

**Report for:** Overview and Scrutiny Committee

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

**Report authorised by:** Jean Taylor – Head of Policy

**Lead Officer:**

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

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

## **1. Issue under consideration**

1.1. The Overview and Scrutiny Committee requested an update on the potential implications of Brexit on the Borough.

1.2. The UK will officially leave the EU single market and customs union on 31st December 2020 as the transition period comes to an end. The full array of Brexit implications and the impact they will have on Haringey is still widely unknown. The coronavirus pandemic has had a significant impact on our communities and local economy, alongside significantly weakening the council's financial position. It can be predicted that a worst-case Brexit scenario will further weaken these positions.

## **2. Update on Implications and Risks**

2.1. The attached risk register lays out the assumed risks to the council and the borough and the actions that are being taken to mitigate these risks. A high-level analysis of these risks identifies two potential 'crisis' points, one at the end of December 2020 if a trade deal between the UK and EU is not agreed before the end of the transition period, and a second at the end of June 2021, when applications to the EU Settled Status Scheme will close. At this point it is unclear what the government policy will be towards EU citizens who fail to sign up to the scheme before this deadline, but there is potential that they will become no recourse to public funds (NRPF) or face deportation. Both a significant risk to the council.

### **2.2. Internal Implications**

2.3. The attached risk register outlines the main internal risks to the council and the running of the organisation. The most significant risk of these is to the council's financial position and its midterm financial strategy, particularly because of the current pressures on the budget due to the pandemic. Other risks to the efficient running of the council include the potential impact on the council's workforce should council staff from the EU fail to register for settled status before the deadline. The council may also face recruitment shortages within

sectors currently staffed by a higher percentage of workers from the EU such as adult social care. Although expected to currently have a lesser impact, if no free trade agreement is made with the EU before the end of December, delays within council supply chains could occur, potentially delaying medical supplies and construction materials.

#### 2.4. External Implications

2.5. The risk register also outlines the main risks to our communities and the wider borough. The most significant risk to Haringey residents from the EU is the potential to become NRPF if they fail to apply for settled status before the June 2021 deadline. There is also a risk to the local economy should a large number of EU residents leave Haringey due to restrictions. This could result in skills shortages that will be unable to be filled in the short-term possibly contributing further to the economic downturn that has arisen because of the pandemic.

2.6. Other external risks to Haringey's communities include food and medical shortages which may occur if no free trade agreement is reached with the EU. Large queues at the border may mean shortages of food and medical supplies of a perishable nature. Due to the time of year, stockpiling abilities will also be reduced. There is also a risk of public disorder should food or fuel shortages occur or if tensions between pro or anti Brexit campaigners re-emerge, although it is likely that these will take place outside the borough.

#### 2.7. Officer Group

2.8. An officer group looking at Brexit preparedness met at the end of September and assessed risks for the following areas: Community issues, Economic Development, Finance & Funding, Enforcement and Workforce. This group looked at how the identified risks had changed as a result of the coronavirus pandemic, and which council services were likely to come under increased pressures as a result of Brexit.

### 3. **Next Steps**

3.1. Further work is in train to develop analysis the implications identified within the Brexit risk register and further understand their potential impacts.

3.2. The officer group will meet again in October to look at these risks further and update on mitigation activities. This meeting will look at communications, the settled status scheme, and the services most likely to be impacted.

3.3. A further update on Brexit will be brought to Overview & Scrutiny committee in November.

#### **4. Recommendations**

4.1. That the committee considers the Council's updated Brexit Risk Register and the risks identified within it.

## Attachments

### Brexit Risk Register

August

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
<b>Financial Risk</b>	Macro-economic impact on council finances as weakened economic performance affects income and increases demand, cost of debt, inflation etc	M	H	M	Impact of Brexit is hard to assess due to uncertainties but will combine with significant impact of Covid on council finances.	A sensitivity analysis took place in August 2019, which focused on the most at risk areas e.g. ASC, CS and income streams (Council Tax/Business Rates). Reanalyse these areas in line with CV-19 impacts.	The MTFS has been significantly impacted by the CV-19 pandemic.
<b>Procurement</b>	Potential changes to procurement regs, may impact on larger procurements (OJEU)	H	L	H	If no Free Trade Agreement is agreed, there is potential for short-term disruption to letting/ renewing of contracts due	Continue to review contracts expiring over next 12 months to consider those at risk of being impacted. Assess these in line with Covid impacts.	Increased risk of suppliers going under and failure to deliver their contracts due to economic impact of Covid.

