



AGENDA

COUNCIL MEETING

Date: Wednesday, 9 October 2019

Time: 7.00pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

RECORDING NOTICE

Please note: this meeting may be recorded.

At the start of the meeting the Mayor will confirm if all or part of the meeting is being audio recorded. The whole of the meeting will be recorded, except where there are confidential or exempt items.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this recording will be retained in accordance with the Council's data retention policy.

Therefore by entering the Chamber and speaking at Committee you are consenting to being recorded and to the possible use of those sound records for training purposes.

If you have any queries regarding this please contact Democratic Services.

Quorum = 16

	Pages
1. Prayers	
2. Emergency Evacuation Procedure	
<p>The Mayor will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.</p>	
<p>The Mayor will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.</p>	
<p>The Mayor will inform the meeting that:</p>	
<p>(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park. Nobody must leave the assembly point until</p>	

everybody can be accounted for and nobody must return to the building until the Mayor has informed them that it is safe to do so; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Mayor is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

3. Apologies for Absence

4. Minutes

To approve the [Minutes](#) of the Meeting held on 11 September 2019 (Minute Nos. 212 - 221) as a correct record.

5. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Mayor will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

6. Mayor's Announcements

7. Questions submitted by the Public

To consider any questions submitted by the public. (The deadline for questions is 4.30 pm on the Wednesday before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

8. Questions submitted by Members

To consider any questions submitted by Members. (The deadline for questions is 4.30 pm on the Monday the week before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

9. Leader's Statement

10. Annual Treasury Management Report 2018/19

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11. Brexit Preparedness

17 - 24

12. Recommendations for Noting

Council is asked to note the recommendations from the following meeting:

- Audit Committee - 18 September 2019

Issued on Monday, 30 September 2019

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of Council, please visit www.swale.gov.uk

**Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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Agenda Item 10

Council	Agenda Item:
Meeting Date	9 October 2019
Report Title	Annual Treasury Management Report 2018/19
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager/ Olga Cole, Management Accountant
Key Decision	No
Classification	Open

Recommendations	1. Approve the Treasury Management stewardship report for 2018/19.
	2. Approve the Prudential and Treasury Management Indicators within the report.

1. Purpose of Report and Executive Summary

- 1.1 The Council's Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annual Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of Treasury Management activities at least twice a year.
- 1.2 Treasury Management is defined as "the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks". No Treasury Management activity is without risk; the effective identification and management of risk are integral to the Council's Treasury Management objectives.
- 1.3 For 2018/19 the Investments Section of the Kent County Council (KCC) Finance Department had operational responsibility for the daily treasury management duties in order to cover a maternity leave. KCC Finance in undertaking this work had to comply with this Council's Treasury Management Strategy. Overall responsibility for Treasury Management remained with the Council.
- 1.4 This report:
 - is prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code;

- details the implications of treasury decisions and transactions;
- gives details of the outturn position on Treasury Management transactions in 2018/19; and
- confirms compliance with Treasury limits and Prudential Indicators.

1.5 This report was submitted to the Audit Committee on 18 September 2019.

2. Background

Borrowing Requirement and Debt Management

2.1 The overall borrowing position is summarised below:

	Balance on 31/3/2018	Movement in Year	Balance on 31/3/2019
	£'000	£'000	£'000
Capital Financing Requirement	12,511	+15,254	27,765
Other Long-Term Liabilities (cost of leases for equipment)	(140)	+140	0
Borrowing Capital Financing Requirement	12,371	15,394	27,765
External Borrowing	0	(10,000)	(10,000)
Cumulative External Borrowing Requirement	12,371	5,394	17,765

2.2 Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2.3 The reason for the increase in the CFR in 2018/19 is due to the capital expenditure on works undertaken as part of the Sittingbourne Town Centre regeneration project and which were financed from borrowing. The CFR will be reduced in the future by contributions from rental income.

2.4 In 2018/19, the Council took out two loans of £5 million each, from other local authorities. One loan was for 12 months at a rate of 1.1% and the second loan was for 18 months at a rate of 1.2%.

