

**Report for:** Overview and Scrutiny Committee

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

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

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

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

## **1. Issue under consideration**

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

1.2. The UK will officially leave the EU single market and customs union on 31st December 2020 as the transition period comes to an end. Negotiations between the UK and the EU are continuing with the key areas of disagreement being fishing rights, post-Brexit competition rules and how any deal would be enforced. There are still several possible outcomes that come with different levels of risk for the borough and its residents. Therefore, Haringey Council will ensure it is prepared for the reasonable worst-case scenario.

## **2. Update on Risks**

### **2.1. EU Settled Status Scheme (EUSS)**

2.2. At the time of the EU referendum, it was estimated that c.42,000 EU nationals were living in the borough. An exact number is difficult to obtain as nationality data has not been generally recorded by the council and other public sector organisations. However, as of June 2020, there had been more than 62,000 applications to the EUSS from Haringey residents. This difference between our estimated EEA resident population and the number of applicants to the scheme suggests that the figure of 42,000 was a significant underestimation and reflects the challenge of accurately quantifying these populations. This emphasises the need for frequent engagement between the council, community partners and faith partners to identify possible gaps in applications.

2.3. Significant efforts have been made by both Haringey Council and VCS partners to advertise, support and encourage registration to the scheme. This has included a “Let’s Get Settled” campaign of community language materials, posters, leaflets and social media. Materials were translated into a range of languages including Bulgarian, Polish, Italian, Romanian, Greek and Yiddish. ONS country of birth data shows that the countries with the largest populations within Haringey are Poland, Italy, Romania, Bulgaria and Greece. Further translations of materials can be requested, as necessary.

2.4. This first phase of the campaign targeted all EU residents along with businesses, schools and non-council services. The Covid-19 pandemic has made engagement challenging, however, activities included delivering leaflets to 115,000 households in Haringey, digital on street advertising and posters for council and non-council services.

2.5. The second phase of the “Let’s Settled Campaign” will launch in December 2020. We now have information about how many Haringey residents have applied for the scheme and can break this information down by EU nationalities, ages and current immigration outcome. This data allows us to see within which community’s uptake has been higher than expected and within which communities further engagement is required. This will enable resource to be targeted more effectively, ensuring that more people are aware of the EUSS and have the means to apply. The council will be continuing to work with partner organisations such as BRT and PEEC to reach vulnerable groups such as children, the elderly, rough sleepers and new economic arrivals, continuing to build on partnerships that have been strengthened during Covid.

2.6. A designated EUSS officer, staffed within the Council, has trained front line services on the EUSS. This officer has also supported the Home Office funded work of the Bridge Renewal Trust. The Bridge project included supporting several specialist organisations, i.e. those to support Polish speakers, Latin America EU nationals etc. to ensure that they were aware of the scheme and supporting their communities to apply for it.

2.7. The funding for this project ended in September 2020 and unfortunately, we were not successful in our request for further funding from the Home Office. We are in the process of working with the Bridge Renewal Trust to identify those groups who may not yet have registered and understand how to reach and support them. There continues to be support available within the borough through the Bridge Renewal Trust, specialist VCS organisations i.e. HOPEC, CAB and the Council’s Connected Community programme. There is also support with digital access to the EUSS through the “we are digital” scheme.

## 2.8. Community Cohesion

2.9. The council continues to monitor the negative impact a combination of Brexit and Covid-19 could have on community cohesion. There has been an increase of 21% in the number of reported incidences of hate crime over the last 12 months, with a particular increase in far right and anti-Semitic cases, alongside those in opposition to the Black Lives Matter movement. Together with further engagement around the EUSS, we will continue to work with community and faith partners to identify the communities most at risk of being exposed to misinformation and the actions needed to mitigate these risks.