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					to legal uncertainties. There is still potential for simplification of procurement.		
<b>Supply chain</b>	Potential for disruption to supplies and services, either through workforce or border/customs issues	M	M-H	M-H	Disruption likely to be short-term as suppliers adjust. In a scenario where no FTA is agreed impacts are likely to be more severe and long term.	Suppliers have been written to request assurance. Reconsider resilience options through frameworks / alternative providers through Service Business Continuity Plans. Work that was done on this last year should be reassessed in line with the negative impacts Covid has had on supply chains.	Increased risk of suppliers going under due to economic impact of Covid.
<b>Voter registration</b>	Elevated levels of voter registration as EU nationals seek to demonstrate	L-M	L	H	Likely to be ongoing demand for this service, particularly as the June 2021 deadline for EUSS	Levels of EU voter registration were elevated during summer 2019 and this needs to be monitored as the	N/A

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	their right to remain				applications approaches.	June 2021 deadline approaches. Ensure that the service has the capacity to keep up any increased demand.	
<b>Access to benefits &amp; services</b>	Changes to rights to services/benefits may occur under the EU Settlement Scheme. Anticipated that these will be mostly marginal changes. However, increases in customer enquiries likely. Some may lose right to remain if they fail to apply/cannot prove their status.	M	M	M	It is now clear that EUSS applications may be spread over a lengthy period. The implications of those failing to navigate the process will be high, particularly if residents become NRPF (see below) or become unemployed and then lose access to benefits. This will have a significant financial impact on the council and on the	Reassess if Customer Services are ready to deal with an increase in enquiries in the new year. Continue to work with Bridge Renewal Trust and others to support people to navigate the process. A joint (council/BRT) bid has been submitted to engage with a further 8,200 vulnerable people via outreach/promotional activity.  Reassess what impact Covid has	Increased rate of unemployment will mean more residents accessing benefits e.g. universal credit. Due to the large number of EU citizen's in the borough it is possible that this group could be adversely affected. However, more work

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					<p>demands for statutory services such as Children's.</p> <p>As of June 2020, 61,480 EU residents in Haringey had applied for settled status. It was previously estimated that 42,000 people in Haringey were from the EU and we know there are more that are yet to sign up.</p>	<p>had on organisations supporting applicants</p> <p>Ensure services are equipped to deal with increases in demand.</p>	<p>needs to be done to substantiate this.</p> <p>Services already stretched due to Covid pressures may see a further increase in demand.</p>
NRPF	Current EU residents who fail to apply for settled status by the deadline may become NRPF. Residents may still have access	M	H	M	The deadline for EU, EEA and Swiss citizens to apply for Settled Status is 30 <sup>th</sup> June 2021.	Restart regular meetings of the NRPF to pick up any actions and reassess the potential financial impact on top of current MTFS pressures.	As above. Increased unemployment due to Covid impacts could mean more EU citizens move onto universal

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	to council services through statutory duties, though at a significant cost to LBH.					Reassess current levels of EUSS applications alongside restart of EUSS outreach activities (as mentioned in above risk).	credit and become NRPF if they don't gain settled status.
<b>Hate Crime</b>	Spike in hate crime as Brexit transition period ends.	L	L-M	M	Severity uncertain as different Brexit scenarios may increase/decrease issue. Failure to sign an FTA may increase divisions due to political rhetoric and media scrutiny.	Monitor tone of Brexit debate and local incidence of Hate Crime. Check status of Weekly Prevent reporting. Provide reassurance through public messaging.	In some areas, local lockdowns have increase racial tensions. Potential occurrence if local lockdown occurs in Haringey.
<b>Significant public disorder</b>	Public disorder as people protest against Brexit and/or its effects.	L	M	M	Brexit focused protest less likely now we are in the transition period and due to Covid. Unlikely to occur within the borough. Only likely to occur if	Brexit additional resilience arrangements are now in place.	Any public disorder or large-scale protest within the borough is likely to risk an increase in virus transmission



