



Cabinet
14 October 2019

**Report from the Strategic Director
Customer and Digital Services**

Preparing Brent for the UK leaving the EU with or without a deal update

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Three appendices: Appendix 1 Brent Council Risk Assessment Appendix 2 Brent Lead Officer responsibilities Appendix 3 Draft Internal Audit Report (Brexit Preparation 19/20)
Background Papers:	N/A
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1.0 Purpose of the Report

1.1 The purpose of this report is to update the Cabinet with the council's preparations for the UK leaving the EU including identified risks

2.0 Recommendations

Cabinet to:

2.1 Note the contents of this report

2.2 Note that the Strategic Director Customer and Digital Services has been appointed Brent's Brexit Lead and that the Brexit Co-ordination Group will continue to monitor risks and escalate as necessary

2.3 Note that the Brexit Co-ordination Group will continue to act as stewards for the funds allocated from government for Brexit preparations

3.0 Background

3.1 On 23 June 2016, the UK voted in a referendum to leave the European Union (EU). On 27 March 2017, the Prime Minister triggered article 50, beginning the formal two-year process for leaving the EU.

3.2 The UK intended to leave the EU on 29 March 2019. On Thursday 21 March the EU agreed the UK could extend their membership of the EU to give the UK time to agree an exit process.

3.3 In July 2019 Mr Johnson became Prime Minister of the UK and pledged that the UK will leave the EU on 31 October 2019 with or without a deal.

3.4 Brent Council has been preparing for some time for the UK to leave the EU and has developed and published a dynamic risk assessment. This risk assessment looks in detail at the risks posed by Brexit, and contains mitigating actions. The areas covered with biggest risks are:

- Workforce
 - Loss of workforce – this is being mitigated through highlighting the EU settlement scheme to staff
- Statutory services: Social care
 - Failure of care provider – this is covered through business continuity plans
- Statutory services: Children and young people
 - Families leave the UK, impacting the school roll – CYP are working with schools and cap school placements as appropriate
- Regulatory services
 - Implementing and understanding changes in legislation – Keeping in close contact with Central Government for changes in legislation
- Supply chain
 - Suppliers trying to make Brent take culpability for their Brexit risks – decisions are made on a case by case basis
- Local partnership working
 - Partners for Brent Brexit meeting arranged on the 17 September to discuss and synchronise responses
- Community engagement
 - EU residents leave – we are promoting the EU settlement scheme directly and indirectly to residents, including holding information evenings
- Regional and local growth
 - House prices fall and the housing market stagnates and the private sector stops new schemes leading to reduced affordable housing provision – this has already happened, and the Council is exploring opportunities to buy housing developments from private landowners to help meet the housing need, and embarking on a programme of self-build for around 1,000 new homes for those on the Council waiting list

- Data and information handling
 - Access to data stored or processed in the EU is restricted – Information champions have checked where data are stored and put in place means of accessing their data for after the UK leaves the EU.

The risk assessment was noted by Full Council in March 2019.

- 3.5 This report provides an update on the risk assessment, changes from Central Government, and our activity

4.0 Changes from Central Government

- 4.1 In July 2019 Mr Johnson became Prime Minister of the UK and pledged that the UK will leave the EU on 31 October 2019 with or without a deal. Following this the narrative from central government departments has changed. The message is clear; we are leaving the EU on 31 October 2019.

- 4.2 In August, the Secretary for State for the Ministry for Housing, Communities and Local Government wrote to Local Authorities to ensure a smooth exit as possible from the EU. The letter requested each local authority appoint a Brexit Lead Officer and provided a list of responsibilities for this role (appendix two). In Brent Peter Gadsdon had already assumed this role and will continue to be the Brexit Lead Officer for Brent.

- 4.3 The letter included an invite to a webinar for Local Authorities. This webinar outlined the government's plans which included arrangements and highlighted areas for Local Authorities to concentrate on. We had already covered all the areas in our risk assessment. The only area which was highlighted where Brent had additional work to do was with local businesses.

- 4.4 The day after exit day, the UK will continue to allow imports from the EU as they do now. The reasoning behind this, is they do not expect standards to drop or change immediately and to keep businesses going customs will continue as they are now. The same cannot be said for exports. The receiving country will determine how they manage imports from the UK. As such, the Department for Business, Energy, and Industrial Strategy (BEIS) has asked us to identify businesses which export food. Park Royal has a high concentration of food and drink industries. Employment and Skills have put together a plan to identify businesses in Brent which export food utilising their business board, and their links with the West London Association of businesses.

