

	<h2>Policy and Resources Committee</h2> <h3>20 February 2019</h3>
Title	Brexit Preparedness
Report of	Chairman of the Policy and Resources Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Brexit Impact Log
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Summary

A motion was passed at Council on 26 July 2016 that called on Policy and Resources Committee to consider the potential impact of Brexit on Barnet, in order to identify and respond to risks that may arise. Council on 29 January 2019 further resolved to instruct Policy and Resources Committee to receive a report at its next meeting detailing the council's contingency plans in order to ensure service continuity and provide re-assurance and support for Council employees, residents and businesses at this time.

This report sets out the council's approach for identifying and mitigating potential risks and opportunities arising from Brexit, which includes the development and ongoing review of an impact log. This has centred around the exploration of a set of key themes where it is anticipated there may be a potential impact to the council and the services it delivers.

Due to the uncertainty and changing picture on a national level, the implications of Brexit are difficult to assess as the terms of exiting the European Union are yet to be confirmed. Work has been undertaken, using insight and data, to assess as far as possible how likely

issues and opportunities are to occur and how significant the impact would be. Where necessary and possible, mitigating actions have also been identified. As well as looking at potential impacts on services and areas which are the direct responsibility of the council and its delivery partners, we have also engaged with other public, voluntary and private sector organisations in the borough through the partnership board.

As all local authorities, as well as central government, are undertaking similar preparations, we have ensured that this work has linked into guidance from the LGA, London Councils and other local forums.

Officers Recommendations

1. That the Committee considers the potential implications of the UK leaving the European Union for Barnet, and notes the action being taken to respond.

1. WHY THIS REPORT IS NEEDED

1.1 This report is required to outline Barnet's approach to Brexit preparedness and the potential implications, opportunities and risks.

2. BACKGROUND

2.1 A motion was passed at Council on 26 July 2016 that called on Policy and Resources Committee to consider the potential impact of Brexit on Barnet. A report presented at a subsequent committee agreed monitoring a basket of indicators which reflected the broad trend in the local economy, labour market, and local community cohesion.

2.2 Council on 29 January 2019 further resolved to instruct Policy and Resources Committee to receive a report at its next meeting detailing the council's contingency plans in order to ensure service continuity and provide re-assurance and support for Council employees, residents and businesses at this time.

2.3 The deadline for existing the European Union is currently 29 March 2019. As the deadline approaches things have moved on significantly. The council is now taking a comprehensive approach to Brexit preparedness by identifying potential opportunities, impacts, risks and mitigations. This is in line with national and regional guidance.

2.4 Due to the uncertainty and changing picture on a national level regarding Brexit, it is difficult to assess potential impacts on Barnet with certainty. Therefore, the council is preparing for potential impacts that could occur under either a deal or no deal scenario. This work will evolve as more information is made available.

3. NATIONAL CONTEXT

- 3.1 On 24 June 2016, the UK voted, 52% to 48%, to leave the EU, having been a member since 1973. Voters in Barnet voted 62% to 38% to remain, broadly in line with the rest of London (60% remain). 'Article 50' was triggered by the UK Government in March 2017, giving the country two years to negotiate an exit deal. Since this date the Government has been in negotiations with the EU with a view to achieving a deal to establish a new relationship.
- 3.2 A Withdrawal Agreement and Political Declaration on the future relationship between the UK and the EU was endorsed by EU leaders on 25 November 2018. On 29 January 2019, Parliament voted to seek to amend the Agreement to put in place alternative arrangements in respect of the Northern Irish Border. Ongoing negotiations are now taking place between political leaders to come up with an amended deal that will be agreed by UK parliament and EU leaders. At the point of writing this report it remains policy that we will leave the EU on 29 March, although there is speculation about a range of potential scenarios.
- 3.3 The Government announced in December 2018 that it has decided to increase preparations for a no-deal Brexit, by approving £2bn for government departments, which will be used to help preparations for UK departure, including putting civil contingency measures into effect. It has also been announced that £40m will be allocated to Local Authorities over 18/19 and 19/20 to help them prepare for Brexit, and on the 28 January 2019 announced that £210k would be awarded to all unitary councils. This will be split equally over the two financial years.

