

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

19 MARCH 2019

REPORT OF THE INTERIM CHIEF EXECUTIVE

BREXIT UPDATE AND RISK REGISTER

1. Purpose of report

1.1 The purpose of this report is to brief Cabinet on the potential impact of Brexit on the Council, to update Cabinet on the preparations being undertaken within the Council and to help inform future Council decision making.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
- Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 Following the majority vote to leave in the United Kingdom European Union membership referendum on 23 June 2016, the UK government has been working towards departure from the European Union (EU) on 29 March 2019.

3.2 The Withdrawal Act 2018 provided for all EU law to be brought into UK law to ensure that there was legal certainty for businesses and residents. The Withdrawal Act is now law and this legal certainty remains in place under No Deal.

3.3 UK Government has sought to secure a deal (the Withdrawal Agreement) with the EU that covers its forward relationship, level of participation with the EU's Single Market and Customs Union.

3.4 A withdrawal agreement would also ensure that the risks of a No Deal Brexit are mitigated by a transition period that would ensure current day to day dealings continue until December 2020.

- 3.5 There is currently no deal in place and therefore little clarity exists on the exact impact this will have on the Council and wider Bridgend County Borough.
- 3.6 Following the rejection of the UK Government's deal by the House of Commons on 12 March, a further vote will take place on 13 March to decide whether to block the UK from leaving the EU without a deal.
- 3.7 If a No Deal scenario is rejected, another vote will be held on 14 March on whether to extend Article 50, thereby delaying the UK's withdrawal from the EU. The UK Government would still need to request an extension from the EU following this vote.
- 3.8 At the time of drafting this report, the default position remains that the UK will leave the EU in 16 days time on the 29 March.
- 3.9 UK government has issued a series of technical notices to prepare for a 'No Deal' Brexit to ensure organisations, businesses and citizens understand what they would need to do in a 'no deal' scenario, supporting informed plans and preparations. The Local Government Association (LGA) has set out a document which groups advice into three categories: those which have a direct impact on councils; those which could have a secondary impact and those which appear to have no immediate impact on councils. The link to this document is included in the list of background documents.

4. Current Situation

Implications and Preparation for Brexit

- 4.1 The Council has established an internal cross-directorate Brexit Forum, chaired by the interim Chief Executive Officer, to explore the potential impact of Brexit on service delivery along with actions to mitigate against risks. The Forum will also explore any potential opportunities that might arise from Brexit.
- 4.2 A risk assessment has been developed and is included here as **Appendix A**. Content has been informed by service area leads working within the Forum and draws also on our collaborative work with both local authorities across Wales and other key partners.
- 4.3 It should be noted that the risk assessment is very much a live document, and provides a snapshot of work at a specific time. The assessment continues to be further developed and is reviewed formally at each meeting of the Brexit Forum.
- 4.4 The cross-cutting nature of Brexit means that there are multiple implications for the Council across a range of council services. Key areas covered within the risk assessment include legal, workforce, supply chains, finance including funding, emergency planning, social care, education, economy and community cohesion.
- 4.5 Given the high level of uncertainty around the UK's withdrawal from the EU, in considering the potential implications to Council, we have had to focus on the immediate and short term risks. These impact at a greater level on service areas such as legal, regulatory and regeneration. This does not mean that the medium

and longer term implications of Brexit are not being considered by all service areas. The wider implications of Brexit continue to be explored with action plans developed as more detail is made available.

- 4.6 Effective communication at this stage in the Brexit process is a critical element of the Council's response to Brexit and we are co-ordinating a series of actions that include the dissemination of internal messages to ensure staff are kept informed of developments, the development of a Brexit webpage to ensure organisations, businesses and residents across the county borough have easy access to information and also the dissemination of key UK and WG messages via our social media channels and stakeholder groups.
- 4.7 The Brexit Forum's work has been supported by regular updates from the Welsh Local Government Association (WLGGA) and their Brexit Transition Programme, funded via the Welsh Government's EU Transition Fund. Updates are disseminated via the Brexit leads, Councillor Charles Smith, Councillor Richard Young, the Interim Chief Executive Officer and the Regeneration Funding and Regional Engagement Team Leader.
- 4.8 The Brexit Preparedness Toolkit, produced by the WLGGA in partnership with Grant Thornton, as part of their Brexit Transition Support Programme, has proven a useful aid in our work to understand the potential risks and opportunities that Brexit poses.

5. Effect upon policy framework and procedure rules

- 5.1 This report will have no direct effect on the Policy Framework & Procedure Rules.

6. Equality Impact Assessment

- 6.1 There are no direct equality implications of this report. Once there is clarity on the nature and conditions of the UK's withdrawal from the European Union, the Equality implications across the Council's service delivery will need to be considered.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 This will be need to be considered once there is clarity on the nature and conditions of the UK's withdrawal from the European Union.

8. Financial implications

- 8.1 The full financial implications of Brexit will need to be considered once there is clarity on the nature and conditions of the UK's withdrawal from the European Union.

9. Recommendation

Cabinet is recommended to:

- 9.1 note the work being undertaken by the Brexit Forum;
- 9.2 consider the content of the risk assessment document, and

9.3 receive further briefings as the detail on the implications of Brexit become clearer.

Mark Shephard
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Background documents:

1. Link to the LGA 'No Deal' - Council Key Changes document that sets out summary detail on the UK government technical notices.
https://www.local.gov.uk/sites/default/files/documents/Appendix%20-%20No%20Deal%20-%20Key%20Changes%20for%20Councils_19%20February%202019.pdf