- 4.5 BEIS also talked about small economic shocks where small or medium sized enterprises (SMEs) go out of business as a result of Brexit. The Town Centre Managers are going to talk to the local businesses in the high street to find out how they are preparing for Brexit. There is also a regular newsletter which we have put a survey in to determine the expected and current impact to local businesses.

5.0 Changes in Brent

- 5.1 Schools in Brent have a large proportion of EU students, which reflects the local community. Last year there was a dip in the number of school places required for reception and year one. The latest (2019) school place projections suggest a gradual increase in primary place demand over the next eight years, a change from the GLA's 2018 projections. The change is due to a higher number of children per new housing unit being assumed than previous years, which has uplifted forecasts. The latest GLA forecasts suggest that Year 7 intakes will be lower than previously forecast. However, locally a number of Primary schools have experienced a reduction in pupils starting school in Reception and currently. The number of pupils that qualify for the English as an Additional Language (EAL) measure in reception and year one has fallen by nearly 10%.
- 5.2 Local Authorities are responsible for identifying EU Looked After Children and Care Leavers and ensuring they are registered on the EU settlement scheme. We are supporting the young people in our care, providing additional support where required and monitoring this regularly at Operational Children's Service Leadership Team meetings.
- 5.3 If there is a food shortage, Brent Council has responsibility for the catering in one children's home. Schools in Brent are responsible for their own catering.
- 5.4 We are supporting Brent children and young people to participate in the University of Liverpool Home office funded project: "Creating Child Friendly Information about the EU Settlement Scheme" which is aiming to create information materials that can be used by children, their parents, and other adults to help children understand and apply for status under the EU Settlement Scheme.
- 5.5 CYP are considering setting up a group to smooth the impact of Brexit on children and young people in Brent in the lead up to the 31 October 2019.
- 5.6 There are three related key threats in the Regional and Local Growth section which have been escalated to high likelihood and impact as these threats have already started happening. They are:
- Housing market stagnates and/or house prices decrease rendering regeneration projects unviable
 - Private sector stops new schemes leading to reduced affordable housing provision.
 - Loss of income from downturn in planning and building control applications
- 5.7 House prices in London have decreased over the past year, and the market is fairly stagnant with a drop off in transactions. The underlying uncertainty around Brexit is thought to have contributed to this fall. The viability of private schemes and Council led regeneration and capital projects are influenced by house prices. Large decreases in house prices will negatively affect the many regeneration projects currently running and planned in Brent. House transaction stagnation will also make it harder to achieve sales and therefore loss of income.

- 5.8 Planning policy requires private residential developments of over ten units to provide affordable housing, in partnership with a Registered Provider. If house-builders decide to mothball sites or stop buying new ones to develop because of stagnation or uncertainty in the housing market, there will be less affordable housing provided reducing the Council's ability to provide permanent housing for those in housing need. The Council is exploring opportunities to buy housing developments from private landowners to help meet the housing need, and embarking on a programme of self-build for around 1,000 new homes for those on the Council waiting list. These opportunities may be enhanced if land values drop and private owners are looking to off load sites.
- 5.9 We have received reports from Veolia and Conway, two large employers of EU nationals in Brent neither have seen any real change to their substantive workforce, but have found it harder to recruit this year.
- 5.10 Internal audit reviewed our Brexit preparations. Their report (appendix three) said: "The Council's analysis of Brexit risks in the event of no deal, as set out in the Brexit Risk Assessment, was good and no gaps in coverage were identified. Risks appear to have been appropriately assessed using value at stake and probability, although value is difficult to judge due to the uncertain impact of Brexit and because many of the risks are indirect; for example, the impact on suppliers or the nature of EU nationals' response." The report also made some recommendations about processes which have been implemented.
- 5.11 We will continue to work closely with our Local Resilience Forum (LRF). Weekly phone calls resumed on Tuesday 10 September which allows the LRF to gather and share information, insights and issues from boroughs that can then be used both for contributions to the wider MHCLG Information Sharing Network and to LRF led resilience preparations.

