



<b>Title</b>	Update on Council's Brexit Preparations	
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<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>		
<b>Background Papers</b>		
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	No	
<b>Included within the Forward Plan? (If yes include reference number)</b>	No	
<b>Equality Impact Assessment Undertaken</b>	No	
<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	02/12/19	Andrew Jones
Head of Service	21/11/19	Marianne Rolfe, Dave Barber, Mike Snow
CMT		Chris Elliot
Section 151 Officer		
Monitoring Officer	02/12/19	Andrew Jones
Portfolio Holder(s)		Cllr Andrew Day, Cllr Falp
<b>Consultation &amp; Community Engagement</b>		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## **1. SUMMARY**

- 1.1 Officers have been reviewing the potential Brexit implications for Warwick District Council, focusing specifically on a 'No Deal' Brexit. This is not an indication of the Council's anticipated outcome of Brexit situation. Indeed, the Prime Minister has reached an agreement with the European Union but at the time of writing this has not been approved by the UK Parliament. However, it is a reflection of prudence in planning, because this is the scenario with the most variables.

## **2. RECOMMENDATION**

- 2.1 That Overview & Scrutiny Committee considers the report making any appropriate recommendations.

## **3. REASONS FOR RECOMMENDATIONS**

### **3.1 Council's Planning Activity**

- 3.1.1 The Council's activity has been grouped into six areas of business focus. The paper seeks to summarise the key points in the work streams, what the Council is doing, or could do, to ensure any potential adverse effects on our citizens and services are minimized whilst any opportunities are maximised.

- Finance and Funding
- Civil Contingencies
- Work Force
- Legal and Regulatory
- Supply Chain
- District Economy

- 3.1.2 The urgent actions which have been identified as a result of the examination are being progressed and an update is provided in Appendix 1. All other actions which have identified have been incorporated into the risk registers and forward plans of individual Council service areas.

- 3.1.3 Since the referendum, Warwick District Council has been working to understand the social and economic impact of Brexit and to communicate with the Government the District's needs. This document does not seek to offer commentary or opinion on Brexit. By necessity this written document captures a point in time, but it should be noted that forward planning will continue as a live, dynamic process which responds to the latest information available to the Council.

- 3.1.4 To date, the Government has published over one hundred technical notices on a wide variety of subjects. The Council has examined the relevant papers and used them to inform its ongoing assessment of the potential implications of Brexit.

### **3.2 Finance and Funding**

- 3.2.1 This work stream is particularly unpredictable as the specific financial impacts on Warwick District Council will depend on changes in the national economy

as well as the district/ regional economy, the likely extent of which is not fully known.

3.2.2 Any higher trade costs between the EU and UK could result in reduced economic output in the District. These and other relevant factors are reviewed in more detail in the other relevant work streams. It is clear that any impact on the national and district economy will also affect the Council's finances.

3.2.3 Mechanisms for how this will occur include through effects on business rates income, demand pressures, investments and borrowing, and pension funding.

### 3.2.4

#### Key threat risks:

- Potential impact on inward investment and council income.
- Inflationary pressures caused by fluctuations in sterling value.
- Potential impact on the local economy and local firms as demands for their goods and services (from the EU) reduces.
- Potential reduction in local jobs.
- Potential increase in claims for Council Tax Reduction Support.
- Reduced income from fees and charges for council services e.g. reduced car park income.
- Potential inability of local firms to recruit to jobs previously held by EU nationals.
- Consequential impact on demand for Council services, with greater demand for housing support related services and decreased demand for discretionary services and income.
- Potential to see reduced CIL and S106 income from delays in construction and projects.
- Potential reduction of value of investments.

#### Key opportunity risks:

- The UK may still have the ability to 'buy-in' to EU grant funding programmes.
- Strengthen the case for devolution of powers and money to city regions in order to address regional inequalities and promote economic growth.

### 3.3 Civil Contingencies

3.3.1 As with all of the Council's civil contingencies work, Brexit preparations are being undertaken as a multi-agency response under the auspices of the Local Resilience Forum (LRF). The LRF is the multi-agency vehicle for Category 1 and Category 2 Responders (as defined under the Civil Contingencies Act) to coordinate and plan for emergencies and disruptions.

3.3.2 This work is focussed on:

- Identifying civil contingency threats that may increase as a result of Brexit.
- Taking action to mitigate increased risks.
- Making plans for high and very high risks.
- Establishing command and control arrangements for the lead up to and following Brexit to manage any incidents that may occur.

