

CABINET AGENDA



**TUESDAY 19 MARCH 2019 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Williams (Leader)	Councillor Marshall
Councillor Griffiths (Deputy Leader)	Councillor G Sutton
Councillor Elliot	Councillor D Collins
Councillor Harden	

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

12. BREXIT PREPARATIONS (Pages 2 - 13)

Agenda Item 12



AGENDA ITEM:

SUMMARY

Report for:	Cabinet
Date of meeting:	19th March 2019
Part:	Part I
If Part II, reason:	

Title of report:	Brexit Preparedness
Contact:	Cllr Andrew Williams, Leader of the Council Author/Responsible Officer; Sally Marshall, Chief Executive
Purpose of report:	For Cabinet to consider the Council's preparedness for Brexit
Recommendations	That Cabinet consider the work undertaken by officers in preparedness for Brexit
Corporate Objectives	Modern and Efficient Council
Implications:	<u>Financial</u> The Secretary of State for MHCLG has announced Government funding of £35,000 for each District Council towards preparation for Brexit. This will be payable in two instalments, half in the current financial year and half in the financial year 2019/20.
Value For Money Implications'	<u>Operational</u> The Corporate Management Team have been reviewing the implications of Brexit for the Council and have this as a standing item for discussion on the agenda for Corporate Management Team. A review of operational service business continuity plans has been undertaken. <u>Value for Money</u> Keeping service plans and business continuity plans under review should ensure that the Council can address any implications arising from Brexit and in particular a no deal situation in the most efficient and effect way possible.
Risk Implications	The implications of Brexit has been incorporated within the Council's Strategic Risk Register.

	Service Business Continuity Plans have been reviewed and updated by Group Managers.
Community Impact	The report has been prepared to respond to an issue outside of the Council's control and which may have a wide variety of possible implications. In these circumstances a Community Impact Assessment has not been prepared. The actions set out seek to minimise disruption to all parts of Dacorum's communities.
Health And Safety Implications	Health and Safety implications have been considered as part of business continuity and civil contingency planning.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>The Council's preparations for Brexit are being continually monitored. Potential impacts and mitigations are being assessed at a service and strategic level and this will continue as progress is made towards the withdrawal date.</p> <p>S.151 Officer</p> <p>The council is continually monitoring the progress towards a final Brexit agreement. The potential financial impact is being assessed at a strategic and operational level with mitigations implemented if required.</p> <p>The MHCLG grant for Brexit preparation is available to fund any mitigating actions required as a result of the final withdrawal agreement.</p>
Consultees:	<p>The following stakeholders have been consulted:</p> <ul style="list-style-type: none"> • Cabinet • Corporate Management Team
Background papers:	Corporate Management Team report 21 st January 2019 Letter from Secretary of State for Ministry of Housing Communities and Local Government
Glossary of acronyms and any other abbreviations used in this report:	Dacorum Borough Council (the Council) Eastern Region Local Government Association (EELGA) European Withdrawal Act 2018 (EWA18) European Union (EU) Hertfordshire Local Resilience Forum (HLRF) Local Government Association (LGA) Ministry of Housing, Communities and Local Government (MHCLG)

1. Background & Context

- 1.1 Members will be aware that the European Withdrawal Act 2018 (EWA18) received Royal Assent on 26th June 2018. This Act repeals the European Communities Act 1972 on the day that the UK leaves the European Union (EU) and the EWA18 provides a functioning statute book on the day of exit. In the event that an EU Withdrawal Agreement is not agreed with the EU and approved by UK Parliament, then a 'no deal scenario' remains a possibility.
- 1.2 Representatives from the Ministry for Housing Communities and Local Government (MHCLG) wrote to Chief Executives in October 2018 regarding preparedness for Brexit stating whilst they were confident a deal would be obtained it would be prudent to prepare for a no deal scenario.
- 1.3 The Secretary of State wrote to Local Authority Leaders on 31st January providing an update on the Government's preparedness for Brexit and provided a checklist for members.
- 1.4 Further votes are due on the Brexit deal in Parliament prior to the Cabinet meeting and therefore, it may be necessary to provide a verbal update at the meeting.
- 1.5 This paper summarises action taken to date in preparation for Brexit.

