

CABINET

15 October 2019

Title: Brexit Preparedness	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Information
Wards Affected: All	Key Decision: No
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Summary <p>Against the backdrop of the continued uncertainty surrounding the UK's departure from the European Union (EU) the Council is preparing for all eventualities to understand and mitigate against any negative impacts on the community and the operation of the Council.</p> <p>This report sets out how the Council is preparing for Brexit, the sector and regional bodies that the Council is working with to share learning with partners, the main areas of risk and mitigating actions available to the Council, and the next steps that can be taken over the coming weeks.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <p>(i) Note and discuss the areas of risk, mitigating actions and preparations being undertaken to prepare for Brexit.</p>	
Reason(s) <p>Under the Localism Act 2011 local authorities in England are endowed with the General Power of Competence, which entitles the London Borough of Barking and Dagenham to do 'anything that individuals generally may do', unless specifically prohibited, to secure the safety and wellbeing of its residents, as well as to fulfil its wider statutory responsibilities.</p> <p>Specifically, this power enables the Council to take a range of actions both unilaterally and in partnership with other organisations to mitigate against potential negative social and economic consequences of Brexit on the community as well as the operation of the Council's services.</p>	

1. Introduction and Background

- 1.1 Since the referendum in June 2016, the Council has sought to understand the potential consequences to its operations and the wellbeing of the community more broadly that might result from the UK's departure from the EU.
- 1.2 At the time of writing, Parliament has resumed its business after the Supreme Court ruled the Government's attempted prorogation of Parliament unlawful. The EU Summit is due to take place on Thursday 17 October 2019, after which, if a deal is agreed at the Summit, any potential deal would have to be approved by a majority of Members of Parliament. Failing that, the European Union (Withdrawal)(No2) Act 2019 would require the Prime Minister to seek an extension to Article 50 from the EU, to avoid the UK's exit without a deal.
- 1.3 Following the Government's attempt to trigger a General Election under the terms of the Fixed Term Parliaments Act 2011, a General Election is likely to take place in the near future. Its exact timing is uncertain, though is judged likely to take place before the end of 2019.
- 1.4 The continued political uncertainty that surrounds when Brexit might occur and, if it does occur, what form it might take, has limited the Council's ability to assess and mitigate against risks across a range of areas. However, the Council – led by its Brexit lead the Director of Policy and Participation – has nevertheless maintained an updated, comprehensive risk log since January 2019 and has pursued a range of mitigating actions to limit the potential negative consequences of Brexit.
- 1.5 Officers have monitored risks and reported mitigating actions taken on a regular basis since initial analysis. In August and September 2019 a refreshed analysis of all areas of risk to the Council and community was undertaken by officers, to ensure an up-to-date view is available of both the risk facing the borough as well as what actions are available to the Council in the weeks leading up to the current exit date of 31 October 2019.
- 1.6 Cabinet Members have engaged with the full risk analysis that has been undertaken through other forums and in conversation with senior officers, as well as mitigating actions that have been taken. This report sets out the main areas of risk to the Council and community, as well as the activity that has been undertaken, is being undertaken or will be undertaken to mitigate this risk.

2. Preparations with sector and regional bodies

- 2.1 The Council has been liaising with a range of external partner bodies to co-ordinate preparations for Brexit and share intelligence regarding areas of risks. For example, the Council has recently engaged with the following organisations on the topic:
 - London Councils
 - The Greater London Authority (GLA)
 - The Ministry for Housing, Communities and Local Government (MHCLG)
 - The Department for Education (DfE)
 - The Barking and Dagenham Delivery Partnership (BDDP)
 - NHS England and NHS Improvement

- 2.2 In the lead-up to the original exit date of March 2019 the Brexit leads for each London Borough held weekly conference calls to share intelligence and co-ordinate responses across a range of service and topic areas. Following the extension to Article 50 these sessions were suspended until August 2019. They resumed in August and continue to take place each week.
- 2.3 Weekly reporting of all London Boroughs to supplement this approach to co-ordination began in the week commencing 23 September 2019, to which the Council has been contributing. These conversations and reports contribute to weekly updates to and from MHCLG. The Council has also received requests for information from DfE.
- 2.4 Given the uncertainty that surrounds Brexit and the limited scope the Council has to mitigate against many of the risks that could derive from Brexit, it is in these partnership networks that the most significant sharing of valuable intelligence and co-ordinating of responses can be found. It is through these arrangements that the Council can seek information from partners, central Government and from other sectors. The Council will therefore continue to fully contribute to all available avenues for partnership preparation for Brexit and share the relevant findings and implications with colleagues and Members.