Investment Activity

2.5 The Council holds significant investment funds, representing income received in advance of expenditure plus balances and reserves held. During 2018/19, the Council held average daily cash balances of £28 million, which is a decrease of £8 million on the previous year due to the level of expenditure on Sittingbourne Town Centre.

2.6 The Council's budgeted investment income for 2018/19 was £110,000 and the actual income received was £290,000, of which £132,000 was from the Council's long-term investment in the Church, Charities and Local Authorities (CCLA) Mutual Investment Property Fund. The CCLA investment has been a highly successful one for the Council as UK commercial property has continued to perform well. There was also an improvement in the rates paid on the Council's deposits as a result of the base rate rise in 2018/19.

2.7 The table below summarises the Council's investment portfolio at 31 March 2019. All investments made were in line with the Council's approved credit rating criteria at the time of placing the investment, and still met those criteria at 31 March 2019.

Counterparty (MMF = Money Market Funds)	Long-Term Rating	Balance Invested at 31 March 2019 £'000
Invesco MMF	AAAmmf	3,000
Goldman Sachs MMF	AAAmmf	2,990
Morgan Stanley MMF	AAAmmf	3,000
Black Rock MMF	AAAmmf	3,000
Aberdeen MMF	AAAmmf	3,000
Amundi MMF	AAAmmf	3,000
Sub Total Cash & Cash Equivalents		17,990
CCLA Property Fund	unrated	3,000
Sub Total Long-Term Investments		3,000
Total		20,990

2.8 The ratings above are from Fitch credit rating agency. A description of the grading is provided below:

- AAAmmf: Funds have very strong ability to meet the dual objectives of providing liquidity and preserving capital.

2.9 The treasury management position for the year is summarised below:

Investments	Balance on 31/03/18 £'000	Movement in Year £'000	Balance on 31/03/19 £'000	Average Rate %
Short-Term Investments and Cash and Cash Equivalents	16,815	1,175	17,990	0.90
Long-Term Investments	3,000	0	3,000	4.40
TOTAL INVESTMENTS	19,815	1,175	20,990	
Borrowing				
Long-Term Borrowing	0	(5,000)	(5,000)	1.21
Short-Term Borrowing	0	(5,000)	(5,000)	1.10
TOTAL BORROWING	0	(10,000)	(10,000)	

The long-term investment shown in the table above is the Council's investment in the CCLA Property Fund.

2.10 The Council's investment strategy has two overriding principles:

- Minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs. If the Council incurred debt charge costs then, unless the investment generated sufficient income to cover these costs, the Council may have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be funded from rental income; and,
- Strategic impact - if the Council is going to invest in property it needs to support the Council's wider objectives around regeneration of the Council and creating new employment. This means there needs to be additionality in terms of the wider economic benefits e.g. higher business rates.

2.11 In keeping with the Ministry of Housing, Communities and Local Government's (MHCLG's) Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, overnight deposits and the use of call accounts.

2.12 The Council sought to optimise returns commensurate with its objectives of security and liquidity.

2.13 The criteria applied by the Chief Financial Officer for the approval of a counter party for deposits are:

- credit rating - a minimum long-term of A-;
- credit default swaps;
- share price;
- reputational issues;
- exposure to other parts of the same banking group; and
- country exposure.

2.14 The investments permissible by the 2018/19 Treasury Strategy were:

Investment	Limit	Used in 2018/19?
Debt Management Office (Debt Management Account Deposit Facility) and Treasury Bills	Unlimited	Yes
Major UK banks / building societies. (Barclays, HSBC, Lloyds Banking Group, RBS Group, Santander UK, Nationwide, Standard Chartered) unsecured deposits	£3m	HSBC, Lloyds Bank
Svenska Handelsbanken unsecured deposits	£3m	No
Leeds Building Society unsecured deposits	£1.5m	No
Close Brothers unsecured deposits	£1.5m	No
Major overseas banks unsecured deposits (to be determined based upon Arlingclose advice) Netherlands: Bank Nederlande Gemeeten, Rabobank Singapore: OCBC, UOB, DBS Sweden: Nordea Bank Denmark: Danske Bank USA: JP Morgan Chase Australia: Australian and New Zealand Banking Group, Commonwealth Bank of Australia, National Australian Bank Ltd, Westpac Banking Corp Canada: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Toronto Dominion Bank	£1.5m limit per bank, £3m country limit	No
Money Market Funds	£3m each	Yes
Cash Plus Funds and Short Dated Bond Funds	£3m each	No