2. Preparation for Brexit

- 2.1 The Council's Chief Executive and Corporate Management Team (CMT) have been keeping under review the implications of Brexit for some time.
- 2.2 In the Autumn of 2018 The Council's Strategic Risk Register was reviewed. It has been updated to include a strategic risk (Appendix A) relating to the potential implications of a no deal scenario for Brexit.
- 2.3 Work has been ongoing at a local, county, regional and national level to consider the implications for Local Government of a "no deal Brexit". The output from this work has been kept under review.
- 2.4 In particular, the LGA and District Council's Network have been representing local government's interests at a national level during the EU exit negotiations and preparations. Briefing papers have been provided by LGA and EELGA and the LGA have set up an advice hub.
- 2.5 At a County level, the Chief Executives Co-Ordinating Group have had discussions on Brexit and are being represented on the Hertfordshire Local Resilience Forum (HLRF) by Rob Bridge the Chief Executive of Welwyn Hatfield Council.
- 2.6 On a Regional Level Richard Carr, Chief Executive of Central Bedfordshire and Chair of Eastern Region Chief Executive's Group is representing the Eastern Region in meetings with MHCLG. EELGA

are also collating and providing weekly briefing notes to Chief Executives to and from MHCLG.

- 2.7 The Chief Executive has presented a paper to CMT and various work streams have been undertaken by officers in preparation for Brexit. Brexit is a standing item for discussion on the CMT agenda, a template has been prepared to enable the review of potential key implications and consideration given to required mitigations.
- 2.8 In addition, Cabinet have received a briefing on this matter.
- 2.9 The Secretary of State wrote to Local Authority Leaders on 31st January providing an update on preparedness and confirmed that District Councils will receive £35,000 funding towards the cost of preparing, this will be paid in two instalments, half in 2018/19 and half in 2019/2020. He also provided a preparedness checklist this has been incorporated into the template reviewed by CMT on an ongoing basis as referred to in paragraph 2.7 above (Appendix B).

3. Summary

- 3.1 At the time of writing this report the EWA18 has received Royal Assent but the EU Withdrawal Agreement has not been agreed. Therefore, a 'no deal scenario' remains a possibility, subject to the various votes planned in Parliament between now and 29th March 2019.
- 3.2 The Council's Corporate Management Team will continue to liaise with the LGA, EELGA and other public sector partners to ensure that the Council is as prepared as possible in the event of a 'no deal scenario' and utilise existing arrangements for Business Continuity and Civil Contingencies planning as appropriate.

Preparedness checklist item	Owner	Actions	Comments
1. All the statutory services for which the council is responsible	CMT	1. HR to survey staff to identify EU nationals 2. Procurement to establish impact of EU nationals working for suppliers/ contractors 3. Communications to liaise with services regarding required communications and to establish web page	
<p>Action Update:</p> <ol style="list-style-type: none"> At the current time, we have recorded 10 EU Nationals on our workforce. We have written to them with details of websites that can offer help and advice on how to apply for settled status. In addition, we have offered to support them through the HR team. No individual staff member has raised a concern with the Council about this. Letter sent to suppliers and contractors The Council's website and social media will be used to signpost residents and businesses to advice and information. 			
2. All regulatory services for which the council is responsible	CMT	Assistant Directors to reviewing service implications and update Business Continuity Plans	
<p>Action Update:</p> <p>Regulatory and Environmental Services</p> <p>Food regulation is the biggest issue facing Regulatory and Environmental Services. In the event of a deal scenario then all food regulation remains in place (via the repeal bill), very much business as usual until details are finalised.</p> <p>In the event of a 'no deal' scenario, essentially the regulations that the Council currently act under would not be available so any enforcement activity would be ultra vires (illegally acting outside of powers and therefore inadmissible in a court of law). The immediate concern for this would be where emergency powers are used. Typically these are used between 5-10 times a year at DBC to close premises where a health risk condition exists (e.g. infestations with pests, lack of potable water supply, contamination by drainage etc.).</p>			