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					significant disruption occurs e.g. to food or fuel supplies.		due to a lack of social distancing.
<b>Employment rights</b>	Loss of employment rights as free movement ends leading to recruitment problems in sectors of the local economy. Individual hardship cases where entitlement to work affects individuals.	H	M	M-L	Economic effects of Covid will bring large scale unemployment across the borough. Long-term issue, needing efforts to ensure adjustments by local employers. Skills shortages are still a concern in some sectors – e.g. social care and construction.	Reassess where potential skills shortages will occur in line with the impact Covid will have on job losses across the borough. Once established, work with employment and skills providers to support local people to develop skills to meet employment market need.	Large scale unemployment due to economic fallout of Covid pandemic will mean that many EU citizens are already out of work.
<b>Council workforce</b>	Difficulty in recruitment and retention of staff, esp in key sectors (e.g. social care, schools, manual occupations) because a large	M	M	M	Potentially significant issue, likely to be long-term. Gaps in key services and pay inflation possible. Potential to mitigate in the longer term	Workforce Group has been established to consider in more detail. Consideration of support needed for existing employees, as well as more general	Majority of staff are now working at home due to Covid but many of the staff likely to be affected

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	proportion of these roles are filled with staff from the EU and will become vacant if they choose to return their home country.				through apprenticeships, local employment strategies etc	workforce planning issues. Reassess current status of council workforce in line with Covid impacts. EU staff members have been offered support to apply for Settled Status.	work in frontline roles.
<b>Disruption to food and medical supplies</b>	Disruption at the border due to issues with customs arrangements if no Free Trade Agreement is signed, causes problems with essential supplies of a perishable nature including medicines.	M	H	H	In the event of an occurrence, assume issues for social care if there is disruption to the supply of medical supplies, and for low income households and vulnerable people (esp medically vulnerable). Vulnerable people are also less likely to be able to access other suppliers due to social distancing	Seek ongoing assurance from NHS re medicines. Review supply chain resilience of social care providers. Community resilience engagement to consider support options from CV sector and faith community. Potential to use support networks created during Covid response to respond to at-risk vulnerable groups in need.	Risk of virus transmission if people begin queuing in large numbers for food or fuel. Vulnerable people are unlikely to go out and put themselves at risk. Levels of stockpiling similar to those seen at the beginning of the

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					measures still being in place. The stockpiling abilities of food and medical suppliers are significantly reduced due to the time of year/warehouse space. This could cause disruption in the event of no Free Trade Deal being signed.		pandemic may occur.
<b>Disruption to utilities</b>	Disruption to supply chains could impact the water treatment process. Panic buying could also cause temporary fuel shortages.	L	H	H	These risks are primarily managed through the respective industry contingency plans. Partnership Resilience Plans are in place as needed.	One of LBH's utilities suppliers have stated that disruption to supplies may occur in the event of a deal or no deal scenario. Reassess whether this is still the case if no FTA is signed. However, in the event of this, the grid would look to balance its supply via	N/A

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						its capacity market services. Likelihood is still low.	

**Key:**

**Likelihood** - How likely is this to happen? L: <50% M: 50–75% H: 75%+ [Assessment is estimated – at present “No FTA agreement signed” is given a Medium rating, this requires ongoing assessment].

**Severity** - How bad would this be? L: Limited Impact M: Moderate Impact H: Severe Impact

**Proximity** - When is this likely to occur? L: Longer-term M: Medium, i.e. over the next 6 months H: Soon – commencing now/next few months