Investment	Limit	Used in 2018/19?
Multi Asset Income Funds	£3m each	No
CCLA Property Fund	£3m	Yes
Supranational Bonds	£3m in aggregate	No
Corporate Bond Funds and Corporate Bonds	£3m in aggregate	No
Non-Treasury Investments	To be agreed on a case by case basis	Yes
Covered Bonds	£9m in aggregate with £3m limit per bank	No
Absolute Return Funds	£3m in aggregate	No
Equity Income Funds	£3m in aggregate	No

2.15 The maximum permitted duration for deposits is 13 months. The Chief Financial Officer in consultation with the Leader and Cabinet Member for Finance may consider longer duration. Bonds can be purchased with a maximum duration of five years.

2.16 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return. In 2018/19, the Council held £3 million of such longstanding investments in 14 directly owned properties. These investments generated £0.2 million of investment income for the Council after taking account of direct costs, representing a rate of return of 5%.

External Context

2.17 The Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.25% in August 2018 to 0.75%, no changes to monetary policy have been made since.

2.18 The Council has seen a dramatic change over the last nine years in how it is funded. The Revenue Support Grant will disappear completely in 2020/21, and in its place the Council has become reliant on income sources that are

related in full or in some part to issues over which it has control. This sets the pattern for how councils will be funded in the future.

Compliance

- 2.19 The Council has complied with its Prudential and Treasury Management Indicators for 2018/19 which were set as part of the Treasury Management Strategy agreed by Council in February 2018.
- 2.20 In Appendix I the outturn position for the year against each Prudential Indicator is set out.
- 2.21 The Chief Financial Officer confirms that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy

Treasury Advisers

- 2.22 Arlingclose has been the Council's treasury advisers since May 2009. The current contract had an option of a two-year extension and this was taken up in May 2019. Officers of the Council meet with Arlingclose regularly and high quality and timely information is received from them.

Capital Strategy

- 2.23 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by Council on 20 February 2019.

3. Proposal

- 3.1 Members are asked to approve the report.

4. Alternative Proposals

- 4.1 The alternative is not to comply with the mandatory CIPFA Code. This is not something which the S151 Officer can recommend.

5. Consultation Undertaken

- 5.1 Arlingclose have been consulted.

6. Implications

Issue	Implications
Corporate Plan	Supports delivery of the Council's objectives.
Financial, Resource and Property	As detailed in the report

Issue	Implications
Legal, Statutory and Procurement	CIPFA produce a framework for managing treasury activities, called a 'Code'. Councils are legally required to have regard to this Code and members of CIPFA are expected to comply with its requirements. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance
Crime and Disorder	Not relevant to this report
Environment and Sustainability	Not relevant to this report
Health and Wellbeing	Not relevant to this report
Risk Management and Health and Safety	Not relevant to this report
Equality and Diversity	Not relevant to this report
Privacy and Data Protection	Not relevant to this report

7. Appendices

7.1 Appendix I: Treasury Management and Prudential Indicators

8. Background Papers

None

Treasury Management and Prudential Indicators for 2018/19

Introduction

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

This report compares the approved indicators with the outturn position for 2018/19. Actual figures have been taken from or prepared on a basis consistent with, the Council's Statement of Accounts

Capital Expenditure: The Council's capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2018/19 Estimate	2018/19 Actual	2018/19 Difference
	£'000	£'000	£'000
Total Capital Expenditure	20,347	18,871	(1,476)
Capital Receipts	107	438	331
Grants and Other Contributions	3,666	2,382	(1,284)
Reserves	434	359	(75)
Internal/External Borrowing	16,140	15,692	(448)
Total Financing	<u>20,347</u>	<u>18,871</u>	<u>(1,476)</u>

Treasury Management and Prudential Indicators for 2018/19

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31/03/19 Estimate	31/03/19 Actual	31/03/19 Difference
	£'000	£'000	£'000
Total CFR	41,572	27,765	(13,807)
Less: Other Long-Term Liabilities	(41)	0	41
Borrowing CFR	41,531	27,765	(13,766)
External Borrowing	(26,522)	(10,000)	16,522
Cumulative External Borrowing Requirement	15,009	17,765	2,756

External borrowing: as at 31 March 2019 the Council had £10 million of external borrowing.