3.3.3 There is an LRF for every police force area in England. Warwick District Council is part of the Warwickshire LRF, which is chaired by Warwickshire Police. Warwick District Council is represented at both the Strategic and Tactical Levels of the LRF.

3.3.4

<u>Key threat risks:</u>	<u>Key opportunity risks:</u>
<ul style="list-style-type: none"><li>• Those outlined in the Warwickshire Local Resilience Forum risk register, including disruption to food and fuel supplies.</li><li>• Failure of critical or essential services due to a lack of staff.</li><li>• Port congestion leading to delays in the processing of goods and increased road traffic across the country.</li><li>• Alteration to the port status of Coventry airport requiring alteration of service delivery.</li><li>• Potential public disorder and community cohesion issues.</li></ul>	<ul style="list-style-type: none"><li>• Civil Contingencies will take full part in LRF Tactical and Strategic Coordinating Group meetings in the run up to Brexit.</li><li>• Alteration to the port status of Coventry airport requiring alteration of service delivery.</li><li>• Activities to increase community cohesion and signpost to mechanisms for support and guidance.</li></ul>

### 3.4. Workforce

- 3.4.1 An important consideration for Warwick District Council is how a No Deal Brexit could affect the council's ability to recruit and retain staff.
- 3.4.2 The Confederation of British Industry (CBI) has warned that businesses and large organisations have been experiencing increasing difficulties since the referendum.
- 3.4.3 Firms also report anecdotally of EU citizens working in the UK feeling less welcome because of Brexit, and being unsettled by the lack of clarity over their rights to remain.
- 3.4.4 Data from the 2011 Census suggests that there is large percentage of people living in Warwick District were born outside the UK and of these, a percentage were born in the EU. We have an active Polish and Portuguese community in particular.

#### 3.4.5

##### Key threat risks:

- Negative effect on the council's ability to recruit and retain EU citizens to its workforce.
- A No Deal Brexit could create or exacerbate skills shortages.
- A tightening labour market could result in an upward pressure on wages, bringing about additional costs to the council and potential recruitment/retention problems.

##### Key opportunity risks:

- Provide reassurance to EU citizens in the council's workforce through pro-active communication, offering advice and guidance on residency and employment rights in the event of No Deal.
- Deliver targeted training opportunities to upskill existing staff.
- Develop a more complete profile of the council's EU citizen workforce.

### 3.5. Legal and Regulatory

- 3.5.1 Many local government activities are affected by EU rules and regulations, including waste management, environmental standards and procurement.
- 3.5.2 The EU Withdrawal Act 2018 ensures that there is legal certainty as both EU Derived Laws (i.e. UK legislation giving effect to EU laws) and Direct EU Legislation (i.e. EU rules having direct effect on UK without being subject to UK legislation) will continue to apply even under "No Deal".

3.5.3 Under the terms of the draft Withdrawal Agreement, the UK would continue to be bound by the EU legal and regulatory framework (including the ECJ) until the end of the transition period – 31 December 2020.

3.5.4 Non-regression requirements in the agreement will also prevent the UK from bringing in lower standards on social, environmental and labour regulations, including non-discrimination and equal pay, occupational health and safety, fair working conditions and employment standards to be protected.

3.5.5

Key threat risks:

- Failure to meet statutory duties due being unable to recruit and/or retain sufficient staff due to immigration restrictions for EEA national or EEA nationals choosing to leave the UK.
- Contract failure due to contractor's / delivery partners being unable to recruit/retain sufficient staff due to immigration restrictions for EEA national or EEA nationals choosing to leave the UK.
- Statutory powers and duties to EU nationals in relation to homelessness, housing allocation, social care are unclear- risk vulnerable people's needs not being met and of legal challenge.
- Changes to the Port health arrangements at Parcel Force which require additional work streams and arrangements
- Changes to legislation which require alternative process and procedures.

Key opportunity risks:

- Opportunities to make changes to new contract terms and conditions.
- Opportunity to consider innovative ways to deliver statutory duties.

### 3.6. Supply Chain

3.6.1 Warwick District Council spends around £35m per year on goods and services from around 250 contracts. Whilst it is impossible to understand the impact of a No Deal Brexit across the full extent of the council's supply chain, we are taking steps to assess the preparedness of key suppliers.

