Supplier meetings/briefings or pre-existing bodies.

A significant number of councils highlighted the challenge of engaging more broadly given the limited capacity and resource available. A number did however note the need to re-engage those they may have already spoken to given the difference between a winter and spring Brexit.

One council did note that they had specifically engaged and consulted with businesses in the hospitality sector given the importance of the sector as an employer locally.

The existence of business support arrangements (RK8)

Business support arrangements are extremely limited across all councils. For the significant majority, support is simply focused on signposting businesses to advice and support provided centrally by the Welsh Government/Business Wales. The reason for this approach was always cited as a lack of resource and limited funds locally.

For the minority with some capacity this has generally been used to engage directly with businesses, for example:

*   Bridgend has had detailed conversations with catering suppliers to test whether there is willingness to work with smaller local providers.

*   In Blaenau Gwent their business and innovation team had activity engaged with businesses around risks and opportunities, while their community cohesion officers had worked with businesses with high levels of EU nationals

The general perception was that the provision of support was an issue for the Welsh Government. There was also an extremely clear message that authorities were unable to do anything to assist with cash flow – although they did agree that this is likely to be the biggest challenge facing businesses.

One council did note that if the Welsh Government were to create a business support programme that it was critical that it was tailored to local needs and opportunities. A 'vanilla' support programme would make little difference in their opinion.

Emerging need and managing demand

Emerging Need (RK6)

All of the councils we spoke to acknowledged that there would be additional demand on services as a result of Brexit. They key emerging need areas discussed were

- Increased unemployment – particularly where there is a large number of low skilled workers in manufacturing and factory employment; and

- Increased homelessness – as a result of economic downturn and rising unemployment.

Councils also highlighted that these would have a knock-on impact, creating additional need around:

- Mental health issues; and

- Family breakdowns.

In regard to increased demand from returners from the EU, most councils have found it difficult to obtain accurate information in regards to potential numbers. As a result it has been difficult to quantify or predict the likely impact this cohort would have on demand. However, there was a consensus that should there be a high proportion of returners, this would likely put additional pressures on health services.

Demand Implications (RK5)

As a result of the emerging needs discussed, all of the councils we spoke to stressed the significant financial and organisational impact it would have on service provision. Given the impact of austerity on services, the majority of councils spoke of already being stretched in terms of resourcing current need and therefore expressed concern at capacity to absorb additional demand. This is particularly true for social care services, employment support and economic development.

Capacity (RK7)

The issue of stretched resources would not necessarily be resolved through additional funding. A number of councils highlighted the challenges around employing suitable staff to cover any increase in demand particularly in regard to social care and environmental health. These industries already face a high demand for staffing resource, especially skilled and trained staff and therefore increased need would only add more pressure.

However, some councils were able to evidence planning for optimising capacity when required. As part of the business continuity process, many councils had measures in place where staff members could move to support particular crisis areas especially to deal with demand at the customer contact centre. They were also able to identify previous services that were in place to support employment, that despite being stopped currently, could be restarted were additional funding available.

Furthermore, due to historical pressures in employing certain skilled staff members, some councils are already looking to address this through attracting local people to training courses and developing links with nearby universities.

Mitigating Actions (RK7)

Despite the inability to quantify the exact impact increased demand will have on council services, and accurately pinpoint emerging need, councils are already putting measures in place to create resilience within their services and an ability to deal with increased demand.

Many councils highlighted that as a result of austerity, services such as social care are already working in ways to reduce and manage demand outside of a typical 'council service model'. There has been move towards early intervention and prevention in order to help address demand before it requires formal long-term council support. In addition to this, many councils used examples of multi-agency working as a positive measure against combating demand. Councils already have a close working relationship with health colleagues, along with other public sector bodies and this reflected a sense of shared ownership of the pressure facing the sector. Councils were keen to stress that issues arising as a result of Brexit would not be solved alone and would require the full collaboration of the public sector, the third sector and local businesses in order to mitigate effectively.

