Inverclyde council

ADDITIONAL AGENDA ITEM

Report To:	**Policy & Resources Committee**	**Date:**	**17 September 2019**
Report By:	**Corporate Director Environment, Regeneration & Resources**	**Report No:**	**SL/LP/115/19**
Contact Officer:	**Sharon Lang**	**Contact No:**	**01475 712112**
Subject:	**Operation Yellowhammer – Request by Councillor C McEleny**		

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of a request received from Councillor C McEleny in the following terms:

"That the Committee has sight of the operation Yellowhammer report (Appendix 1) and gives consideration to any implications there may be to the Inverclyde local authority area as a result of a 'No Deal' exit from the European Union on 31 October 2019".

1.2 As background, the Environment & Regeneration Committee receives updates on EU withdrawal and Officers participate in working group arrangements with the Civil Contingency Service.

2.0 RECOMMENDATION

2.1 The Committee is asked to consider the request from Councillor C McEleny.

Gerard Malone
Head of Legal & Property Services

OFFICIAL SENSITIVE

Operation Yellowhammer

HMG Reasonable Worst Case Planning Assumptions

As of 2 August 2019

- When the UK ceases to be a member of the EU in October 2019 all rights and reciprocal arrangements with the EU end.

- The UK reverts fully to 'third country' status. The relationship between the UK and the EU as a whole is unsympathetic, with many MS (under pressure from the Commission) unwilling to engage bilaterally and implementing protections unilaterally, though some MS may be more understanding.

- No bilateral deals have been concluded with individual member states with the exception of the reciprocal agreement on social security coordination with Ireland. EU Citizens living in the UK can retain broadly all rights and status that they were entitled to prior to exit from the EU, at the point of exit.

- Public and business readiness for a no-deal will remain at a low level, and will decrease to lower levels, because the absence of a clear decision on the form of EU Exit (customs union, no deal etc) does not provide a concrete situation for third parties to prepare for. Readiness will be further limited by increasing EU Exit fatigue, due to the second extension of Article 50, which will limit the effective impact of current preparedness communication. [To be reviewed]

- Business readiness will not be uniform – in general larger businesses across sectors are more likely to have better developed contingency plans than small and medium sized businesses. Business readiness will be compounded by seasonal effects, impacting on factors such as warehouse availability.

- Concurrent risks associated with autumn and winter such as severe weather, flooding and seasonal flu could exacerbate a number of impacts and stretch resources of partners and responders.

- Private sector companies' behaviour will be governed by commercial considerations, unless influenced otherwise.

- HMG will act lawfully and in accordance with the rule of law, including by identifying the powers it is using to take specific actions.

Key planning assumptions

1. For the purpose of freight flow and traffic management as 31 October is a Thursday, day 1 of exit is now on a Friday rather than the weekend which is not to our advantage. Exit day may coincide with end of October half term school holidays, which vary across the UK. (CCS/DExEU)

2. In a small number of instances where the impacts of Brexit would be felt negatively in the EU as well as in the UK, Member States may act in way which could also benefit the UK (e.g. energy for Ireland). (CCS/DExEU)

3. France will impose EU mandatory controls on UK goods on Day 1 No Deal (D1ND) and have built infrastructure and IT system to manage and process customs declarations and support a risk based control regime. On D1ND, between 50-85% of HGVs travelling via the short Channel Straits may not be ready for French customs. The lack of trader readiness combined with limited space in French ports to hold "unready" HGVs could reduce the flow rate to 40-60% of current levels within one day as unready HGVs will fill the ports and block flow. The worst disruption to the short Channel Straits might last for up to 3 months before it improves by a significant level to around 50-70% (due to more traders getting prepared), although there could continue to be some disruption for significantly longer. In the event of serious disruption, the French might act to ensure some flow through the short Channel crossings. Disruption to flow across the short Channel Straits would also cause significant queues in Kent and delays to HGVs attempting to use the routes to travel to France. In a reasonable worst case scenario, HGVs could face maximum delays of 1.5-2.5 days before being able to cross the border. HGVs that are caught up in congestion in the UK will be unable to return to the EU to collect another load and a proportion of logistics firms may decide to avoid the route should there be significant and prolonged disruption. Analysis to date has suggested a low risk of significant sustained queues at ports outside of Kent which have high volumes of EU traffic, but BDG will continue to work directly with stakeholders at those ports to support planning readiness (BDG/DfT)