3.6.2 As part of existing supply chain management processes, the Council is in regular dialogue with key suppliers – defined as those who deliver support to vulnerable residents, provide essential frontline services or those with the highest contract value.

3.6.3 In line with existing policy and practice, the Council will continue to liaise with its key suppliers to ensure they are taking a managed approach to business continuity in the event of a No Deal Brexit. Specifically, the Council will seek assurances that;

- Risks to continuity have been assessed.
- Dependencies and potential points of failure have been identified.
- The impact of disruption on service users drives the response.
- Planning is embedded in the organisation (staff are trained / aware, plans tested, regular reviews).

3.6.4

Key threat risks:

- Impact of cost pressures on key suppliers / delivery partners.
- Delays to the delivery of capital programmes.
- Increased cost of dollar-denominated IT products and services.
- Delays in the supply chains to deliver the materials and goods required.
- Potential impacts upon labour availability causing delays within the supply chains.
- Impact of legislative changes
- Impact upon the re-letting of the council's major contracts.

Key opportunity risks:

- Proposed changes to import VAT could drive down prices.
- Opportunity to review the council's contracts.

### **3.7. District Economy**

3.7.1 Warwick District is a successful district with 86,000 jobs provided within the district in 2017. The district has a high employment rate with approximately

4300 persons out of work in 2016. The district has a high business growth rate (approx. 7,700 start-ups in 2018).

3.7.2 The past two years have seen significant progress within Coventry & Warwickshire's economy, with the early Growth Deal investments providing a strong foundation for longer-term economic growth. As a result, the Local Enterprise Partnership area, Coventry & Warwickshire can highlight particular positive aspects of economic performance.

3.7.3 However, Warwick District's prosperity is not shared by all its citizens and many areas experience multiple indices of deprivation.

3.7.4

Key threat risks:

- A period of negative or restricted economic growth, impacting upon trade, investment, business confidence, council funding and finance, the labour market and key sectors of the local economy.
- Potential impact on the tourism of the area and reducing visitor numbers.

Key opportunity risks:

- Increased opportunities for UK-born workforce.
- Opportunities to reach additional markets with tourism messages including through the future events programme.

### **3.8 Communications**

3.8.1 Further to the informal briefing paper an additional area of work has been added to the action plan which encompasses the communications of information to businesses and individuals. It is envisaged that this area of focus is led by and supports the six key focus areas.

## **4. POLICY FRAMEWORK**

### **4.1 Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>Improved health for all</li> <li>Housing needs for all met</li> <li>Impressive cultural and sports activities</li> <li>Cohesive and active communities</li> </ul>	<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>Area has well looked after public spaces</li> <li>All communities have access to decent open space</li> <li>Improved air quality</li> <li>Low levels of crime and ASB</li> </ul>	<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>Dynamic and diverse local economy</li> <li>Vibrant town centres</li> <li>Improved performance/productivity of local economy</li> <li>Increased employment and income levels</li> </ul>
<b>Impacts of Proposal</b>		
The report provides details on the interventions being delivered by the council towards aimed at improving the quality of lives of our staff and local residents.	Elements of cross over in this objective is the positive impact having a green, clean and safe environment can have on the quality of life for our residents.	None
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>All staff are properly trained</li> <li>All staff have the appropriate tools</li> <li>All staff are engaged, empowered and supported</li> <li>The right people are in the right job with the right skills and right behaviours</li> </ul>	<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>Focusing on our customers' needs</li> <li>Continuously improve our processes</li> <li>Increase the digital provision of services</li> </ul>	<u>Intended outcomes:</u> <ul style="list-style-type: none"> <li>Better return/use of our assets</li> <li>Full Cost accounting</li> <li>Continued cost management</li> <li>Maximise income earning opportunities</li> <li>Seek best value for money</li> </ul>
<b>Impacts of Proposal</b>		
Ensuring that Staff Health and Wellbeing is provided for	Ensuring that the Health and wellbeing interventions are built into service delivery	None

4.2 Each strand of the FFF Strategy has several supporting strategies and the relevant one for this proposal are the Health and Wellbeing Approach. This report demonstrates the interventions being undertaken across the council to deliver the councils approach

**5. BUDGETARY FRAMEWORK**

5.1 There are no specific budgetary requirements

**6. RISKS**

6.1 There are no risks proposed in this report

**7 ALTERNATIVE OPTIONS CONSIDERED**

7.1 None

## Appendix 1:

The established action plan with regard to the above treats and opportunities are outlined below.