3. Assessment of main areas of risk and mitigating actions

- 3.1 Since January 2019 the Council has monitored a Brexit risk register covering key areas of risk across different service areas, parts of the organisation's operations and the wider community. The key areas of risk are summarised below with corresponding actions that have been taken by the Council to mitigate impact. This section is not an exhaustive list of all risks facing the Council owing to Brexit – such a list would likely prove impossible to compile – but is instead an overview of only the most pressing areas of risk and those which we have levers of influence or powers to affect.

3.2 EU funding

- 3.2.1 Whilst the Council initially borrowed £89m from the European Investment Bank in 2015/16 repayable on an annuity basis until 2044, the Council can confirm there are no call back provisions within the loan agreement. Whilst the Council's Treasury Management Strategy permits borrowing from the European Investment Bank, it is not restricted to it with other borrowing routes available such as Public Works Loan Board (PWLB).
- 3.2.2 Interest rate forecasts suggests in the event of an orderly exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effect of this situation. This is also likely to cause government bonds to decrease in value in the short and medium term . If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress the short and medium term value of government bonds correspondingly. The only investment the Council has in government bonds is through the pension fund.

- 3.2.3 Although permitted under the Treasury Management Statement, the Council does not currently have treasury investments in any European country, any decision to invest will be considered on a case by case basis taking into account the prevailing climate of the Exit arrangements.
- 3.2.4 The Council's current capital programme does not include any existing scheme in receipt of EU funding.
- 3.2.5 The European Social Fund (ESF) focuses on improving the employment opportunities, promoting social inclusion and investing in skills. The borough's Work and Health Programme is funded by the Department for Work and Pensions and the ESF. The government has said the UK will continue to participate in the ESF programme and that communities would continue to receive the same levels of funding until the end of the 2014-2020 programme period. The government has also pledged to create a UK Shared Prosperity Fund (UKSPF), designed to serve a similar purpose to current EU funding. However, to date no information is available on the criteria, or the overall amount of funding, which could be less than that currently available.

3.3 Revenues, demand and wider economic impact

- 3.3.1 It is difficult to predict any adverse impact in terms of revenue loss. Collection rates for Council tax and business rates for 2017/18 stood at 96% and 98% respectively. Each 1% reduction will result in losses of £0.6m and £0.8m respectively.
- 3.3.2 Currently there are 4,443 business in the borough being charged Business Rates. The estimated total Business Rates charge for 18/19 is £62m. Shops make up the largest number of businesses in the borough with 1,370 (31%), however this makes up only 4% (£6m) of the total charged. Warehouses represent 11% of all properties in the borough but have a total charge of £17m or 31% of the total charge. Fords engine plant makes up £3m whilst the 7 superstores in the borough make up £4.5m in Business Rates between them.
- 3.3.3 The direct effect of a poor outcome from Brexit is dependent upon which sectors are affected. Any hindrance to movement of goods will in the first instance affect factories and warehouses and eventually move to superstores and small shops.
- If importing and exporting of goods is not affected by Brexit but the country enters a recession, Business rates collection in the first year is not likely to drastically reduce. This is because smaller businesses are unable to continue trading for the length of time that bigger companies can without a consistent cash flow. That said, dependent upon how deep and long the recession, it would then start to affect the larger businesses which if lead to closure will have a significant effect on collection. If, for instance, Fords closed their engine plant, £3m of Business Rates would be lost.
 - The knock-on effect upon the borough in terms of employment could result in increased applications for Universal Credit, rent and Council Tax arrears. This will put additional pressure upon the service to provide a collection service as contact and action to recover unpaid debts increases. In addition, as has been seen on a number of occasions, the government may introduce national reduction schemes.

These schemes are often put together quickly and often result in additional work for the service.