Operational Boundary for External Debt: The Operational Boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary and Total Debt	31/03/19 Boundary	31/03/19 Actual Debt	Complied
	£'000	£'000	
Borrowing	55,000	10,000	✓
Other Long-Term Liabilities	24	0	✓
Total Operational Boundary	55,024	10,000	✓

Treasury Management and Prudential Indicators for 2018/19

Authorised Limit for External Debt: The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The Authorised Limit provides headroom over and above the Operational Boundary for unusual cash movements.

Authorised Limit and Total Debt	31/03/19 Boundary	31/03/19 Actual Debt	Complied
	£'000	£'000	
Borrowing	60,000	10,000	✓
Other Long-Term Liabilities	2,000	0	✓
Total Authorised Limit	62,000	10,000	✓

The Chief Financial Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2018/19.

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	31/03/19 Estimate	31/03/19 Actual	Difference
	%	%	%
General Fund Total	7.01	0.94	6.07

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net interest payable was:

Interest Rate Exposures	31/03/19 Actual	2018/19 Limit	Complied
	%	%	
Interest on Fixed Rate Investments	0	-100	✓
Interest on Variable Rate Investments	-100	-100	✓
Interest on Fixed Rate Borrowing	100	100	✓
Interest on Variable Rate Borrowing	0	100	✓

Treasury Management and Prudential Indicators for 2018/19

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	31/03/19 Actual	Upper Limit	Lower Limit	Complied
	%	%	%	
Under 12 months	50	100	0	✓
12 months and within 24 months	50	100	0	✓
24 months and within 5 years	0	100	0	✓
5 years and within 10 years	0	100	0	✓
10 years and above	0	100	0	✓

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2018/19 £'000
Actual Principal Invested Beyond Year End	3,000
Limit on Principal Invested Beyond Year End	10,000
Complied	✓

Investment Benchmarking

Average Actual Return on Investments 2018/19	Original Estimate Return on Investments 2018/19	Average Bank Rate 2018/19	Average 7-day LIBID Rate 2018/19
0.90%	0.39%	0.67%	0.51%

(The London Interbank Bid Rate (LIBID) is a bid rate; the rate at which a bank is willing to borrow from other banks)

Council Meeting	
Meeting Date	9 October 2019
Report Title	Brexit Preparedness
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Della Fackrell, Resilience Manager
Key Decision	No
Classification	Open
Recommendations	1. To update Council on the work being undertaken on Brexit preparedness.

1 Purpose of Report and Executive Summary

- 1.1 This report is to update Council on the work that is being undertaken on Brexit preparedness.
- 1.2 In the absence of the Chief Executive, the Chief Financial Officer has been nominated as the Council's Brexit lead. He is supported in this by Della Fackrell the Resilience Manager and her team.

2 Background

- 2.1 Brexit is clearly a massively challenging and complex issue. For this Council we need to be clear about what role we play in the event of a no deal Brexit on 31 October. This can be summarised as:
 - (1) The role as community leaders and this particularly focuses on the role of individual elected members in their wards,
 - (2) Our direct service provision of key services to the community. The service where we have most concern is over waste collection, and
 - (3) The Council's role within the wider public sector response to problems arising from Brexit, in particular in relation to the broader roles played by KCC and Kent Police. This will put a particular emphasis on communication with residents. The Council's Communications team will have an important role but so too should individual members through their own communications structures, either leaflets or social media.

Each of these areas will be considered in more detail in this report.