4. OUR APPROACH

- 4.1 Through research and guidance from central government, the LGA, London Councils and other Local Authorities; a set of themes have been identified which have been used as a framework for assessing opportunities and mitigating potential risks. This has been captured through the creation of an impact log (appendix A) which focuses on the following themes:
- Workforce
 - Citizens' rights
 - Community cohesion
 - Council funding
 - Supply chain
 - IT/systems
 - Legislation
 - Economy
 - Emergency planning
 - Elections
- 4.2 Due to uncertainty around the nature of the deal or whether one will be achieved, the log includes opportunities and risks that could occur under either a deal or no-deal scenario.
- 4.3 The council will continue to assess the themes identified as more information becomes available nationally, and the terms of any deal become clearer. A weekly working group has been established, chaired by the Deputy Chief Executive. This group will monitor and adjust plans as appropriate.

- 4.4 We have also engaged with our delivery partners who are responsible for delivering services on behalf of the council. These organisations identified many similar issues to the council, and have been incorporated into the impact log.
- 4.5 Keeping abreast of national developments also forms a key part of our approach and we will continue to monitor and follow any guidance provided by central government and national bodies. The council is also represented on the London Resilience Forum, Local Authorities Panel, London Councils and London Prevent Network who take a collective approach to reporting information to the Ministry of Housing, Communities and Local Government (MHCLG).

5. BREXIT IMPACT LOG

5.1 As described in the above section, our approach has centred around the exploration of a set of key themes where it is anticipated there may be a potential opportunity or impact to the council and the services it delivers. Work has been undertaken, using insight and data, to ascertain how likely these are to occur and how significant the impact would be if they were to. Mitigating actions have also been identified where necessary and possible. Further detail around each of the themes is set out within this section.

5.2 Workforce

5.2.1 Approximately 6.5% of the council's directly employed workforce (106 individuals) are from EU27 countries. The majority of these individuals work within our Streetscene and Family Services departments. We will monitor recruitment and retention in these services, to see if any targeted support is required. We will also put measures in place to support these individuals in applying for EU Settled Status. The pilot settled status scheme was communicated to staff within Family Services and Adults Social Care who were offered the opportunity to be involved in this with the support of the council. Six staff have taken part in this successfully with the only negative feedback being around access to the app without an Android device.

5.2.2 Sectors such as health, social care, environmental services and construction are known to employ high numbers of EU27 nationals. If Brexit exacerbates already apparent recruitment and retention issues in these areas, it may lead to business continuity challenges or increased financial pressures, as a lack of supply increases wages in these areas. The government's recent announcement to scrap the £65 EU settlement fee, may alleviate the risk of EU nationals leaving the UK. More vacancies in these sectors may also present an opportunity to support lower skilled residents to secure better paid employment.

5.2.3 In Barnet, approximately 27% of workers across our Adults Social Care supply chain have EU nationality; equating to around 2,800 individuals. To enable better understanding and planning for potential staff shortages, the council has asked Adult Social Care suppliers to update business continuity plans over the coming weeks.

5.2.4 The council has a significant capital investment, regeneration and house building programme to deliver over the next five years, and beyond. A significant proportion of our

supply chain providers for construction and environmental services rely on European staff to maintain their operations and deliver construction projects. If there are staffing shortages, this has the potential to slow down or increase costs of projects and business as usual services. This is a concern that has been noted by CSG, Re and The Barnet Group. Although there are limits in what we can do in terms of mitigations, we can advise our providers on recruitment and retention initiatives via our Skills teams, including recruitment of apprenticeships. This also has the potential to open up opportunities to upskill local people to access jobs in these areas.

5.3 Citizens' rights

5.3.1 As at the last annual publication of the Register of Electors (1 Dec 2018) there were 31,131 EU nationals registered to vote in Barnet. Although the government have confirmed they will protect the rights of EU citizens living in the UK, there is uncertainty around the detail of this without the terms of a deal set out, or in a no deal scenario.

5.3.2 To aid our residents, communities and businesses we will be developing a information page for EU residents on our website to share information and advice as we recognise that local residents look to the council as a source of information. This will signpost to central government websites as well as sources of content that are nationally recognised as having valuable information, guidance and advice. In addition to this, we will use our range of communications channels to keep people up to date with any crucial developments, particularly around any impact on a local level.