- The cost of living crisis could be exacerbated by Brexit. According to a JRF report, 'How could Brexit affect poverty in the UK?', the cost of living for the average UK household has increased by over £400 a year since the EU referendum (through the fall in sterling and rise in interest rates). Real wages would fall by 1.0% in the event of 'no-deal', with prices rising by up to 3%, increasing vulnerability to debt and homelessness. This could increase the need for homelessness prevention, budgeting support, discretionary housing payments, as well as temporary accommodation. It could also increase the amount rent and Council Tax arrears.
- Planning for school places uses GLA's birth data for their demand projections. This source does not make any allowances for the impact of Brexit, as it is such an unknown at the moment and it is too early to see any patterns in the two years since the referendum. Current projections show the demand for primary and secondary school places continuing to rise year on year up to 2026/27.
- Brexit has the potential to change the nature and level of demand for services in a number of areas. However, given the ongoing uncertainty, it is not possible to predict the scale of the change. The effect of Brexit on demand for services may complicate the management of necessary spending reductions to meet savings targets.
- It has been suggested that a no deal Brexit may result in UK citizens living in the EU to return to the UK, and this could be expected to increase demand for adult social care and NHS care. However, it is not possible to know how many will return to Barking and Dagenham and how many would have any care and support needs.

3.4 Suppliers and corporate contracts

- 3.4.1 The UK Government has issued revised guidance on the legal framework that will apply to contracting authorities undertaking procurement in the event of a no deal and advises that procedures will remain the same however it has amended current legislation to instead require UK contracting authorities to publish public procurement notices to a new UK e-notification service rather than OJEU. The new service is called Find a Tender (FTS).
- 3.4.2 In the event of a no deal scenario 'Find a Tender' will be deployed at 11pm GMT on 31st October and we will need to be ready to communicate this change in the days leading up to a no deal. Where this is likely to potentially impact LBBD is where we have a requirement to issue a tender to the market on or just after the 31st October as technical issues with the portal or suppliers accessing this portal shouldn't be ruled out until it's actually up and running. We can however confirm that approximately 10 tenders over £100k are to be issued between 1-30 November and consideration will be given nearer the time to exactly what date these are issued.
- 3.4.3 In terms of corporate contracts (those that span multiple services), we have identified the contracts that we consider most likely to be impacted in the event of a no deal and can confirm the current position is as follows:

- Utilities – Laser have confirmed they do not expect to see an impact on existing customers in the short term, or any impact on supply. However, costs are likely to rise if tariffs are implemented following a no deal.
- Temporary Labour – It is still unclear whether a no deal scenario will impact our ability to recruit temporary labour which is being discussed directly with Adecco.
- Translation Services – analysis of our current requirements indicates there is a predominance of non-EU and UK (i.e. BSL) languages over European languages, which suggests we are not likely to be significantly impacted in the event of a no deal. However, shortages of European language translators cannot be ruled out
- In addition our commercial companies have been undertaking due diligence on the risk associated with a no deal Brexit and report the following;
- Be First report that Brexit continues to provide a great deal of uncertainty and that the potential impact of rising import prices, depreciating sterling and labour uncertainty is still not clear. Be First has met with contractors on their procurement framework and requested that they provide their plans for a no-deal Brexit.
- The B&D Trading Partnership have listed Brexit as their highest current risk due to the overall uncertainty however they have been actively consulting with their suppliers to understand the potential impacts. As at 3rd September they report that their main supplier has only 18% of stock coming from Europe and they have been stockpiling in various sites in the UK to ensure supply is maintained in the short term in the event of a no deal. They report that this may be a different picture further down the supply chain which is why the overall risk is still considered high.

3.5 Supply chains (of food, fuel and medicine)

- 3.5.1 The leaked Government Operation Yellowhammer paper states that supply chains for medicines and medical products are "particularly vulnerable" to disruption at the Channel ports. Adults' Commissioning has been contacted by care home providers who are concerned about medication supplies in the wake of Brexit, especially as they are not permitted to stockpile medicines themselves. The GP Federation and pharmacies are currently researching responses to the issue as part of their role in the joint health and social care Provider Forum.
- 3.5.2 The Director of Public Health attended a NHS workshop for Brexit preparedness and has reflected back NHS preparations for the continuation of supplies of medicines and medical equipment. Their recommendations include not stockpiling locally (because arrangements have been further up in the supply chain) and to continue to report shortages through existing routes.
- 3.5.3 Due to disruption at the ports, a No Deal Brexit could impact the availability of fresh food and the variety of food available. This in turn could lead to panic buying, worsening food shortages.
- 3.5.4 All care homes are putting plans in place for food shortages and are currently updating their Business Continuity Plans.