Beyond social care, councils were keen to highlight measures to create a wider infrastructure of support, particularly around supporting people back to work and ensuring targeted support is in place to help the low income demographic. For example, where universal credit has been introduced, they have been working closely with people to ensure they are claiming everything they are entitled to.

Councils have also been working closely with partners to help better understand demand and develop valuable intelligence on pressure points. A couple of councils referenced close working with the Citizen Advice Bureau as a means of understanding demand and also as a link to engagement with the wider voluntary sector.

Joint working (RK9)

The extent of joint working between local authorities

The majority of councils are involved in some joint working practices. For many, this collaboration isn't new and therefore hasn't necessarily been heightened by the prospect of Brexit. However, for others, Brexit preparations have provided an opportunity to strengthen existing relationships, as well as develop new ones.

Specifically in relation to Brexit planning, the joint work undertaken so far would appear to be focused in two key areas:

- Active contingency planning in relation to how resources might be shared or civil unrest managed; and

- Sharing best practice and ideas, with a specific focus on ensuring risk registers are as thorough as possible.

The work undertaken by the WLGA in convening councils across Wales, as well as being a central source of information, was commended by several councils. One council went further in demonstrating the value of this by noting that since the change of Prime Minister in August 2019, there would appear to have been a decline in information coming from the UK government to the Welsh government.

The Local Resilience Forums were also widely regarded as being crucial to Brexit planning. As a long-established mechanism for uniting blue light services, utilities, and local authority services to plan for emergencies, they are regarded as incredibly valuable. In some instances it was reported that they have actively been one of the primary drivers for no-deal scenario planning.

Several councils mentioned that a significant proportion of their Brexit planning was being done on a department level. For example, the Highways department or Social Care department have colleagues and working groups that span other councils. As a result of this, they are able to plan on a service line level in greater detail. A more recent example of this approach has been the more frequent convening of Brexit Officers.

Outside of public sector

Outside of public sector services, a couple of councils spoke about how they were involving third sector, businesses and educational institutions in their Brexit planning. One council highlighted the importance of third sector providers in relation to services such as Food Banks, which not only play a vital role in supporting the most vulnerable communities, but who may also experience an increase in demand following Brexit.

For another council, with a large university within its area, there were concerns that a 31st October Brexit was fairly close to the start of the new academic year and so a large influx of students, many of which would be living away from home for the first time, represented a large and vulnerable community. Consequently, involving the university in Brexit contingency planning was crucial.

UK focus

A small number of councils highlighted ways in which they have been working with councils from other parts of the UK. One mentioned that a recent meeting attended by the WLGA's Scottish equivalent was useful in highlighting how Scotland was preparing for Brexit.

Another council spoke about how they had been working with the border counties of Herefordshire and Shropshire, in relation to some of their Brexit planning.

Secondary considerations

Several of the councils spoke about the importance of 'secondary considerations', those factors that might not affect their authority, but were concerns in neighbouring authorities and which may have a knock on impact.

For councils bordering Cardiff, there were concerns around commuters and how any significant loss of jobs in Cardiff could lead to an increased demand on their services.

While councils neighbouring more rural authorities noted that there may be environmental health and animal welfare challenges arising from Brexit, which may put additional pressure on services. The view was that because these services are already working close to capacity, there may be a greater need for collaboration.

Finally, a local authority near to one of the Welsh ports spoke about the work it was undertaking with its highways department, to plan for any issues that may affect passage to and from the port.

Areas of improvement

One council mentioned that at a recent WLGA meeting there has been discussions around whether or not all councils in Wales should share their risk registers as greater transparency could help with planning and provide a useful way of cross-checking concerns.

Opportunities

The majority of Local Authorities have been focused on the risks and challenges as this presents a more pressing need, particularly given the current levels of uncertainty. Consequently, many found it difficult to identify specific opportunities but all agreed that there could be some potential opportunities to arise from Brexit. There was a general consensus that they are not blind to opportunities but it's 'not high up on their agendas' at present.