5.3.3 It is expected that EU citizens will all need to apply for EU Settled Status or pre-settled status. The council's Registrars' service would usually support residents applying for citizenship. However, it is not expected that there will be a significant risk around rising demand for our registrar's service as the EU settlement process is expected to be primarily online directly via the Home Office. Therefore, the need to attend the Registrars' office should be minimal. However, some further exploration is happening around how we support our vulnerable residents to apply if they are not able to or do not have the skills to do this themselves online.

5.4 Community Cohesion

5.4.1 Community cohesion and the potential rise in community tension is a risk area that has been identified by both ourselves and other public, voluntary and private sector organisations in the borough. This could occur regardless of the scenario in which we exit under, including a delay in exit or a non-implementation of the referendum result. During the two weeks following the referendum in June 2016 there was in total 25 more incidents of Race and Religious Hate Crimes reported than would normally be expected. Geographically, this was distributed evenly across the borough and a similar pattern was reported across the UK. However, it cannot be assumed that this rise was solely due to the referendum result as there may have been other attributing factors.

5.4.2 If this rise is mirrored when the UK exits the EU and there is an increase in community tensions, then this could cause extra demand on Community Safety teams and the Police. We are working to prepare for this as much as possible by identifying where different nationalities and faith groups are based across the borough in the view that this will help us to direct resources effectively and efficiently. Initial analysis has shown that the top five nationalities represented on the boroughs register of electors are; Romanian,

Polish, Italian, Portuguese and French. The top five wards that these EU nationals reside in are; Colindale, West Hendon, Hendon, Childs Hill and Burnt Oak. The council will continue to work with the police to share intelligence and information to provide any support required and direct resources where most needed.

5.4.3 Work will also continue with partners through the Barnet Safer Community Partnership's delivery of The Barnet Zero Tolerance to Hate Crime Project. This brings together Barnet Council, the Police, Barnet Mencap and other community and voluntary sector partners in order to increase awareness and reach of Barnet's Hate Crime Reporting Centres.

5.4.4 The Barnet Zero Tolerance to Hate Crime Project will also continue to implement its program of Hate Crime awareness and reporting training to staff across the partnership. This will include the delivery of a series of Hate Crime Awareness workshops with community and user-groups in Barnet.

5.4.5 Communications plans and processes to enable two-way information share between the council and community groups on any feedback or messages around community tension will be reviewed and updated to enable effective partnership working.

5.5 Council funding

5.5.1 The economic implications of Brexit for the Council and borough are very difficult to forecast and quantify with the terms of exiting the European Union yet to be confirmed. There is insufficient detail available to be able to take a more informed view at this stage, and due to this uncertainty, whilst refreshing the Medium Term Financial Strategy (MTFS), neither a positive nor negative impact has been assumed within the budget.

5.5.2 We will continue to monitor macro indicators such as inflation, interest rates and currency variations to understand and manage any direct impacts on the budget or the performance of Pension Fund assets. On a more local level, we will also continue to closely monitor our business rates and council tax collections. We will also monitor indirect budget impacts, for example on the rate of delivery of new homes which drive Community Infrastructure Levy, New Homes Bonus, and the growth of the Council Tax base.

5.5.3 If there are significant negative impacts on the council's income or expenditure, the council will need to take immediate and robust steps to reduce its expenditure in order to maintain its core responsibilities whilst also setting a legal budget.

5.5.4 We do not currently rely on funding from EU grants and therefore do not need to develop an exit strategy for those funding streams.

5.6 Supply chain

5.6.1 The supply chains for both ourselves and delivery partners has been highlighted as an area that could be significantly impacted. If border controls are imposed, then this may affect the ready availability of vital supplies e.g. foodstuff and medicines. Changes to border controls or trade tariffs could also affect our ability to purchase raw materials, goods and services. Construction has been highlighted as the most likely area to be affected by this.