- 3.5.5 Disruption to food supplies could threaten the ability of schools to provide school meals that comply with national nutritional standards. An increase in prices and interest rates could also lead to increased demand for Free School Meals. The BDTP has been working closely with their main suppliers and have received reassurance on the supply of non-perishable foods. The BDTP has increased their stockpile of frozen and non-perishable foods, and are planning for a 12-week period of changed menus. The additional costs of stock piling and menu changes could have a significant financial impact on BDTP.
- 3.5.6 Increased food prices could lead to increasing food insecurity for low income residents, reduced donations to food banks and pressure on pathways into foodbanks.
- 3.5.7 BDTP has been working with Travis Perkins to ensure continual supply of materials for housing repairs and maintenance. TP have been stocking piling materials and BDTP are confident they can manage any short-term supply issues.
- 3.5.8 Discussions have taken place with suppliers to My Place and Public Realm and they have given assurances that the risk to supply chain is minimal. They have either increased their own stock levels to mitigate any issues or have advised that their products are predominantly sourced from within the UK. There is, however, a risk that costs may increase if demand starts to outweigh supply.
- 3.5.9 My Place have assurance that all quotes for supply of new vehicles obtained before the date, and orders placed will be honoured until delivery of the vehicles are fulfilled. Whilst My Place secured pricing on original new fleet orders, recent quotations are showing increased costs which the market has indicated are a result of the weakening of sterling against the Euro and other Brexit uncertainty.
- 3.5.10 A No Deal Brexit may lead to fuel shortages. The fleet department have been instructed to monitor the fuel levels and ensure that all storage tanks and vehicles are kept topped up in order to mitigate the risk in case of a supply issue. £10k has been allocated from the Brexit funding provided by central government to procure a 62k litre fuel tank for stockpiling extra fuel. The service is exploring mutual aid arrangements with neighbouring Boroughs. The Fuel Contract is due to be re-procured post go-live; it is likely that the cost of fuel may increase post-Brexit and therefore the cost to procure like for like will be higher.

3.6 Transport infrastructure – the A13

- 3.6.1 An increase in controls at ports in the event of a No Deal Brexit would lead to significant delays of freight vehicles coming into the country. This in turn could have a knock-on effect on road networks, including the M25 and the A13.
- 3.6.2 Be First has been liaising with Transport for London on their contingency planning for a No Deal Brexit.
- 3.6.3 TfL has been working with stakeholders, such as Highways England, to review the routes to passenger and freight ports around the south and east coast. Highways England currently have plans in place ('Operation Brock') should there be excessive disruption to services across the English Channel. TfL's work with Highways England involves the development of a strategic signing scheme using Variable

Message Signs (VMS) for coastal bound traffic in the event of Operation Brock being implemented.

