

**Report for:** Overview and Scrutiny Committee

**Title:** **Brexit – Implications for Borough update**

**Report  
authorised by:**

**Lead Officer:** Jean Taylor – Head of Policy

**Ward(s) affected:** All wards

**Report for Key/  
Non Key Decision:**

## **1. Issue under consideration**

1.1. The Overview and Scrutiny Committee requested regular updates on the potential implications of Brexit on the Borough.

1.2. The UK officially left the EU on 31st December following the agreement of a free trade arrangement between the UK and EU on 24th December 2020. This deal prevented the application of tariffs on goods crossing the border with the EU but does mean replacement arrangements for travel, trade, immigration and security co-operation.

1.3. This briefing provides an update on the immediate impacts of Brexit on Haringey and provides an outline for how the long-term risks and impacts of Brexit will be managed moving forward.

## **2. Update on Short-Term Risks**

### 2.1 Supply Chain

- There has been some disruption to the movement of goods at UK/EU border, however, on the British mainland, this is primarily due to Covid rather than Brexit, and relates to a build-up of empty containers at ports and the build-up of lorries due to Covid travel restrictions.
- These issues are beginning to subside, and the ports are moving towards a more normal flow of goods.
- In any scenario food and medication are prioritised.
- The Whittington Health Trust is currently reporting no disruption to their supply chain or food supplies.
- Many larger companies had made arrangements to mitigate disruption to goods and materials through stock piling or making alternate arrangements.
- Companies operating a just in time stock control model (generally SMEs) are most impacted.

### 2.2 Local Businesses

- There are three primary sectors within the borough that appear to be mostly impacted by the changes brought about by Brexit. These are:
  - Textile and Clothing
  - Food and beverages
  - Logistics
- There is likely to be increased operating costs for large number of companies in the logistics and distribution sector (a good number on our industrial estates)- as goods could become more expensive due to custom formalities/storage costs which eventually would get passed down to customers.
- The following support is being provided to businesses:
  - Strategic Procurement are working with the economic development and policy teams to provide support where required. The intention is to work closely to identify any emerging trends or issues.
  - The Brexit Business Advisors as of this week have started contacting businesses and each of them will receive practical and customised support
  - The Economic Development Team will meet the Brexit Business advisers on fortnightly basis to review and adapt the business support offer according to the needs of businesses.
  - The ED Team will closely work with Procurement and Policy Teams to coordinate new evidence as well as business support supply chain actions.
- The true impact on businesses may not be known for a couple of months as they begin to understand the implications of the new Brexit regulations.
- General feedback to date from SMEs are concerns relating to:
  - Additional hidden costs and these being passed on to consumers
  - Lack of clarity and understanding relating to new processes around importing/exporting goods

### 2.3 Procurement

- The Public Contract Regulations govern how Public Sector procure goods, works and services. There is no impact on how we undertake procurements due to Brexit, as these Regulations were enacted under UK Law (exclusions for Scotland and devolved administrations).
- We no longer need to advertise contract opportunities in the Official Journal of European Union (OJEU).
- The UK has a new portal for publishing contract opportunities:
  - Finder Tender Services (FTS)
  - Council procurement related systems were amended to publish to FTS with effect from 1<sup>st</sup> January 2021
- There is a Green Paper out for consultation on reforming public procurement; however this will be over 12 months before any changes are in place.

### 2.3 Food and essential supplies

- As of yet we have seen only very minor disruption to food supply on the British mainland with some delays to shipments of fruit and vegetables from the continent being reported. As the UK grows very small amounts of fruit and

vegetables at this time of year it is particularly reliant on produce from southern Europe.

- Whilst experts state that there may be gaps in overall supply, it is very unlikely that we will see an overall food shortage.
- The crunch point for food supplies is likely to be later this month/early March once supermarkets and other shops place new orders and deliveries need to be made. This is when we will see the new processes in Kent and at other ports really tested.
- Locally, the council continues to work with the Haringey Food Network to ensure that food banks can access a good supply of food and continue to support those most vulnerable in the community.

#### 2.4 Community Tensions

- Community tensions continue to be monitored through the community safety partnership.
- Prior to the December deadline we saw an increase in far-right graffiti within the borough with over 9 instances reported but it is unknown to what extent this was due to Brexit.
- It is likely that in the event of food shortages we may see an increase in community tensions. These are likely to be exacerbated by the national lockdown.

#### 2.6 Regeneration

- At our previous update, OSC asked for more detailed information about the impact of Brexit on our regeneration programmes and on the local housing market.
- The risks often cited in the industry at the moment relate to values being achieved, market confidence, supply chain and labour force issues. This can mean sites are taking longer to come forward, while developers rebase their schemes to take into account the current climate. In previous recessions, the GLA/HM Govt have stepped into to kickstart schemes in order to protect housing supply and employment. It is expected that a similar response will be forthcoming this time.
- In terms of tenures, there has been a lot of volatility in the market which has presented some opportunities for council's to step in and secure units from schemes, where previously this might not have been cost effective. There has been some softening in terms of the market for shared ownership units, and the future of the Help to Buy scheme may have an impact on market for sale homes. Institutional private rent is harder to identify a specific trend. Flexibility across tenures and a willingness to adapt is generally being seen as important in the current environment in order to protect overall housing supply, and there may continue to be opportunities for councils in the short term, as schemes which are well advanced face market pressures.

### 3. Medium to Long-Term Risks

- We know that some of the impacts of Brexit will not be seen for many months and in some cases years. Therefore, it is essential that the management of the medium to long term risks are embedded into council services and wider programmes of work to enable sufficient strategic planning. There is therefore work underway to mainstream these risks in organisational business and delivery planning processes.
- As noted in the previous EU transition update to OSC, the impact of Brexit on council finances is difficult to assess due to the continuing uncertainties surrounding the final Brexit outcome. Due to the significant pressure Covid has put on the budget and MTFS, the most significant risk continues to be unforeseen financial pressures that are not included within our budget envelope emerging at a quick pace and which the council will need to respond to e.g. through increased demand on certain services. To mitigate this risk, the council continues to maintain a tight grip of the organisation's overall financial position (including all Covid pressures) to ensure that the authority is in the most robust and resilient position financially speaking to deal with any new pressures emerging from Brexit.

### **3. Recommendations**

3.1. That the committee considers the updates to the above risks.