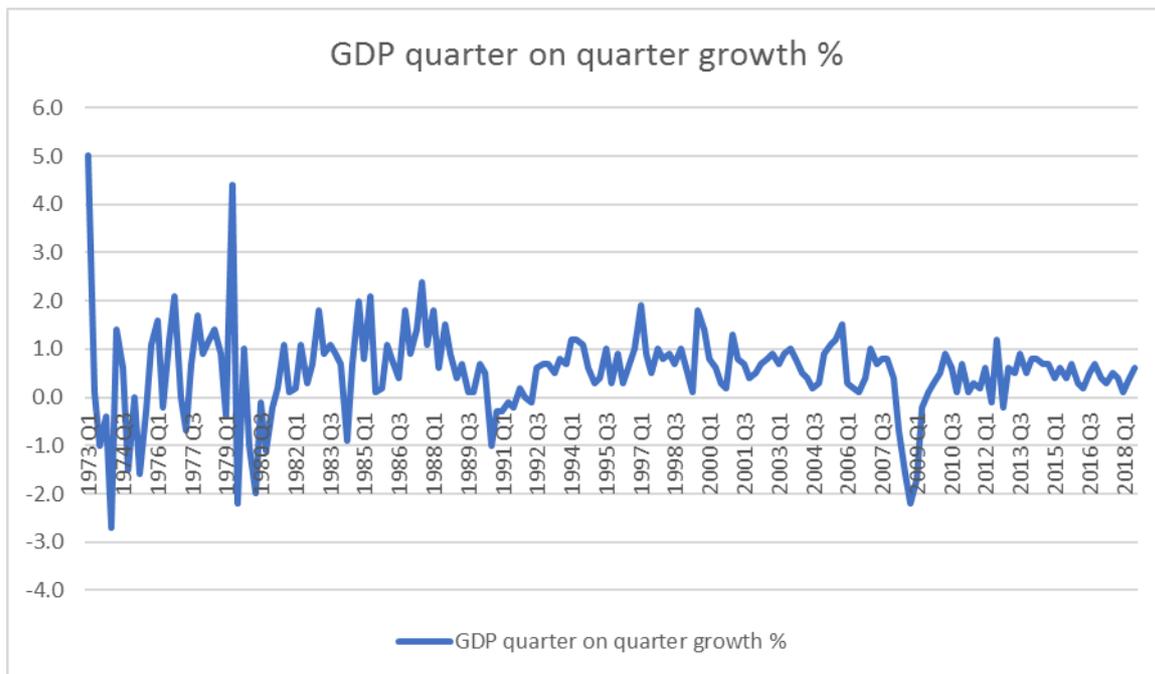
- 5.6.2 The Government recognises the vital importance of medicines and vaccines, and has developed a UK-wide contingency plan to ensure the flow of these products into the UK in a 'no deal' scenario. The Government is working with pharmaceutical companies, suppliers, and the NHS to make sure patients continue to receive the medication they need if the UK leaves the EU without a deal. The Government has analysed the supply chain, made plans to reduce the risk of disruption, and given instructions to pharmaceutical companies to ensure that they have adequate stocks to cope with any potential delays at the border. Companies were also asked to make arrangements to air freight medicines with a short shelf life, such as medical radioisotopes.
- 5.6.3 If there was a shortage of some types of food, the council would work with central government and other regional and national organisations to respond. The council is currently monitoring national guidance and preparedness plans. Public Health England are also considering food supply chains and where shortages might occur. Advice received from central government and other national bodies is that stock piling should not be done on a local or individual basis.
- 5.6.4 The council has undertaken a preliminary (desktop) investigation exercise to understand, as far as it can reasonably ascertain, if/how much we trade with the EU on any products or services. This exercise has confirmed initially-held views that very few of the council's contracts are directly held with companies in the EU – it is our supply chains that will may be impacted, primarily for the construction industry. Where required, procurement specialists will advise service leads across the council in respects of identified risks with their existing contracts; and support them in their efforts to develop mitigating actions.
- 5.6.5 The Barnet Group have also highlighted there may be potential pressure on construction projects and are mitigating this by ensuring they have a number of construction partners to meet demand.
- 5.6.6 Re have mirrored concerns over construction and have highlighted that this may have a potential impact on development. If there is a reduction in the availability of building supplies, or there is an increased cost, then this may slow down the construction process. A supply chain assessment of partners will be carried out to try and mitigate against this, along with ensuring that they have sufficient Brexit plans in place.

5.7 **IT / Systems**

- 5.7.1 It is not anticipated that there will be any negative impacts in this area as the majority of the councils and its delivery partners' data servers are hosted within the UK. We have two data servers that are hosted within the EU, both of these are for internal purposes/processes rather than the delivery of core services. We are currently working with providers to confirm that access to data will remain when we exit the EU.