## 2.10. Workforce

- 2.11. Haringey Council continues to support all of its EU staff to apply for Settled Status prior to the June deadline. This includes updated guidance on the intranet, a dedicated Brexit mailbox and HR support.
- 2.12. One potentially significant implication of Brexit on the council's workforce is the reduction of available agency staff, particularly within adult social care. It is possible that as EU staff exit the market, there is a greater demand on a smaller pool of workers which may make recruitment to posts for challenging. The council will look at opportunities to mitigate this risk, for example, international recruitment where appropriate and cost-effective. The council has had recent success with recruiting international social workers.
- 2.13. Services within the council have undertaken work to ensure that externally commissioned providers have adequately prepared for the implications of Brexit. All providers have been asked to provide plans on how they would cope with (20% - 30%) reduction in workforce and whether they could meet essential services to clients by stripping away other roles they currently undertake. Providers have been asked to plan for redistribution of adult social care support in case of increased demand and reduction in staffing. Providers have also been asked to communicate with their EU staff members with regards to the EU Settled Status scheme. It should be noted that the response to COVID-19 has shown the resilience of providers during very difficult circumstances. The lessons from the response can be used to improve and inform Brexit preparedness.
- 2.14. The council is ensuring that where necessary, providers are working with Haringey Works and Proud to Care (North London) to guarantee providers are supported where there are recruiting difficulties. By doing this, the intention is that providers employ more skilled and trained workers in the care sector and consequently increase employment for Haringey residents.
- 2.15. Veolia Haringey, who provide the borough's household waste services, employ a significant number of staff who are EEA nationals. In their risk analysis, Brent Council reported that 52% of their Veolia workforce and around 70% of its agency staff are from EU countries. It can be expected that Haringey's numbers are similar to this.
- 2.16. To support their staff to apply for Settled Status Veolia Haringey have been providing regular workshops to ensure that staff understand the process and what they need to do and provide internet and computer access in order for staff to undergo the application process. They also established a dedicated helpline which is available to staff to talk confidentially about any concerns or worries they may have regarding Brexit and their rights. Veolia are also managing risks around agency cover and future recruitment.
- 2.17. Finance

2.18. The impact of Brexit on council finances is difficult to assess due to the continuing uncertainties surrounding the final Brexit outcome. Due to the significant pressure Covid has put on the budget and MTFs, the most significant risk continues to be unforeseen financial pressures that are not included within our budget envelope emerging at a quick pace and which the council will need to respond to e.g. through increased demand on certain services. To mitigate this risk, the council continues to maintain a tight grip of the organisation's overall financial position (including all Covid pressures) to ensure that the authority is in the most robust and resilient position financially speaking to deal with any new pressures emerging from Brexit.

2.19. A finance sensitivity analysis took place in August 2019. The purpose of this exercise was to identify the Brexit risks that posed the biggest financial risk to the authority. These areas were identified as NRPF, increases in demand for Adult Social Care and loss of council income due to a reduction in business rates collection and an increase in the number of residents seeking council tax support due to further economic downturn. These areas will be reassessed in line with the impacts of Covid.

#### 2.20. Supply Chain

2.21. Strategic Procurement conducted a survey of the Council's supply chain between Q4CY2018 and Q2CY2019 about the effects of Brexit. The survey was issued to suppliers with whom the Council had spent greater than £100k in the preceding financial year or who were of strategic importance to the Council's service and operations.

2.22. In total 527 suppliers were contacted during this period. 263 suppliers responded with 11 suppliers raising concerns related to Haringey contracts, although a few suppliers declined to respond until the type of Brexit was known.

2.23. The concerns raised had common themes concerning:

- recruitment and staff retention,
- The emotional and psychological effect on the service users due to changes. For example, disruption and potential distress for services users and families in receipt of care packages, where their carers are unable to secure settled status and so lose eligibility to work'.
- The impact on supplies and medication imported from the EU
- The Care and Construction sectors of the supply chain both advised that they sourced medicines and materials from outside of the UK. Until the Brexit agreement is finalised it is difficult to know what the impact will be as changes to import tariffs and logistics costs caused by border delays both time and processing will not be known
- Future Local Govt. budget constraints
- Grant funding may reduce for certain organisations who were previously reliant on EU funding, pending updates from government on the Shared Prosperity Fund

- Rising costs due to increased tariffs, customs procedures, changes in currency and economic downturn
- Uncertainty on 'Brexit' creating uncertainty for future planning

2.24. Pending confirmation of the conditions of a deal, suppliers have been instructed to maintain a dialogue with their usual point of contact (i.e. contract manager) through the Brexit period, about any potential impacts or concerns. The council and suppliers will both ensure that all potential Brexit impacts are assessed in conjunction with the current state of the Covid pandemic.

2.25. Once the type of Brexit is confirmed Strategic Procurement have prepared communication to direct suppliers where they can obtain help, guidance and how to continue to work with the council as part of the supply chain.

### **3. Next Steps**

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

3.2. An officer group has been convened and is meeting regularly to provide updates on risks and discuss how to best mitigate and prepare for all forms of Brexit.