Preparedness checklist item	Owner	Actions	Comments
<p>A further issue may be that a suspension of border controls of food could take place; there may be inland border inspection points, it maybe that Food Authorities such as DBC could be required to do inland border checks of food at premises. This does not appear to be a significant issue in relation to the big suppliers Tesco, Sainsbury's etc. but it could recreate some issues in relation to smaller independents.</p> <p>As part of the contingency arrangements we are also part of the Herts Brexit Food Resilience Group and the Team Leader – Environmental Health, has met with the other food leads at other authorities in Herts and Beds, extra imported food training is being arranged. Consideration is being given to pooling resources to draft imported food templates, to allow consistency across the areas. The service are also currently identifying importers/exporters to target in the event of suspension of the border inspection post.</p> <p>A member of the team has been on imported food training and will be carrying out cascade training to all Environmental Health Officers in the department including those that are not 'food competent'.</p> <p>Contingency arrangements are in place for additional staff members to obtain food competency if required, this training could be undertaken relatively quickly (a week or two). In the event that the Council needs to employ extra qualified staff beyond our current proposals , this would be likely to pose a significant challenge.</p> <p>Elections</p> <p>EELGA are currently seeking clarification from MHCLG regarding the position for the EU elections due in late May in the event of a “no deal Brexit”. The Returning officer is currently holding election planning meetings with the Senior Election staff. In the event that an election EU election is required, our systems have been tested and it is possible to run multiple elections in parallel. However, there would be resourcing implications given that the Borough and Parish Elections are being held on 2nd May and the induction of new members and preparation for annual Council will be underway during the first two weeks of May as a result prioritisation of Council and Corporate working may therefore be required to undertake this statutory requirement.</p>			
<p>3. The impact (direct or indirect) of any Border areas (air or sea ports) either in your council boundary or within neighbouring/regional boundaries</p>	<p>CMT</p>	<p>Group established for liaison with Luton Airport in relation to their expansion plans. This group provides opportunities for update on any issues. Sub Regional Road traffic implications being considered by Herts LRF Locally – consider issues relating to Markyate Lorry park and other lorry park on Maylands. Discussions with Police and other partners via RAOG.</p>	<p>No direct impact as a result of air or sea ports within boundary. However, may be implications relating to traffic flows on M25 and M1, monitoring impact and liaising with Herts LRF</p>
<p>Action update</p> <p>This checklist item has been reviewed and delays to freight leaving or arriving in UK ports are not expected to have a direct impact on Hertfordshire.</p>			

Preparedness checklist item	Owner	Actions	Comments
<p>Essex and Kent LRF have plans in place to assist with road network disruption in their areas. However, widespread traffic disruption in the South-East could have a knock-on impact on Hertfordshire's strategic road network and result in significant congestion at key locations (e.g. M25 and local service areas/lorry parks). This impact is being considered by Herts LRF.</p> <p>The Watling Street Truck Stop off Junction 9 M1 is the only place that is situated within DBC. If full the waiting lorries may cause disruption to traffic in the area. Initial discussions have been held with the local Police Chief Inspector, the situation will be kept under review if required assistance would be request to deal with any traffic disruption.</p>			
<p>4. The impact on supply chains</p>	<p>Procurement: General review of supply chains and Facilities Management: Interserve Services with key contracts: Housing: Osborne and New Build contractors</p>	<p>Procurement to review key contacts with services: Housing reviewing implications with Osbornes and main contractors involved in new build programme</p>	<p>The responses to the letter of 4th March will be evaluated on receipt with the department responsible for procuring the service. Key areas of risk will be identified and appropriate mitigation considered.</p>
<p>Action update</p> <p>On 4th March, a letter was sent to all of the council's main contractors and service providers (60 different companies and organisations).</p> <p>The letter asked for a response to the following questions by the 22nd March:</p> <p>Staff</p> <p>One of the key queries facing businesses is the uncertainty over recruiting and retaining staff, especially if you employ staff from the European Union.</p> <ol style="list-style-type: none"> 1. Have you identified whether any of your staff/key staff may be affected by the UK leaving the EU, such as? <ul style="list-style-type: none"> • workers from other EU countries • workers that are UK nationals but have family members from another EU country • students from another EU country working in your business 			

Preparedness checklist item	Owner	Actions	Comments
2. What plans have you put in place to retain any key skills & knowledge? 3. Do you have any specific plans for addressing recruitment difficulties? 4. What are your plans on workforce planning and development? 5. Have you identified anything that will negatively impact on your ability to provide the services that you currently do to the Council?			
<p data-bbox="125 539 315 571"><u>Supply Chain</u></p> <p data-bbox="172 611 2092 675">As a member of the EU, trade between the UK and the continent has been relatively simple: free movement has enabled EU-based supply chains to operate without tariffs, bottlenecks or delays at the border to consider – but it is likely that this will change.</p> 1. Have you identified whether elements of your supply chain will be adversely affected by the UK leaving the EU, such as? <ul data-bbox="221 751 658 890" style="list-style-type: none"> • Customs and tariffs on imports • Delayed delivery dates • Change of suppliers • VAT implications 2. What plans have you put in place to ensure continuity of supply? 3. Have you identified any materials/equipment which will require longer lead times? 4. Have you identified any materials/equipment that you feel may become scarce or are likely to attract a premium? 5. Have you identified anything that will negatively impact on your ability to provide the materials/equipment that you currently supply to the Council?			