6.0 EU Settlement scheme

- 6.1 The EU settlement scheme has been introduced so that EU nationals who currently reside in the UK can continue to live and work in the UK. Brent has an estimated 67,000 EU nationals living in the borough. Our EU residents are integral to our society and contribute in many ways, not least in working across many different sectors, including the public sector, and the third sector. Raising awareness of this scheme to our residents has been identified as a priority to ensure, in the short term, continued stability in the borough
- 6.2 To raise awareness of the scheme in Brent we have tried to reach residents both directly and indirectly. We have held two large public EU settlement scheme information events, advertising through different means including a targeted social media campaign, and translated leaflets and posters. The Mayor of London's Brexit bus came to Willesden Green on its tour of London. We are in the process of increasing the knowledge of our frontline staff, providing information sessions at their team meetings. We have also run two internal staff lunch and learn sessions about the EU settlement scheme, the last one on Thursday 05 September.

- 6.3 We have four events planned in September and October. One, on 26 September will be another public engagement event following the same format as previous events.
- 6.4 We ran an event for the voluntary and community sector, providing them with information about the EU settlement scheme, and we asked them to identify barriers our residents may face in finding out about the scheme and then ways we could overcome these barriers. The three main barriers identified were: lack of trust; lack of knowledge; and those under the radar – people without documentation. We have used the ideas and suggestions that came out of this session to develop our strategy for engaging with residents about Brexit and the EU settlement scheme.
- 6.5 We are planning a Partners for Brent event to be held on 29 October, which will concentrate on how we can work with our local partners to mitigate the impacts of Brexit on the borough. Invitees will include our public sector partners, large third sector organisations which work with EU residents, and large employers in the borough.
- 6.6 There is a new community champion scheme being developed. We are currently recruiting community champions and one of their first objectives will be to raise awareness of the EU settlement scheme. Our final event will be a training event to enable them to meet this objective.
- 6.4 On 22 August, statistics about the EU settlement scheme were published at Local Authority level for the first time. Brent had the highest number of residents who have applied to the scheme (to June 2019) with 22,330 residents. This is about one in three of our estimated EU national population.

7.0 Financial Implications

- 7.1 Central government has allocated a sum of money to local government for additional costs which may arise as a result of the UK leaving the EU. All London Boroughs have been allocated £210,000, of which £105,000 has been received this financial year. The balance is expected in 2019/20. This money will be placed in an earmarked reserve, with amounts drawn down when expenditure has been incurred. At present it is unknown whether there are any specific conditions attached to this grant.
- 7.2 Central government has allocated a further sum of money for councils to prepare for delivering Brexit on 31 October, whatever the circumstances. All London Boroughs have been allocated £104,000
- 7.3 The Brexit Co-ordination Group is monitoring, and will continue to monitor the impact of Brexit across the council. The group will act as stewards, allocating the money to cover issues as they arise over the next financial year.
- 7.4 To date, any costs incurred as part of the preparation for Brexit, such as staff time, has been met within existing budgets.

7.5 There are still no final decisions about how the UK will leave the EU, and the cost to local government is still unknown. As such, there may be further costs to the council as a result of leaving the EU.

8.0 Legal Implications

8.1 When the UK leave the EU all EU law will transpose into UK law, following which the UK Government will be able to keep, amend or discard each law under the European Union (Withdrawal) Act 2018. Regulations to address legal issues arising from Brexit can be made under the Act. Other legislation is also being brought forward. Over recent months the UK Government has also published a series of Technical Notices which provide information to allow businesses and citizens to understand what they would need to do in a no deal scenario, so they can make informed plans and preparations.

8.2 If the risks identified in the risk assessment are not carefully managed the council may find itself unable to comply with some of its statutory duties

9.0 Equality Implications

9.1 Brent is committed to equality, diversity and inclusion; the council is determined to be an exemplar of good practice in equality, diversity and human rights and it is our policy to treat everyone fairly and with respect. We aim to ensure that all our current and future residents, staff and stakeholders are treated fairly and receive appropriate, accessible services, and fair and equal opportunities.

9.2 The Brexit Coordination Group will keep up-to-date with the impact of Brexit on equalities legislation, for example changes to the Charter of Fundamental Rights of the EU.

Report sign off:

PETER GADSDON

Assistant Chief Executive