- 2.2 One of the early actions of the new administration was to arrange for a representative of the Kent Resilience Forum which coordinates the Brexit work with the Council's own Resilience Manager to present to Cabinet members and Deputy Cabinet members on the latest position on Brexit preparations. This meeting did reinforce the amount of preparatory work that has been undertaken led primarily by KCC and Police. The contingency planning revolves largely around the movement of goods through the Channel ports, highways provision in case of major congestion and more local responses if gridlock disrupts the normal flow of daily life. The assumptions being made are that any serious consequences will be time limited.
- 2.3 The Chief Executive and Chief Financial Officer before Mark Radford's illness attended a Strategic Command training session on Brexit in March 2019 and the Chief Financial Officer attended the Operation Lundy II training session on 11 September. Both these sessions focussed on the potential for significant traffic disruption due to tail backs of lorries trying to get to Dover port or Eurotunnel. At the session on 11 September the official estimates were that lorries will be in a queue for 1.5-2.5 days, the queue average would be 8,500 lorries and a 60% flow compared with current. It was also estimated that 50-85% of lorries won't be ready for new French customs requirements. All of this is speculative and there are huge unknowns such as the actual approach of French customs and the behaviour of hauliers who economically do not want vehicles caught up in long queues.
- 2.4 The KCC Council received a report on Brexit on 12 September. This highlighted a number of outstanding issues for Government:
- Confirm locations of all Customs stations/border readiness checking areas both inside and outside of Kent. It is important that vital imports are not held up in Kent but can proceed quickly to customs stations in other counties,
 - Finalise customs procedures and border control practices and provide necessary guidance to freight companies. It is essential that companies have border ready documentation at the start of their journeys. It is disturbing to read that so many exporting companies are not yet ready for this task,
 - Government to grant enforcement powers to Kent Police, Highways England, KCC Highways for operation Brock compliance, enforcement and implementation The Government have given police and local authorities these powers, including the power to limit heavy freight traffic to inside lanes. Authorities will have the power to use fines for enforcement,
 - Confirm priority freight arrangements (particularly medical supplies),
 - Confirm extension permits for UK hauliers to operate in the EU and vice versa for foreign lorries entering the UK,

- Confirm extension of cabotage arrangements (the transport of goods or passengers between two places in the same country by a transport operator from another country), and
- Further develop websites.

This list seems to suggest a great deal of clarification is still required from Government.

Community Leadership role

- 2.5 Brexit and in particular a no deal Brexit is a highly divisive issue with extremely strong views on both sides. This does create the potential for disturbances in communities if the no deal Brexit happens. Ward members given their close links with communities potentially have a key role to play in working with communities in addressing concerns but also in highlighting serious issues to Kent Police. The Council will also need to be clear who is speaking on its behalf with TV/press interviews focussed on the Leader. Individual Council members will have their own strong views whatever happens but they should recognise their responsibility for community cohesion and encourage mutual regard for opposing views.

Service Impact

- 2.6 The impact on the Council's direct service delivery to residents can be seen in a number of ways:

- (1) Waste collection- Council officers have been working with KCC waste team and Biffa to ensure contingency plans are in place should the worst case scenarios occur. This has included mapping out the home locations of waste and street cleansing staff across the Mid Kent Joint Waste Partnership (with Ashford and Maidstone) to understand how to direct resource to the required places, and, looking at new locations for vehicles and whether they can be spread them out across the Borough to ensure they are closer to their collection points and thus not so impacted by travel disruption. Officers have also liaised with KCC and their contractors for the transfer stations where the bin lorries unload the collected waste to ensure that they can open longer to allow the bin lorries to unload their contents at quieter times of the day.

Travel complications for freight vehicles may lead to an increase in lorries stopping at locations across the Borough. This will have an impact on street cleansing and as a result meetings have been held with Highways England about restricting use of laybys or putting in additional measures to reduce the impact. The details of this and the additional resource that be required to clear up afterwards has been costed and sent to KCC who are leading on the impacts of Brexit.

Finally a set of communications for residents are being prepared which will help them understand any changes that may need to make such as different days, starting earlier or finishing later or prioritising some collection types over others.

- (2) Food safety- the Environmental Health service needs to support businesses that export or import food and will potentially see an increase of export certificates for food of non-animal origin. Currently, there are a limited number of businesses exporting food to third party countries, generally for non-perishable foods of non-animal origin (dried fruit, biscuits, tinned goods) whereas there may be a need to provide for perishable foods and most significantly for fish exports to France the main destination of fish from Queenborough

Generally, export certificates for Products of Animal Origin (POAO) are dealt with centrally by the Animal and Plant Health Agency in DEFRA. In the event of a no deal the service locally will be expected to provide certificates for a number of food businesses in Swale. Currently only a few export non-POAO foods to third countries outside the EU. The Food Standards Agency (FSA) indicate that any change will be dependent on the outcome of negotiations. The EU system is based on a veterinary system of certification. There is a possibility the EU would require a similar arrangement in the UK, thereby taking this away from local government.