3.7 Social care commissioning

- 3.7.1 Under the Care Act 2014, the Council has a duty of oversight over the Social Care sector. The recently released Operation Yellowhammer papers state that an increase in inflation resulting from a No Deal Brexit would “significantly impact” adult social care providers and may lead to some failing, with smaller providers impacted within two-three months. The Council commissions many smaller providers of social care and in the event of a No Deal Brexit would need to monitor these providers carefully. The Council is currently retendering its home care provision, which will see a significant increase in rates from £15.85 per hour to c. £18 per hour, which would help ameliorate the impact of inflation on homecare. The ‘usual rate’ for Care Homes would need to be uplifted in the case of inflation in order to keep the market steady, which would have ramifications for the social care budget.
- 3.7.2 Discussions with Adult Care and Support providers have not revealed any significant concerns regarding Brexit apart from issues raised above about supply chains. The Adults’ Commissioning team have continually discussed Brexit with providers at Provider Forums and have sent out an email to the provider list regarding whether they have any concerns. No providers have proactively contacted the Council regarding Brexit and no workforce issues have been mentioned. Brexit was an item at the joint launch of the Children’s and Adults’ Care and Support Market Position Statement and no issues were brought by providers to the launch. The Quality Assurance team are making Brexit a topic at all visits and inspections over the coming months.
- 3.7.3 Staff in Care and Support have also had discussions with networks and have not had anything significant reported regarding the Care and Support market.
- 3.7.4 If there were ramifications with providers of staff, it may produce a capacity issue or would push the hourly rate up, but there would need to be some more analysis of this through communication with providers.
- 3.7.5 There have been discussions with the CCG around Brexit regarding clinical MH staff within the Trust. The NHS are currently auditing their vacancies to assess the impact and looking at the pay of some of their workers, as those that earn less than £30,000 may not qualify for skilled worker status, as outlined in the Government’s White Paper on immigration.

3.8 Child protection

- 3.8.1 Children’s Services have identified where children Looked After by the Council and Care Leavers are EU citizens and they are being supported in applying for Settled Status. No trend of significant problems has arisen with this process.
- 3.8.2 Brexit could potentially impact the recognition of EU/EEA social work qualifications. DfE guidance confirms that whilst any existing applications will be completed “as far as possible”, there is no future arrangement for mutual recognition of qualifications; just a promise, with no date attached, that EU and EEA social workers “will have a means to seek recognition of their qualifications”.

3.8.3. If there is a No Deal Brexit EU regulation on the cross-border placement of Children will no longer apply between UK and EU member states. Instead local authorities in England will need to use the '1996 Hague Protection of Children Convention'. Local authorities already use the 1996 Hague Convention for non-EU child protection cases with those countries who have signed up to the Convention. This means that the protection of children across borders will continue after Brexit. Local authorities should also seek independent legal advice on existing and new cases.

3.9 Staffing

3.9.1 We estimate less than 10% of our workforce are EU nationals.

3.9.2 A data verification exercise was planned for February 2019, however it has been delayed as it was part of a wider engagement piece with staff networks. HR is working towards completing the exercise in October or November 2019. This exercise will include a question on nationality. The reason for collecting this will be sensitively explained. As more data becomes available the Brexit Risk Register will be updated to reflect this.

3.9.3 A communication plan is in place for EU settlement scheme and support for our workforce. There is a risk of employment of illegal workers if time runs out, or there are system glitches caused by high-volume applications towards the deadline. We will need to ramp up communication to encourage uptake sooner than later. We have not identified a trend of staff having difficulties with the outcome of their Settled Status Applications.

3.9.4 Central government has now dropped fees for applying for Settled Status, so this is no longer a concern for our workforce

3.9.5 Nationality information is collected for the children's social care workforce. According to Oracle, 17 of the 231 employees in Children's care and support operations are EU nationals. Unfortunately, there are 75 records, or 32.5%, of this workforce that have a "non-disclosed" nationality, meaning there could be more than 17 EU nationals altogether, that potentially may be affected by Brexit.

3.9.6 Adecco have been asked to include nationality information for all agency workers.

3.9.7 The National Minimum Data Set (annual return <https://www.nmds-sc-online.org.uk/content/About.aspx>) will be available in mid-October, and can be used as another means to identify any potential issues for adult care workforce including directly employed staff. Last year's review concluded that there were no significant issues. For our local adult social care workforce, we previously reported:

- Percentage British Nationality – 53%
- Percentage of the Workforce EEA – 13%
- Percentage of the Workforce from outside the EEA – 34%

3.9.8 With regards to existing staff who are EU nationals, the legal stance is that the government has agreed to protect the rights of EU nationals and their family members living in the UK by EU Exit day, even if the UK leaves the EU without a deal. The above position may change; however, it is impossible to know at the moment.