4. UK citizens travelling to and from the EU may be subject to increased immigration checks at EU border posts. This may lead to passenger delays at St Pancras, Cheriton (Channel Tunnel) and Dover where juxtaposed controls are in place. Dependent on the plans EU Member States put in place to cope with these increased immigration checks it is likely that delays will occur for UK arrivals and departures at EU airports and ports. This could cause some disruption on transport services. Travellers may decide to use alternative routes to complete their journey. (BDG/FCO/HO/DfT)

5. Demand for energy will be met and there will be no disruption to electricity or gas interconnectors. In NI there will be not be immediate disruption to electricity supply on Day 1. A rapid SEM split could occur months or years after EU Exit. In this event, there would not be security of supply issues. However, there will likely be significant electricity price increases for consumers (business and domestic), with associated wider economic and political impacts. Some participants could exit the market, thereby exacerbating the economic and political impacts. (BEIS)

6. The BDG/DfT planning assumption on reduced flow rates describes a pre-mitigation reasonable worst case flow rate that could be as low as 40% D1ND via the short Channel Straits, with significant disruption lasting up to six months. Unmitigated, this will have an impact on the supply of medicines and medical supplies.

   The reliance of medicines and medical products' supply chains on the short straits crossing make them particularly vulnerable to severe extended delays; three-quarters of medicines come via the short straits. Supply chains are also highly regulated and require transportation that meets strict Good Distribution Practices. This can include limits on time of transit, or mean product must be transported under temperature controlled conditions. Whilst some products can be stockpiled, others cannot due to short shelf lives - it will also not be practical to stockpile products to cover expected delays of up to six months. DHSC is developing a multi-layered approach to mitigate these risks. (DHSC)

ii. Any disruption to reduce, delay or stop supply of medicines for UK veterinary use would reduce our ability to prevent and control disease outbreaks, with potential detrimental impacts for animal health and welfare, the environment, and wider food safety/availability and zoonotic diseases which can directly impact human health. Industry stockpiling will not be able to match the 4-12 weeks' worth of stockpiling which took place in March 2019. Air freight capacity and the special import scheme is not a financially viable mitigation to fully close risks associated with all UK veterinary medicine availability issues due to border disruption. (DEFRA)

7. Certain types of fresh food supply will decrease. Critical dependencies for the food supply chain (such as key input ingredients, chemicals and packaging) may be in shorter supply. In combination, these two factors will not cause an overall shortage of food in the UK but will reduce availability and choice of products and will increase price, which could impact vulnerable groups. The UK growing season will have come to an end and the Agri-food supply chain will be under increased pressure at this time of year, due to preparations for Christmas, which is the busiest time of year for food retailers. Government will not be able to fully anticipate all potential impacts to the agri-food supply chain. There is a risk that panic buying will cause or exacerbate food supply disruption. (DEFRA)

   ii. Public water services are likely to remain largely unaffected due to actions now being taken by water companies. The most significant single risk is a failure in the chemical supply chain. The likelihood of this occurring is considered low and the impact is likely to be localised, affecting up to 100,000's of people. Water companies are well prepared for any disruption; they have significant stocks of all critical chemicals, extensive monitoring of their chemical supply chains (including transportation and all deliveries) and mutual agreements in place. In the event of a supply chain failure, or the need to respond rapidly to other water supply incidents, urgent action may need to be taken to make sure people continue to have access to clean water. (DEFRA)

8. Some cross-border UK financial services will be disrupted. (HMT)

9. The EU will not have made a data decision with regard to the UK before exit. This will disrupt the flow of personal data from the EU where an alternative legal basis for transfer is not in place. In no deal an adequacy assessment could take years. (DCMS)

10. Law enforcement data and information sharing between UK and EU will be disrupted. (HO/NSS)

11. UK nationals will lose their EU citizenship and, as a result, can expect to lose associated rights and access to services over time, or be required to access them on a different basis to now. All MS have now published legislative proposals, but not all have passed legislation to secure all rights for UKNs. There is a mixed picture across MS in terms of the level of generosity and detail in the legislation. In some MS, UKNs need to take action now, whilst others they do not. Complex administrative procedures within MS, language barriers and uncertainty regarding the UK political situation are contributing to some UKNs being slow to take action. There will be gaps in both substance and understanding. Demand for help from HMG will increase significantly leading to an increase in consular enquiries and more complex and time-consuming consular assistance cases for vulnerable UKNs. Cross HMG support,

including continued close engagement and clear communications messaging from UKG departments and the DAs will be needed to help manage the demand. (FCO)

ii. An EU Member State would continue to pay a pension it currently pays to a UK national living in the EU. (DWP)

iii. The Commission and individual Member States do not agree to extend the current healthcare arrangements for UK state pensioners and tourists beyond 31 October 2019 and refuse offers by the UK to fund treatments. Member States take no further action to guarantee healthcare for UK nationals and treat them in the same way as other 3rd country nationals.