5.8 **Economy**

- 5.8.1 Since the referendum, quarter on quarter economic growth has fluctuated between 0.1% and 0.7%, with no discernible overall trend. Historically, though, these are comparatively low rates of growth.



5.8.2 Current growth forecasts for 2019 and 2020 show that Barnet is projected to remain in line with the wider London economy and to outperform other West London Alliance (WLA) boroughs as a group. The Financial and Business Services sector, which is prevalent in Barnet, is also generally expected to outperform other economic sectors.

5.8.3 The short term economic impacts of Brexit are likely to depend on the detail of arrangements for leaving the EU. We will monitor the key indicators of interest rates, inflation, exchange rate and unemployment, and make any necessary proposals to amend budgets and/or the Entrepreneurial Barnet programme, which includes our skills, employment and economic development activity.

5.8.4 In the longer term, it will be important that the council takes advantage of any opportunities arising from Brexit, for example by supporting lower skilled workers through schemes such as the skills escalator.

5.9 Emergency planning

5.9.1 If there are situations that arise immediately following Brexit that affect the borough, residents and workforce, then the council will have a role in responding to and managing this. Key areas highlighted have been shortages of some food and medicine, alongside possible civil unrest. Therefore, it is important that the council has appropriate emergency plans in place to respond effectively. The council is currently undertaking a review of our emergency response and business continuity plans which will cover any potential Brexit related response.

5.9.2 The council is also part of the London wide resilience forum which includes other partners such as the police and fire brigade. Keeping abreast of national guidance and

feeding into wider reports to central government will be an important part of how emergency situations are monitored and responded to on a national level.

5.10 Elections

5.10.1 Electoral Services have undertaken preparatory planning to ensure that we are as ready as possible for any short-notice elections that may occur, or in the event that the EU Parliamentary elections still scheduled for May are not cancelled. Initial discussions have already taken place with venues and previous election employees have been contacted to check availability.

5.11 Legislation

5.11.1 On 26 June 2018, the European Union (Withdrawal) Bill 2017-19 (EUWB) received Royal Assent to become the European Union (Withdrawal) Act 2018 (EUWA).

5.11.2 The EUWA will repeal the European Communities Act 1972 (ECA 1972) on exit day. The ECA 1972 currently enables EU law to become part of UK law, and gives effect to the principles of direct effect and the supremacy of EU law.

5.11.3 The EUWA includes provisions that:

- Repeal the ECA 1972 on exit day (section 1).
- Retain existing EU law in domestic law (sections 2 to 4) by:

5.11.4 Section 2: preserving UK law that implements EU requirements ("EU-derived domestic legislation") such as secondary legislation made under section 2(2) of the ECA 1972 to implement EU directives

5.11.5 Section 3: converting into domestic law most (but not all) directly applicable EU law ("direct EU legislation") operative immediately before exit day, including EU regulations, EU decisions, EU delegated and implementing acts (tertiary legislation), but with specified exemptions, and not including the EU treaties

5.11.6 Section 4: converting into domestic law most of the other EU rights and obligations that before exit day were recognised and available in domestic law through section 2(1) of the ECA 1972, and not converted under section 3, such as directly effective rights in EU treaties and rights in EU directives recognised by a court before exit day; and

5.11.7 Section 6: providing that retained EU case law be given the same binding, or precedent, status in UK courts and tribunals as existing decisions of the Supreme Court or the High Court of Justiciar in Scotland

5.11.8 Create a time-limited, delegated power enabling a minister to make secondary legislation to deal with deficiencies in retained EU law, such as its failure to operate effectively (section 8).

5.11.9 In summary, for the purposes of amendment, EU regulations and section 4 rights will be treated as primary legislation, and tertiary EU legislation will be treated as subordinate legislation

5.11.10 Many statutory Instruments have already been drafted to be brought into force either at the end of any transition period or on exit day.

6. IMPACT ON PARTNERS

6.1 An important part of our approach to Brexit preparedness was reaching out to our partners to ascertain what preparations, if any, they are undertaking. This included both our delivery partners who we work closely with on a daily basis and are an integral part of the delivery of our services, as well as our strategic partners in the public, private and voluntary sector who we collaborate with to improve outcomes across the borough.