Finance & Funding		Responsibility	Status	Update
1	Conduct a modelling exercise to best understand the level of the council's exposure and impact of changes to business rates income which could increase the council's resilience in the face of any potential changes to our funding base resulting.	Finance		Due to accounting for business rates retention, impact would be for subsequent years if BR income reduces. Position will be complicated by the changes to BR scheme and Fair Funding Review from 2020/21. No further work until detailed financial arrangement published. Keep under review.
2	Model alternative scenarios for impact on Council income streams – business rates, council tax, planning fees, parking income.	Finance/all		Council Tax to be modelled by Finance – March 2020 Other service income to be considered by All. Keep under review
3	Consider savings options in view of reduced income, and priorities expenditure streams.	ALL		FFF discussions - part of broader discussions required.
4	Potential consequential expenditure (and recoverable fees) for destruction of waste etc.	HCP		Works completed at airport. No further increase in plant origin product expected at this time.
Civil Contingencies				
5	Warwickshire Local Resilience Forum to produce both a Brexit 'Threat and Risk Assessment' assessing the impact of Brexit on risks listed on the Community Risk Register and any new, relevant risks identified.	HCP		Risk assessment completed. In the process of review and regular update.

6	Council to work with Local Resilience Forum (LRF) and central government partners to understand the work that has taken place with ports of entry and other inland non border inspection posts.	HCP		Regular weekly updates and requests being made to LRF and central government. Weekly updates provided through out of activities and concerns arising.
7	Council to work with Coventry Airport and partners to ensure plans are coordinated. Prepare to advertise for a port health inspector post, potentially in partnership with WCC.	HCP		Liability from airport and Parcel Force understood. Report provided to Food Standards Agency and UK Border Force on study which took place and demonstrates that there is a lot of imported food product coming through the Hub. Wider required works are not a detailed as suspected. No additional Port Health Inspector Post required.
8	The council to work with WCC (Public Health and Trading Standards teams) to understand what WDC options are should demand increase as a result of a change in the customs regime.	HCP		Continuing to work with partners to understand implications. As above.
9	Feedback on the LRF planning documents to ensure that reflective of organisational planning	HCP		Completed
10	In order to make the most robust plans possible, Warwick District Council will work with the Ministry of Housing, Communities and Local Government 'Resilience and Emergencies Directorate' (RED) teams to understand the national work undertaken with ports of entry and what is applicable to inland authority who are not currently border inspection posts	HCP		Regular weekly updates and requests made to LRF and central government.
11	Liaise with neighbouring Authorities regarding the possible impact on Birmingham Airport, East Midlands Airport and the rail Head in Hamm.	HCP		Working with partners to understand implications

12	Council to work with LRF partners to understand HS2 and Operation stack impacts	HCP		Working with partners to understand implications. Operation stack - pre checking paperwork. Haulage toolkit to be pushed out through our relevant business and media communications channels.
13	Identification and implementation of community support mechanisms in order to support and provide guidance to communities within the district.	ALL		Community Partnership Team and Community Safety team have network of providers mapped. Pushed out community workshops through relevant community and communications channels. Including website. Regular pushing out of updates as available. Reviewing additional suitable channels to include in communications dissemination.
13a	Review of the Business Continuity Plans to ensure relevant for worse case brexit situation	ALL		All BCP reviewed since request.
<b>Workforce</b>				
14	Ensure that long-term hiring strategies and workforce planning are aligned with business priorities.	ALL		Confirmed the procedures for post brexit employment with HR. Understand that there is no requirement for existing employee checks. Developing a procedure for post brexit (Dec 2020) for existing staff.
15	Initiate a regular programme of communication to our EU workforce to make sure they are aware of their rights and understand how to access help and guidance.	HR		Signpost all staff to appropriate awareness raising events and information via WDC Staff communication channels. Assess the need to survey staff with a view to obtaining more targeted data. Placed on intranet.
16	Run EU citizens rights awareness event within the District	HCP		Course provided and well attended. Using communications channels to highlight other courses, conferences or workshops of use to EU citizens