Flexible funding

One possible opportunity that was raised by a number of councils related to more flexible funding arrangements, in contrast to existing EU rules and regulations which are viewed as being quite complex and strict. However, the view was that it will depend on the type of funding that is put in place to replace EU monies and whether it will it be devolved to Wales. The UK Shared Prosperity Fund (SPF) was identified as one such opportunity to enable more targeted funding, but only if it is devolved to Wales and the funding pot is at least what it was before. However, because there remains a lack of clarity from UK government on this replacement fund, a number of councils were sceptical of the benefits it could bring.

Local resilience

Given restrictions on imports and changes to supply changes local councils see an opportunity for shorter more local supply chains. Many noted that this may lead to redefined sectors and greater diversification. For rural areas there was a focus on greater automation of agricultural practices whist for others it was more about businesses being more innovative. Alongside this, many spoke of opportunities for developing skills to ensure that there is home grown talent and that those skills are better aligned to an area's local needs.

Some councils also highlighted that greater reliance on local suppliers could have a positive impact on the environment due to decreased transportation.

Given that a number of councils are already looking to encourage and promote small and local businesses, this shift may help encourage them to tender for local procurement opportunities.

The planning process in relation to Brexit has also allowed for improved business continuity arrangements and created greater collaboration between public, business and third sectors. The view from some was that ultimately this will create a more flexible and dynamic workforce.

Ports

Whilst there was a general consensus that there would be short-term disruption at Ports, a couple of the councils could see a potential long-term opportunity to redefine their port usage. Anglesey discussed Holyhead Port which is strategically placed as an international gateway into the UK. While they acknowledge a reduction in its importance in the short term, they are hopeful that UK policies could be put in place to help address this. Swansea discussed the opportunity to open their port up to a new focus where it could play a role in receiving and distributing goods. Alongside this there would be opportunity to put in place new infrastructure and improve port facilities. However, others were more pessimistic about the future of ports in Wales and raised concerns over the possibility of the EU seeking to ban free ports.

EU returners

A couple of councils suggested that an increase in inward migration from EU returners could bring some benefits such as an increase in housing projects in areas that are well situated and have scope to expand, which in turn could create new construction jobs. However, many noted that it's difficult to predict the scale of these benefits given the current gap in knowledge on EU returner numbers.

Tourism

A number of councils highlighted the potential for enhanced tourism within the areas as a result of people from the UK opting for 'staycations'. The view was that more active marketing to encourage people to stay would be required if this opportunity is to be realised.

Case study – Carmarthenshire

Carmarthenshire set up their own 'Opportunities Register' in January. They highlighted a number of opportunities including:
- Food sector - the removal of stringent rules and regulations could provide opportunity to select their own produce.
- Shared Prosperity Fund – provides opportunity for more flexible funding which responds to local needs
- Regional governance – opportunity through regional investment fund to be spent locally and based on local needs.
- Young professionals – could help drive areas of entrepreneurialism.

Additional support

Whilst many councils expressed satisfaction with the current level of support, they still highlighted some areas where additional support would be welcomed, particularly post the 31st October when impacts could start to be more keenly felt.

Clarity on funding

A resounding message throughout our conversations was the needs for greater clarity over the resource and support available prior to it being needed as this would help with forward planning.

Several Local Authorities have highlighted how critical community resilience officers and Brexit officers have been and would like to have greater assurances that existing funding for these roles will be maintained post the 31st October.

Many of the councils we spoke to flagged that they would like UK government to provide greater clarity on the UK Shared Prosperity Fund, as there are fears that the funding won't be devolved to Wales and that places that need the funding most could lose out. This was particularly pertinent for less affluent areas that have had greater dependence on the EU structural funds in the past. Some suggested that the WLGA could be more vocal in arguing the case for financial support which will be needed to deal with the fallout.

Information sharing

Information sharing continues to play a crucial role in planning for Brexit, although some of the councils felt that the sheer volume of information can lead to a feeling of 'Brexit Fatigue'.

A couple of councils suggested that the format of the information could be made more digestible by summarising into key headline messages. While a 'checklist type' format was also referenced by one authority as a good way for councils to keep a check of their actions and ensure they are not missing anything vital.