Preparedness checklist item	Owner	Actions	Comments
5 Data handling both in terms of the corporate ICT and data housing that the council uses for its own services, as well as the data handling for any outsourced services	ICT	DBC Data is handled in house Procurement and services will obtain assurances from key contractors as shown above	

There are two main areas where ICT may be affected:

Action Update

Data hosting

DBC is fortunate not to have many hosted systems but the location of where the data is kept (ie. UK/EU/Rest of World) is being identified. If required the ICT team will work with the Information Security Team Leader to establish a position on what is acceptable in the event there is no safe harbour agreement in place with the EU. Currently it expected that the vast majority of data storage on hosted systems (and probably all) is UK based and therefore this will not an issue. Members will be advised if there is any change to this situation

Infrastructure

In the event of a “no deal Brexit”, it is possible that Sterling could lose some value. As ICT goods and services are generally dependent on the dollar value, price rises may be expected Fortunately, all purchasing for desktop and data centre renewal kit is complete. The remaining ‘big ticket’ items are Microsoft Licensing and replacement kit for members. In both cases, we are proposing to agree deals before the price rises filter through.

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Preparedness checklist item	Owner	Actions	Comments
6. Local partnership working with key statutory and strategic partners, including the Health and Wellbeing Board, Crime Reduction or Community Safety Partnership, Local Economic Partnership and Local Resilience Forums	CMT	Planning ongoing across Herts via Herts LRF Initial discussions undertaken with Dacorum Chief Inspector. Community Safety and Brexit Preparedness discussed at Responsible Authorities Officer Group (RAOG) , LEP considered paper on Brexit implications and plans	

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Predictions of the economic impact for each district using a measure called Gross Value Add (GVA). GVA is the measure of goods and services produced and is linked to measurement of GDP. The LSE predicts some Hertfordshire districts (Watford and East Hertfordshire) as being amongst the most negatively impacted in the country, whilst Dacorum is ranked 63 out of 236 local authorities considered; with a Soft Brexit GVA impact of -1.3%, and Hard Brexit GVA impact of -2.5%. (In comparison the LEP state the countywide impact of the 2009 recession as -4.1%).

LSE CEP Analysis of Local Impacts: Potential GVA Loss in each Hertfordshire district

Ranking by severity of GVA contraction under Hard Brexit	Local Authority	Soft Brexit	Hard Brexit
4	Watford	-1.5	-3.1
6	East Hertfordshire	-1.5	-2.8
14	Three Rivers	-1.4	-2.8
18	St Albans	-1.3	-2.7
21	Hertsmere	-1.4	-2.7
58	Broxbourne	-1.3	-2.5
60	Welwyn Hatfield	-1.3	-2.5
63	Dacorum	-1.3	-2.5
98	Stevenage	-1.3	-2.4

Preparedness checklist item	Owner	Actions	Comments
Source: Swati, Dhingra, Stephen Machin & Henry G Overman (2017) The Local Economics Effects of Brexit, LSE CEP Brexit Paper 10			

STRATEGIC RISK REGISTER

December 2018



SR7 - Uncertainty around Brexit negotiations could result in the Council facing additional demand for its services in the short- to medium-term					
Corporate Priority: Delivering an Efficient and Modern Council	Risk Owner: Sally Marshall	Portfolio Owner: Andrew Williams	Tolerance Treating		
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	4 Very Likely	2 Medium	8 Amber
Consequences		Current Controls		Assurance	
<p>On 23 June 2016, the UK voted, through a referendum, to leave the EU. In March 2017, the Prime Minister invoked article 50 of the Lisbon Treaty, formally notifying the European Council of the UK's intention to leave. This provided a two-year negotiation period in which to agree future ties, with the UK exiting the EU on 29th March 2019.</p> <p>The ongoing negotiations around Brexit, and in particular the risk of a 'no-deal' outcome, leaves the Council uncertain as to whether or how there may be increased demand for its services in the short-, medium-term.</p> <p>The Brexit negotiations pose a strategic threat to the Council primarily because there is lack of clarity over how or to what extent the outcome may threaten achievement of its corporate priorities. In the absence of more detail, the Council is, in general terms, planning to 'be prepared'. In addition, there is the possibility that the Council may be required to carry out functions under its Civil Contingencies responsibilities.</p>		<p>The Chief Executive has prepared a report to Members outlining the sector's view on where the key Brexit risks currently lie.</p> <p>The Corporate Management Team (CMT) has put Brexit negotiations as a standing item on its agenda. All service areas are represented at this meeting, and the majority of CMT members operate within county- and nation-wide professional groups. This means that the knowledge reach of the group is wide and varied, meaning that emerging issues are likely to be raised for discussion around impact as they arise.</p> <p>CMT has also ensured that all service areas revisit their Business Continuity plans to ensure that they remain up-to-date and capable of mitigating known and emerging risks.</p>		<p>The subject of Brexit has been designated as a standing item on the CMT agenda. Members will be kept advised as more information becomes available.</p>	
Sign Off and Comments					
<p>Sign Off Complete</p> <p>The comments in the above section capture the position as at the end of Q3 2018/19.</p>					