In Swale there are 13 approved premises; these include Cook, Two Suns Fishery. The FSA's working assumption is that re-approval will not be needed. Should this change it will be a significant body of work. The March 2019 deadline proved to be an interesting 'dry run' in how this work could be supported with the trade in the event of a no deal to meet the need for fish export certificates being required for night time catches and the need for the trade to work together to export under one certificate per load. At that time the Designated Import Post was Dieppe not Calais which caused some concern.

- (3) Overall service delivery- Council services depend upon the ability of staff to get to work. Prior to the March exit date a survey of staff home locations was undertaken which found that 39% of staff live close enough to walk to work with an additional 30% living close to a direct train route. The ICT section have also tested a large number of staff working from home on the same day across all three MKS Councils which provided assurance that the Council IT systems will cope. This does give a considerable assurance that Council services can be maintained if there is severe traffic disruption,

Council wide response

- 2.7 Brexit preparedness has been coordinated through the Kent Resilience Forum. The Council's Resilience Manager fully participates in their conference calls and this will be used to keep members and officers informed. These meetings will increase in frequency the more likely a no deal outcome is.

- 2.8 From 1 October the Leader and senior officers will meet weekly with the Resilience Manager to review that latest issues on preparedness. The Chief Financial Officer will provide updates to members from these meetings.
- 2.9 The Resilience Manager is presenting on Brexit to the Corporate Leadership team on 1 October. The Resilience Team is running a multi-agency table top exercise on 8 October and a live emergency centre exercise on 7 November. It is especially important in the absence of the Chief Executive to remind officers of their roles in an emergency situations and a business continuity incident.
- 2.9 The fundamental role of the Council will be to keep residents well informed on events in the borough in the event that serious disruption to traffic happens. So the focus will be on the Communications team using the tools at its disposal to keep residents as well informed as possible. We are aware of the need to supplement the resource in this small team to ensure that potentially it can operate for 24 hour periods.
- 2.10 In the event of a very significant trigger event the Council will put in place its Major Incident Plan.

Funding

- 2.11 Earlier in the year the Council received £30,000 for Brexit preparedness. None of this was committed. The Council has now received a further £70,000.
- 2.12 Discussions with members identified a potential issue in village halls being able to provide storage of food and to fully paly their role as envisaged in the Emergency plan as rest centres. Funding requests are being considered.
- 2.13 The Citizens Advice Service has also applied for additional funding to help cope with additional demands. Officers are in discussion with CAS.
- 2.14 The major potential call on funds is to fund additional waste collection costs.

Impact on Policing

- 2.15 Police resources will be seriously stretched, with Police leave potentially suspended and extra Police resources will be transferred from other areas. The concentration of Police resources on these issues will put a strain on conventional policing

3 Proposals

- 3.1 The proposals are to note the preparedness action underway.
- 3.2 Also the funding proposals set out above are to be noted.

4 Alternative Options

- 4.1 The Council has the option of not making preparations for a no deal Brexit. This is not recommended but the actions proposed are proportionate.

5 Consultation Undertaken or Proposed

- 5.1 Advice has also been taken with Legal and Commercial advisors.

6 Implications

Issue	Implications
Corporate Plan	Supports all Council objectives.
Financial, Resource and Property	The additional £100,000 is available to fund preparedness and cost pressures.
Legal, Statutory and Procurement	No implications have been identified from this change.
Crime and Disorder	No implications have been identified from this change.
Environment and Sustainability	No implications have been identified from this change
Health and Wellbeing	Potential issues in getting care and medical supplies to at risk individuals.
Risk Management and Health and Safety	Potentially significant operational risks.
Equality and Diversity	No implications have been identified from this change
Privacy and Data Protection	No implications have been identified from this change

7 Appendices

- 7.1 None

8 Background Papers

8.1 None

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