UK pensioners, workers, travellers and students will need to access healthcare in different ways, depending on the country. Healthcare may require people to demonstrate residency, current or previous employment, enter a social insurance scheme, or purchase private insurance. Member States should treat people with urgent needs, but may require them to pay after the fact. There is a risk of disruption for patients and a minority could face substantial costs. (DHSC)

12. Gibraltar, due to the imposition of border checks at its border with Spain (and the knock-on effect of delays from the UK to EU), will see disruption to supply of goods (including food), medicines, trans-frontier shipment of waste and delays of 4+ hours for at least a few months in the movement of frontier workers, residents and tourists across the border. Prolonged border delays over the longer term are likely to adversely impact Gibraltar's economy. Like the UK mainland, cross-border services and data flow will also be disrupted. Despite the time extension to EU Exit, Gibraltar has still not taken decisions to invest in contingency infrastructure (port adjustments; waste management equipment) and there are still concerns that Gibraltar will not have passed all necessary legislation for No Deal, opening up potential legal gaps/risks mainly for the Government of Gibraltar. Gibraltar continues to plan for less significant border delays than our Yellowhammer scenario. Crown Dependencies may be affected by supply chain disruption. (FCO/MoJ)

13. Protests and counter-protests will take place across the UK and may absorb significant amounts of police resource. There may also be a rise in public disorder and community tensions. (HO)

14. Regional traffic disruption caused by border delays could affect fuel distribution within the local area, particularly if traffic queues in Kent block the Dartford crossing, which would disrupt fuel supply in London and the South-East. Customer behaviour could lead to local shortages in other parts of the country. (BEIS)

[redacted]

16. A small minority of insurance payments from UK insurers into the EU may be delayed. (HMT)

17. Low income groups will be disproportionately affected by any price rises in food and fuel. (HMT)

18. On D1 ND HMG will operationalise the "no new checks with limited exceptions" model announced 13 March, establishing a legislative framework and essential operations and system on the ground, to avoid an immediate risk of a return to a hard border on the UK side. The model is likely to prove unsustainable due to significant economic, legal and biosecurity risks and no effective unilateral mitigations to address this will be available. With the UK becoming a third country, the automatic application of the EU tariff and regulatory requirements for goods entering Ireland will severely disrupt trade. The expectation is some businesses will stop trade or relocate to avoid paying the tariff which will make them uncompetitive or to avoid the risk of trading illegally, while others will continue to trade, but experience higher costs which may be passed on to consumers. The agri-food sector will be the hardest hit, given its reliance on highly integrated cross border supply chains and high tariff and non-tariff barriers to trade. Disruption to key sectors and job losses are likely to result in protests and direct action with road blockages. Price and other differentials are likely to lead to the growth of the illegitimate economy. This will be particularly severe in border communities where both criminal and dissident groups already operate with greater threat and impunity. Given the tariff and non-tariff barriers to trade, there will be significant pressure to agree new arrangements which supersede the day one model within days or weeks. (NIO/NICS)

19. Up to 282 EU and EEA nations fishing vessels could enter illegally, or already be fishing in UK waters (Up to 129 vessels in English waters, 100 vessels in Scottish waters, 40 vessels in Welsh waters, 13 vessels in Northern Irish waters) on day one. This is likely to cause anger and frustration in the UK catching sector, which could lead to both clashes between fishing vessels and an increase in non-compliance in the domestic fleet. Competing demands on UK Government and DA maritime agencies and their assets could put enforcement and response capabilities at risk, especially in the event of concurrent or cumulative incidents, which are likely to include; illegal fishing, borders violations (smuggling and illegal migration), and any disorder or criminality arising as a result, e.g. violent disputes or blockading of ports. (Defra, HO, and the DAs in respect of fisheries protection).

20. There is an assumption that there will be no major change in adult social care on the day after EU Exit. The adult social care market is already fragile due to declining financial viability of providers. An increase in inflation following EU exit would significantly impact adult social care providers due to increasing staff and supply costs, and may lead to provider failure, with smaller providers impacted within 2-3 months and larger providers 4-6 months after exit. There are also possible concurrent localised risks: transport or staff disruption, severe winter weather or flu that could exacerbate the existing market fragility, and that cumulatively could stretch resources of providers and LAs. Intelligence will continue to be gathered to forewarn of/prepare for any impacts on the sector including closure of services and handing back of contracts which are not part of normal market function. In addition, we will look at the status of preparations in four local authorities, which are identified as priority concerns, by mid-August. (DHSC)