6.2 Key cross-cutting themes that partners have identified include concerns around their supply chains, workforce and overall community cohesion. There is also, a general feeling of uncertainty and a want for clearer guidance and support with preparations. The council will continue to liaise with partners to ensure that our preparedness approach is collaborative and that we are supporting one another to deal with any implications that arise or maximise on any opportunities.

7. NEXT STEPS

7.1 In the weeks leading up to and following Brexit, for as long as is necessary, the following will be done:

- keeping abreast of national developments and guidance;
- feeding into pan-London and national reports;
- weekly project group meetings to review the impact log and assess any further risks as they arise;
- identified actions and mitigations to be put in place.

8. REASONS FOR RECOMMENDATIONS

8.1 The proposed method of monitoring and assessing the impact of Brexit is deemed appropriate to ensure that any potential risks are identified and mitigated against appropriately and timely to help ensure the best outcomes for the borough.

9. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

9.1 The council could decide not to assess the potential impacts of Brexit however this could leave the organisation open to significant risks in terms of our ability to respond in an uncertain climate and delivery of services.

10. POST DECISION IMPLEMENTATION

10.1 The approach outlined in section 4 will continue. The mitigations identified will be implemented and the impact log will be a working document that is reviewed and updated at regular intervals.

11. IMPLICATIONS OF DECISION

11.1 Corporate Priorities and Performance

11.1.1 This approach will help the council identify potential risks early on and respond appropriately to continue to ensure the best outcomes for Barnet residents.

11.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

11.2.1 There are resource implications associated with this decision around officer time which relates to; attending the weekly working group, reviewing and updating the impact log, delivering on mitigating actions and feeding into requests for information from national bodies. As stated in paragraph 3.3, £40million of funding has been announced to support local authorities in their Brexit preparations and it was revealed on 28th January that £210k would be awarded to all unitary councils. This will be split equally over 18/19 and 19/20. As of yet, there are no further details of this allocation and when funding will be received.

11.3 Social Value

11.3.1 This decision does not relate to a service contract therefore there are no social value considerations.

11.4 Legal and Constitutional References

11.4.1 Under the council's Constitution Article 7, the Policy and Resources Committee Terms of reference include: To be responsible for those matters not specifically allocated to any other Committee affecting the affairs of the council; to be responsible for the overall strategic direction of the Council.

11.4.2 For legal references please see the legislation paragraph 5.11

11.5 Risk Management

11.5.1 There are no risks associated with the decision to implement the suggested approach. This acts as a way to identify and manage the potential risks that may arise from Brexit.

11.6 Equalities and Diversity

11.6.1 No negative differential impact has been identified with regard to any of the protected characteristics in relation to this decision. The inclusion of community cohesion and citizens' rights risks will enable early identification of any potential negative impacts.

11.6.2 As and when the national picture becomes clearer, the situation will be monitored to assess whether any equalities impacts are anticipated.

11.7 Corporate Parenting

11.7.1 This approach will help the council identify potential risks early on and respond appropriately to continue to ensure the best outcomes for Barnet residents, including Children and Young People that are in the care of the local authority.

11.7.2 The council will put measures in place to support Children's social workers and other Family Services support staff in applying for EU Settled Status. The pilot scheme was communicated to staff who were offered the opportunity to be involved in this with the support of the council.

11.7.3 Local authorities will also be required to support and make EU Settlement applications on behalf of looked after children for whom they have parental responsibility.

11.8 Consultation and Engagement

11.8.1 There has not been any specific consultation or engagement activity in relation to this decision.

5.8 Insight

5.8.1 Business intelligence drawn from across the council and wider sources has been used to populate the impact log and provide commentary within this report.

12. BACKGROUND PAPERS

12.1 Report to Policy and Resources Committee – Monitoring the impact of Brexit on Barnet, 5 October 2016:

<https://barnet.moderngov.co.uk/documents/s34903/Monitoring%20the%20impact%20of%20Brexit%20on%20Barnet.pdf>

12.2 Report to Policy and Resources Committee – Monitoring the impact of Brexit on Barnet, 27 June 2017:

<https://barnet.moderngov.co.uk/documents/s40458/Monitoring%20the%20impact%20of%20Brexit.pdf>