### **4. Recommendations**

4.1. That the committee considers the updates to the above risks and the updated Brexit Risk Register.

## Attachments

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 to legal uncertainties.	Continue to review contracts expiring over next 12 months to consider those at risk of being impacted.	Increased risk of suppliers going under and failure to deliver their contracts due to economic impact of Covid.

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
					There is still potential for simplification of procurement.	Assess these in line with Covid impacts.	
<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.	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 their right to remain	L-M	L	M	Likely to be ongoing demand for this service, particularly as the June 2021 deadline for EUSS applications approaches.	Levels of EU voter registration were elevated during summer 2019 and this needs to be monitored as the June 2021	N/A

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
						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 demands	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. The council & BRT was unsuccessful in it's bid for more funding	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 needs to be done to substantiate this. On 5 <sup>th</sup> November the government announced that the furlough scheme



Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
					<p>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>from the Home Office. Work is continuing to identify groups who have not yet have registered.</p> <p>Reassess what impact Covid has had on organisations supporting applicants.</p> <p>Ensure services are equipped to deal with increases in demand.</p>	would be extended to March 2020.
NRPF	Current EU residents who fail to apply for settled status by the deadline may become NRPF. Residents may still have access to council	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 group to pick up any actions and reassess the potential financial impact on top	As above. Increased unemployment due to Covid impacts could mean more EU citizens move onto universal credit and become

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	services through statutory duties, though at a significant cost to LBH.					of current MTFS pressures.  Reassess current levels of EUSS applications alongside restart of EUSS outreach activities (as mentioned in above risk).	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 community tensions. Potential occurrence if local lockdown occurs in Haringey.
<b>Significant public disorder</b>	Public disorder as people protest against	L	M	M	Brexit focused protest less likely now we are in the	Brexit additional resilience	Any public disorder or large-scale protest within the

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	Brexit and/or its effects.				transition period and due to Covid. Unlikely to occur within the borough. Only likely to occur if significant disruption occurs e.g. to food or fuel supplies.	arrangements are now in place.	borough is likely to risk an increase in virus transmission due to a lack of social distancing. Potential lack of police resource due to enforcement of Covid lockdown.
<b>Employment rights and skills shortages</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	Large scale unemployment due to economic fallout of Covid pandemic will mean that many EU citizens are already out of work.

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
						to meet employment market need.	
<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 proportion of these roles are filled with staff from the EU and will become vacant if they choose to return their home country.	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 through apprenticeships, local employment strategies etc	Consideration of support needed for existing employees, as well as more general workforce planning issues. The council will look at international recruitment where appropriate and cost-effective to mitigate this risk. EU staff members have been offered support to apply for Settled Status.	Majority of staff are now working at home due to Covid but many of the staff likely to be affected work in frontline roles.

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
<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 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	Seek ongoing assurance from NHS re medicines. Review supply chain resilience of social care providers. Community resilience engagement to consider support options from voluntary sector and faith community. 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 pandemic may occur.

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<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	M	<p>cause disruption in the event of no Free Trade Deal being signed.</p> <p>These risks are primarily managed through the respective industry contingency plans. Partnership Resilience Plans are in place as needed.</p>	<p>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 its capacity market services. Likelihood is still low.</p>	N/A

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
<b>Disruption to local businesses and local economy</b>	Disruption to local businesses and the local economy as businesses fail to prepare for new customs arrangements.	M	M	H	Risk level is dependent on the business. Businesses who trade within the EU to be especially impacted.	Good connections have been formed with local businesses due to Covid. Include guidance on Brexit preparedness within future comms to residents.	Many local businesses have been negatively impacted by Covid e.g. reduced trade and redundancies.
<b>Modern Slavery – Increased exploitation and a lack of support for victims</b>	Changes to the immigration system are likely to increase exploitation as there will not be enough legal avenues to meet demand for workers. From 1 <sup>st</sup> January, victims will no longer have access to support services and risk	M	M	M	Under the new legislation, EEA victims who have exited the Victim Care Contract, will have no right to remain or right to access services.	Monitor developments, research, and data on the impact of Brexit on victims of modern slavery.	The pandemic has exacerbated unemployment and job insecurity. This may result in some residents being more vulnerable to exploitation gangs and employers etc.

Risk	Description	Likelihood	Severity	Proximity	Comments	Actions and Updates	Overlap with Covid impacts
	becoming destitute.						

**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