- 3.9.9 We will review the European Leave to Remain (ELTR) scheme and how this would impact existing staff for example EU social workers and others that fall within this category - If the UK exits the EU without a deal, EU citizens will be subject to interim immigration rules. EU nationals who arrive in the UK will be able to remain for up to three months without a visa. During this time, they must apply for ELTR, which is valid for three years, cannot be extended, and does not lead to settled status or indefinite leave to remain. UK employers will be able to accept EU passports and national ID cards as proof of right to work until 31 December 2020. The new immigration system will begin in 2021.
- 3.9.10 Visas will change if we are looking to employ EU nationals after 2020 or, in the case of a no-deal Brexit, after the 31st October 2019. We will need to apply for certificates of sponsorship. We have an agreed sponsorship licence scheme, as we currently sponsor social workers, but we will need to review this when more information becomes available.
- 3.9.11 EU recruitment has taken place for social workers in two phases, the first group started in February and the second cohort in April. We have not been reporting any additional recruitment or retention issues since the January 2019 report or since the referendum.
- 3.9.12 'Grow our own schemes' are in place through apprenticeship and other routes for some professional staff (e.g. CIPFA, legal) and will be expanded for social workers in January 2020, nurses and potentially for teachers. It is difficult to say at this stage whether we have significant reliance on EU nationals in this group, until the data verification exercise has been completed.
- 3.9.13 Our focus is to continue to recruit and retain talent, by setting out the benefits of working for the Council, providing good management, leadership and direction. Temperature checks and Investors in People Reviews will provide insight into areas we need to address. Exit interviews and new starter surveys are undertaken to provide additional insight.
- 3.9.14 We are working on a completion date of mid-October to review all offer letters and contracts of employments that contain "right to work" clauses to support a contractual basis for change, if this is needed in the future. HR will undertake this exercise and will inform Trade Unions at the October HR/Trade Union meeting.
- 3.9.15 Recruitment training will be updated to reflect requirements and all recruitment material and recruitment policy will be reviewed by mid-October.

3.10 **Data sharing**

- 3.10.1 The UK is currently under the General Data Protection Regulation (GDPR) and has incorporated the GDPR into its domestic legislation through the Data Protection Act 2018. Regardless of which Brexit scenario comes to pass, there will be no immediate change to the UK's data protection standards. The government have expressed their intentions to bring the GDPR into UK law; the Information Commissioner would continue to be the UK's supervisory authority on data protection.

- 3.10.2 In the event of a No Deal Brexit the UK will leave the GDPR and become a 'third country'. The EU gives adequacy status third countries with sufficiently robust data protection measures, which means countries under the GDPR can share data with them. The UK will transitionally recognise the European Economic Area (EEA) as though they have been subject to an affirmative adequacy decision by the UK, and as such, personal data can continue to flow freely from the UK to the EEA. The UK will deem as adequate all countries that have adequacy status under the GDPR.
- 3.10.3 We do not currently know whether the EU will class the UK as adequate in the event of a No Deal Brexit. The EU will aim to adopt an Adequacy Decision by the end of 2020.
- 3.10.4 If the EU does not class the UK as adequate, there would be restrictions on data sent from the EEA to the UK. Additional Safeguards may be necessary for data transfers from the EEA. It will also be possible to transfer information from the EEA under derogations (exemptions), if the sharing of the data is in the public interest or in the vital interest of an individual.
- 3.10.5 The DPO is currently liaising with Elevate to identify where all data in the Council is stored. Data for Office 365 applications (Outlook and Teams) is currently being stored in France and gradually being migrated to the UK. The risk of disruption to this data is low; responsibility lies with Microsoft to take steps to safeguard data held in the EEA.
- 3.10.6 Services which work across borders, such as Children's Care and Support, are most at risk of disruption to data and need to review areas where they are receiving data from the EEA. Children's Care and Support have plans in place for reviewing and updating Data Protection Impact Assessments (DPIAs) and privacy notices.

3.11 **Community cohesion, impact and unrest**

- 3.11.1 There are a range of potential community cohesion impacts that could derive from any form of Brexit (or the lack of Brexit). The Council is committed to its ambition that no-one should be left behind and that everyone is welcome here. We have recently published a Cohesion and Integration Strategy for the Borough in line with the Borough Manifesto's vision to make B&D a friendly and welcoming borough with strong community spirit.
- 3.11.2 At the heart of the vision for cohesion and integration is the need to reinforce the links that keep and bring people together, across opinions and beliefs, culture, ethnicity, age, sexual orientation and gender, and to ensure that no-one is left behind.
- 3.11.3 Our approach highlights the relationships between the socio-cultural, political and economic dimensions of cohesion, and proposes a number of priorities around relationships and culture, inclusion and participation, and equality of opportunities.
- 3.11.4 Many of these actions are resourced through the Connected Communities programme. Both this programme and the strategy deliver products that manage community tension and migration related issues and are therefore pre-emptive risk management strategies for community consequences of Brexit.