A number of councils also suggested that preparation for Brexit has had quite an "English centric" focus and sometimes lacks clarity on what this means for the devolved countries. This has resulted in an increase in resources to address these differences and ensure that Welsh councils convey the correct messages when disseminating information.

In terms of disseminating the information to communities, many councils highlighted that the high levels of uncertainty and ever changing policy dynamics have meant that it has been challenging to provide clarity and give assurance to local communities. A number of councils spoke of trying to strike the right balance between being factual whilst not causing any alarm or scare mongering. Further guidance on how best to convey messages to the public would therefore be welcomed.

Data intelligence

Throughout the interviews a recurring theme was the current lack of existing data intelligence which is making it difficult for councils to plan effectively and make informed decisions.

In particular, councils would benefit from greater data intelligence around forecasting of potential inflationary costs to help predict potential impacts in the future. This would be particularly useful when trying to understand impacts on low income and more vulnerable communities, which is currently difficult to predict.

A number of councils spoke of a need to carry out a much deeper dive into supply chains and that any additional guidance on how to undertake this would be beneficial. One authority referenced the recent work undertaken by the NHS Federation which allowed more detailed analysis of supply chains further down the line, which could potentially be replicated.

Sector specific intelligence or research was also highlighted as a need as this would enable policy making to be set in an evidence base context. For example, rural councils would benefit from more specific advice on agricultural and rural issues.

Many of the councils also said they would benefit from national or local data on the number of EU returners as this is something they are struggling to quantify.

Maintaining conversations

A common theme emerging throughout our conversations is that having opportunities to converse and share ideas with other local councils is highly valued by local councils. Continuing to provide opportunities for these information sharing sessions are seen as being critical post the 31st October.

Supporting businesses

All councils are engaging with local businesses in one form or another and signposting businesses to information to help them prepare as best they can. With that said, the majority of councils noted that they would not have the capacity to financially support business with cash flow problems. This is seen as an area that the Welsh or UK government could lead on.

A couple of councils also suggested that it would be beneficial for more local information to be released through Business Wales.

Innovative practice

Through our discussions, there were a number of examples of Brexit related activity that could be considered more innovative and which may be worthy of consideration by others.

Case study – Blaenau Gwent

To commemorate the 30 year anniversary of Blaenau Gwent being twinned with Oberhausen Rheinhausen in South-West Germany, a series of events were held by the Blaenau Gwent Youth Forum.
The anniversary was highlighted in schools across Blaenau Gwent, with a focus on the cultural benefits of twinning and learning more about Germany. Personal messages were also shared between Blaenau Gwent and Oberhausen Rheinhausen. The significance of this event was heightened as a result of the surrounding Brexit context and the understanding that maintaining relationships with European counterparts will remain important post-Brexit.
The Community Cohesion team, partly funded from the Welsh Government's EU Transition Fund, are now continuing to promote the importance of town twinning for community cohesion and integration across the West Gwent sub-region.

Case study – Carmarthenshire

Carmarthenshire County Council has the capability and capacity to quickly respond to emergency situations.
This can be evidenced by an emergency fund that was set up within days of Storm Callum last year for businesses in need, which dozens of businesses benefited from.

A similar fund to help businesses could be quickly set up in the aftermath of a no-deal Brexit. Although this fund it is yet to be determined, it would be funded by a combination of internal and external sources, should the need arise. Grants would be awarded via a straightforward, speedy application process, with priority given to businesses most in need of financial assistance.

Case study – Carmarthenshire

Since the inception of a cross-departmental, officer/member Brexit Group Working at the council, the council Leader has published a number of blogs and vlogs relating to Brexit.

Blogs are an effective way of communicating key messages with residents and businesses using relatable, everyday language, while the inclusion of video content is shown to boost the impact of communications by helping meet the digital expectations of younger generations.
Statistics show hundreds of unique visits to the council's Brexit webpage since its launch.

More blogs and vlogs are planned with the potential for an EU exit edging closer as the council continues to communicate with staff, residents and businesses.