				within the district. Including business focused activities.
16A	Publish information on the Intranet for frontline staff who may receive Brexit queries. Specific reference to Customer Service Team and Business Support	Media		Link on intranet and internet. Conversation with Andrea for the call centre and reception for ensuring staff update.
16b	Consider Prevent training activities.	HR/Safeguarding		Training courses provided to key staff initially. Further courses organised to roll out for wider safeguarding and councillors.
<b>Legal &amp; Regulatory</b>				
17	Identify relevant legal duties and plan contingencies to meet these if there is provider failure for council contracts – be clear as to the baseline duty below which there will be a risk of challenge. Email SMT to ensure service risk register include potential service risk failure.	ALL		SMT emailed and asked to check with suppliers. SMT are aware of risks and key suppliers responded
18	Seek legal/data protection advice on the risks of data transfer outside UK and take action as a result.	CX		Government guidance published a discussed at GDPR meeting. Information Officer following up with companies'/contract managers to resolve this.
18	Identify key contracts at risk from provider failure and review relevant contract provisions. Plan contingencies and assess cost.	ALL		Ongoing conversations as greater understanding of dates and deal become known.

19	Seek further clarity from government and legal view on duties to EU Nationals and the position of EU nationals working in the UK if no deal and share with affected providers.	CX		Education event being run within district organised by CPT in HCP. Pushing out other events as occur see other identified risk above.
20	Meetings between Procurement and Legal teams to look at new contract terms.	Finance		Council has no first tier suppliers in Europe. Impact likely to be on first tier supply chains. Being considered as part of Brexit/Contract Register work. Need to review contracts register - needs to be relaunched/considered for all contracts
21	Consider if specific contract terms required for new contracts running beyond 31/10/19.	Finance		Cannot be determined at this time. To be considered on case by case basis. Legal advice in many cases not appropriate to explicitly include anything.
22	Seek detailed guidance on implications of No Deal for state aid and data transfer as required.	Finance		Information Officer considering for data. Principles of state aid continue as defined.
23	Ask WCC Legal for view on what the Council needs to do from a legal perspective if there is a no deal Brexit.	CX		Assurances provided that on the right track
<b>Supply Chain</b>				
24	Liaise with key suppliers to ensure that they are taking a managed approach to business continuity and ensuring plans are in place to deal with the potential impact of No Deal.	ALL		Suppliers provided assurances. Conversations ongoing as details and dates become clearer.
25	Devise a map of the supply chain in order to develop a clearer understanding of the key suppliers to the council, focusing on contract value and the criticality of the service provided.	ALL		SMT emailed and asked to check with their suppliers. Procurement added a column to the contracts register.
26	Seek legal advice to deal with contractors seeking to vary contracts.	Finance		Procurement to discuss with Legal. No requests as yet.

27	Explore option to insert a provision within ICT and other relevant contracts to cover currency fluctuation and the council will also identify which current suppliers are non-UK businesses.	Finance		Procurement to discuss with Legal. All prices continue to be quoted in pounds.
28	Consult with their legal colleagues to ensure any changes in legislative requirements post-Brexit reflect any changes in the finance industry and that these are captured in new contracts and / or in any variations to existing contracts.	Finance		Contracts have been checked but to be revisits. Conversations also held with legal
<b>District Economy</b>				
29	Robust data analysis, shared amongst key partners and stakeholders to reach a common understanding of local economic conditions, leading to early identification of real threats and opportunities.	Development		Ongoing routine work
30	Ensure Brexit is on the agenda of all key strategic partnerships (sub-regional level) involved with the economy. Achieving consensus with partners and stakeholders on strategic objectives for inclusive and sustainable economic growth, with effective action planning and monitoring, to avoid becoming distracted by poorly evidenced instinctive short-term measures.	Development		Ensure that discussed as part of all agendas. Businesses on the forums are the networks. How we work with partners to reach those businesses. Engagement with Chamber etc. and introduces the structured conversation.
31	Increased investment in skills training and 'inclusion infrastructure', directed at both employer and resident needs, to exploit potential for job insertion for residents in the wake of vacancies created by shortage of migrant workers.	Development		Follows on from the discussions had above and known outcomes of brexit process. Conversations have been held/continue to be held with partners. On the agenda in the business community and linked in to that.
32	Review available tourism messaging infrastructures to enable access to new markets.	Development		Follows on from the discussions had above and known outcomes of brexit process. Discussions held with Shakespeare's England regarding this. On their agenda and is being discussed at board meetings.

Communications		Responsibility	Status	Update
33	Communications plan developed	Media		Communications plan developed using all relevant media channels to share information, activities and workshops for individuals and businesses. To be added to members briefing for regular updates to members.
34	Develop advice and communications channel through website and social media	Media		Completed. Ongoing updating website as relevant.