3.11.5 Through the Connected Communities Programme we have commissioned partners to:

- Reduce tensions within communities around Brexit through a range of events and activities focused on bringing people from different backgrounds together, and allowing conversations which increase empathy and understanding
- Deliver direct support to European migrants through advice and guidance relating to their right to work and right to rent, via outreach of the Eastern European Resource Centre and Citizen's Advice Bureau
- Promote an understanding of and access to the EU settlement scheme to communities via targeted outreach by the Eastern European Resource Centre
- Form a more comprehensive data picture of our communities, to understand the impact of Brexit and allow for targeted messaging

3.11.6 Insight work includes a Place and Behaviour Change Project, providing:

- Insights into changing community composition, including those from European nations
- Insight into community cohesion through quantitative and qualitative methods with insights on resentment around specific communities
- Three interventions, designed in response to emerging need and research - possibly focused on resolving issues of community cohesion in specific localities

3.11.7 A Community Amplifier project is also underway, whereby local residents do ongoing research to gauge sentiment about cohesion and then support residents to forming their own solutions. Following a series of workshops three of these projects are now in early-formation.

3.11.8 Approximately 18% of Barking and Dagenham's population are EU nationals. Origins analysis shows that there have been significant increases in Romanian, Baltic (Lithuanian), Bulgarian and Polish communities in Barking and Dagenham. In 2011, the Eastern European adult population made up about 4% of the population. In 2018, this is 8%, showing a 100% increase in the size of the population. However, this figure could be higher as the School Census (2009-2015) shows a significant increase in primary school age children (4.5%).

3.11.9 The Council bid for further resource from MHCLG under the Controlling Migration Fund last year to specifically support regularisation of citizenship, and integration of Eastern European migrants. MHCLG rejected the proposal for greater CAB resource but supported the programme elements that allowed outreach to migrant communities.

3.11.10 The Eastern European Resource Centre have now been commissioned to deliver an outreach project to build bridge-networks with Romanian, Polish, Bulgarian (including Roma) families and to a lesser extent Slovak and Lithuanians locally. This work will take three phases:

- General community outreach through churches, deli shops, Saturday schools, and digital channels.
- Discovering 'hidden' exploitation of staff in nail bars, brothels, etc.. Where mapping work discovers Albanian communities in need, referrals will pass back to Shpresa for support and advocacy.

- Advice and guidance on a variety of challenges including regularising settled status, exploitation in work; modern slavery; domestic violence; worklessness, employment vulnerability, precarious housing and homelessness. Specialist resource will also be used to support families affected by the PRS strand providing language-based support to residents dealing with difficult landlord situations

3.11.11 Where communications with the community are required the team have established relationships with VSCE partners which could be used for messaging when needed. These would sit alongside the broader community communications strategy of the Council. Key organisations would be:

- BDCVS
- Barking and Dagenham CAB
- Carers of Barking and Dagenham
- Barking and Dagenham Faith Forum and the wider faith communities
- Shpresa
- Leaping Toads - A.Faratro
- Victoria Hornby
- Refuge
- Father Young
- The Tenant Federation

3.11.12 With regard to the community tensions that might emerge the communications strategy of the Council and the community tension monitoring arrangements would be key in supporting the management of community issues.

3.12 **Capital**

3.12.1 The Council has a very significant capital investment programme – over £700m over the next five years via Be First to support a programme of building around 2,700 new homes and a c.£30m a year capital investment programme to maintain and improve the Council's existing stock of 17,000 homes.

3.12.2 The key risks arising from Brexit in relation to our programme of capital investment are:

- Labour shortages in the construction sector.
- Increased costs from imported materials (in the event of tariffs or customs delays)
- A wider economic slow-down hitting demand in the housing market, pushing up interest rates or weakening sterling.