Appendix 1 – List of councils interviewed

Local authority	Date interviewed
Blaenau Gwent County Borough Council	13th September 2019
Bridgend County Borough Council	16th September 2019
Caerphilly County Borough Council	16th September 2019
Carmarthenshire County Council	17th September 2019
Ceredigion County Council	12th September 2019
City and County of Swansea	20th September 2019
City of Cardiff Council	12th September 2019
Conwy County Borough Council	17th September 2019
Denbighshire County Council	16th September 2019
Flintshire County Council	16th September 2019
Gwynedd Council	26th September 2019
Isle of Anglesey County Council	19th September 2019
Merthyr Tydfil County Borough Council	26th September 2019
Monmouthshire County Council	17th September 2019
Neath Port Talbot Council	19th September 2019
Newport City Council	16th September 2019
Pembrokeshire County Council	18th September 2019
Powys County Council	18th September 2019
Rhondda Cynon Taf County Borough Council	17th September 2019
Torfaen County Borough Council	13th September 2019
Wrexham County Borough Council	TBC
Vale of Glamorgan Council	20th September 2019

Appendix 2 – Letter to Chief Executive of the WLGA

Y Grŵp Addysg a Gwasanaethau Cyhoeddus
Education and Public Services Group

**Llywodraeth Cymru
Welsh Government**

7 August 2019

To: Chris Llewelyn, Chief Executive
WLGA

Dear Chris,

The new Prime Minister has set out that, 'do or die', the UK will leave the EU on 31 October whether a deal is implemented or not. The risks of a no deal exit are therefore high and it is critical that we in central and local government are doing everything we can to prepare for that eventuality.

We are grateful for the considerable effort and resources that local government has expended so far in making preparations and for the work that is now underway to re-mobilise for 31 October. Ministers are keen to understand the level of preparedness across the public sector and as one of their key delivery partners would like a discussion with local government at our next Partnership Council meeting on 2 October. This letter is a request for the WLGA to co-ordinate a response from local authorities, aggregate and compile that material and present it in a paper at Partnership Council to support that discussion.

The Partnership Council meeting gives local government the opportunity to provide assurance on its readiness to manage the implications of a No Deal Brexit, to give a general update on preparedness and, critically, to identify areas where further rapid work is required and if there are resource implications as a consequence. Timing is important as it will enable local government to feed into the final stages of Welsh Government planning activity and to inform and influence planning assumptions in the run up to 31 October.

We recognise that priorities, pressures and risks will differ across local authorities and that the scale and detail of mitigations will also vary. To provide a consistent basis for an analysis of the main issues and to address specific Ministerial concerns, we are proposing a number of broad questions as a framework to shape the Partnership Council paper. There may of course be other areas you also want to include.

The main questions Ministers may wish to discuss are as follows:

1. What is the assessment of local government preparedness to deal with the implications of a No Deal Brexit?

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Appendix 2 – Letter to Chief Executive of the WLGA

2. What scrutiny arrangements are in place to ensure that assessments of risk, mitigations and preparations are considered and tested by Councils?
3. How confident are local authorities in the sustainability of critical supply chains (particularly for schools and social services)?
4. Have key suppliers been identified and engaged?
5. What are the implications – financial and organisational – of increased demand for services? That is, what is the capacity in local government to meet ramping up of service provision to deal with, for example, returners from the EU?
6. Are local authorities aware of potential need from those who are currently just above the threshold to qualify for support but may suddenly require more help?
7. To what extent do local authorities have capacity to increase access to welfare systems even if extra funding were made available?
8. To what extent do local authorities have business support arrangements in place which could be used to assist businesses with cash flow problems?
9. To what extent are local authorities working together and joining up across boundaries?

I hope we can use the Local Government EU Preparedness Advisory Panel and the useful network we have built up around that, along with Grant Thornton, to minimise the additional pressure this might put on colleagues across local government.

Yours sincerely

REG KILPATRICK
Cyfarwyddwr Llywodraeth Leol /
Director for Local Government

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