The potential impacts of these risks would be to increase build costs and reduce housing demand (especially damaging if it slowed third party development, which generates significant income for the Council such as from New Homes Bonus and Council Tax).

3.12.3 In response, it is challenging for Be First to analyse the potential scale of these risks as each development scheme is different and requires components from different countries (and Be First are only now in the process of signing construction contracts for key schemes).

3.12.4 However, Be First have been undertaking planning activity to give itself and the Council the maximum level of preparedness possible, given all the uncertainties. This includes:

- Allocating 5% of marks in its construction framework procurement exercise to how contractors were approaching the Brexit risk. This highlighted that some have done significant analysis through their supply chains to analyse where product is sourced and where alternatives might come from.
- Exploring how the company could allow contractors to stockpile product to ensure continuity of supply.
- Assessing the likelihood of labour shortages, revealing that this is probably a limited short-term risk as EU workers already here are likely to stay. The harder to forecast risk is what impact Brexit will have on the future supply of labour from the EU.

In summary, the big risks from Be First's perspective is disruption to supply, which it is helping mitigate, and increased costs, which is very difficult to avoid.

3.12.5 It should be noted that Be First's own development programme is significantly protected from the broader economic risks associated with Brexit given its use of council land and finance and given that its core residential product is pitched to the affordable sector of the housing market. However, there could be greater resistance to leaseholders selling back to the Council if prices are fluctuating.

3.12.6 There are also some opportunities for LBBD/Be First in a falling market, given the scope to act counter-cyclically (for instance investing in the land market when demand is low).

4. Next Steps

4.1 Central Government has allocated £104k funding for use by the Council in Brexit preparations. Approximately £10k of this funding has been allocated to increase the capacity the Council has to stockpile fuel to mitigate against shortages. The remaining funding will be allocated to efforts to prepare for Brexit or to mitigate additional costs caused by Brexit across the Council's operations.

4.2 The Council will continue to assess and update its understanding of the risks posed by Brexit and take mitigating actions wherever possible.

4.3 Following this meeting of Cabinet a webpage will go live on the Council's website, supplying the necessary information for residents related to the settled status, and signposting relevant enquiries.

5. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager for Service Finance

5.1 The financial implications of Brexit are difficult to assess. This report sets out our best estimates and the financial implications are set out under the appropriate headings throughout the report.

6. Legal Implications

Implications completed by: Dr Paul Field, Senior Governance Lawyer

- 6.1 This report has identified the relevant themes arising from the impending Brexit at the end of October 2019 and plans being put in place to reduce the risk of the leaving event causing harm to the Council and the community should it take place according to the current Government's expected timetable.
- 6.2 The key point identified is the Council has a general power of competence as a local authority under the Localism Act 2011 to do anything that individuals can may do, unless specifically prohibited, to for the benefit of the Council, its area and the people resident or present in the borough.
- 6.3 The European Union (Withdrawal) Act 2018 (EUWA) repeals the European Communities Act 1972 (ECA) on the day the United Kingdom leaves the European Union. The Act ends the supremacy of European Union (EU) law in UK law, converts EU law as it stands at the moment of exit into domestic law, and preserves laws made in the UK to implement EU obligations. It also creates temporary powers to make secondary legislation to enable corrections to be made to the laws that would otherwise no longer operate appropriately once the UK has left, so that the domestic legal system continues to function correctly outside the EU.

Any question as to the interpretation of retained EU law will be determined by UK courts in accordance with relevant pre-exit Court of Justice of the European Union (CJEU) case law and general principles.

- 6.4 For environmental matters currently Defra publishes significant data on the implementation of environmental laws (e.g. waste, water quality, air quality), for scrutiny by Parliamentary committees as well as the EU. The reporting requirements post EU exit, for systematic reporting on implementation of environmental laws will be replicated with requirements for the Secretary of State to publish implementation reports and data.
- 6.5 Finally, the Government confirms that international arrangements will remain in place. In the event the UK leaves the EU without a deal, the UK would be treated by the EU in the same way as any other OECD country.

Public Background Papers Used in the Preparation of the Report: None.

List of appendices: None.