

# Brexit - Risks and Opportunities - October 2020

Category	Details of Risk	Potential implications	Impact	Likelihood	Mitigation Actions	Notes
People - Council workforce	The Council has an inability to recruit and retain staff in key skills shortage and "hard to recruit to" areas.	Impact on service delivery	low	low	Monitor progress of EU exit negotiations and impact on UK Employment Law/ Regulations. HR are working with services to consider the potential impact of Brexit on future skills needs, recruitment and retention issues and talent management as part of workforce planning and succession planning under the service planning framework. Work developing through the Workforce Recovery Group will consider the impact further as an interim workforce recovery strategy is developed to take us from September 2020 to May 2021. The flexibility demonstrated by the Council's workforce during the Covid situation provides a degree of assurance that employees will continue to adapt and learn from this experience. HR have participated in Home Office webinars regarding changes to immigration laws relating to EU nationals and information regarding settled status for those EU nationals wishing to live and work in the UK post Brexit has been published on the Council's website. All Council staff in START (Home Care), Day Care and Residential Care, who have moved to the UK in the last 3 years have been briefed about the implications of EU-exit in order to alleviate concerns and anxieties in relation to their employment status. HR will continue to engage with local and national networks to share knowledge and experience of preparation for Brexit and to ensure the Council continues to recruit and retain people with the necessary	<p>September 2020 - NCC has approximately 70 employees with their right to work evidenced by EEA or Swiss documents. UK Government has given guarantees that those working in UK pre Brexit vote will be legally entitled to continue working in UK post UK leaving EU. HR have been in contact with Reed to identify their Brexit planning. Skills for Care data shows 22,500 adult social care jobs in Nottinghamshire . In England, 110,000 jobs in adult care in England are vacant. <a href="https://www.bbc.co.uk/news/uk-england-45593814">https://www.bbc.co.uk/news/uk-england-45593814</a> . The Covid situation has placed significant demands a on the care sector and there is a potential shortage of suitably qualified care workers which will be exacerbated by the new controls on immigration.</p> <p>The Council's agency managed service contract eas retendered in September 2020 and REED were again the successful bidder, Their Brexit planning is now part of ongoing contract management.</p> <p>October 2020 - It is not believed that the contents of Michael Gove's letter alters the response provided to the updated Brexit Risk Register previously by HR in respect of employees. For absolute clarity, this response does not include the workforce issues from</p>

					skills, knowledge and experience to delivery the council's priorities.	provider/commissioned services where a greater impact may arise
People - Providers and partners workforce	Providers who deliver Council services and Providers who deliver Council services and partners who work alongside the Council to deliver support and services have an inability to recruit and retain staff in key skills shortage and "hard to recruit to" areas. Of specific importance are those delivering in the care, health and education sectors along with those in their supply chains. Financial fragility within parts of the care sector (perhaps compounded by winter pressures) are likely to be exacerbated by increased running costs following a no-deal exit from the EU. As a consequence, the viability of some smaller care providers may be challenged within a matter of weeks (leading to provider failures), and	Impact on service delivery	low	low	Monitor progress of EU exit negotiations and impact on UK Employment Law/ Regulations. HR are working with our agency managed service provider to ensure they are taking similar steps to us for our contingent workforces. ASCH and Children's who commission services to ensure external partners are prepared. Quality & Market Management, risk-rate services and can focus on providers which may be particularly at risk (e.g. small providers). This also includes references to Direct Payments providers and micro providers. Information received from HM Government / DoH / NHS is sent to providers as and when it is received.	<p>An action plan is in place for ASCH Quality &amp; Market Management which includes the following:</p> <ul style="list-style-type: none"> <li>• A Brexit-specific risk log</li> <li>• Sharing information at Provider Forums</li> <li>• Specific EU-exit awareness by individual officers and their portfolio of service providers</li> <li>• Linking work across community and residential care providers</li> <li>• Ensuring providers are responding to any significant implementations to their service area and that arrangements are incorporated into their business continuity plan</li> <li>• Ensuring new contracts include a reference to EU-exit</li> <li>• Communicating with providers in response to central government / DoH / NHS updates.</li> </ul> <p>In January 2019, providers were asked to confirm they have contingency plans to maintain service provision. All providers that the Council works with have plans in place as they are legally required to do.</p>

	<p>larger care providers after that.</p> <p>A report by the Independent Migration Advisory Committee found that 5.9% of social care staff were from the EU in 2017 and warned that restrictions on migrant social workers could put the sector under tremendous pressure.</p>					
Procurement	<p>Suppliers or supply chain challenges post Brexit impacting on the Council's ability to deliver services. This includes the availability of essential supplies including food and medicines. Any disruption at ports may impact the supply of medicines / medical products as 75% of the UK's medicines / medical supplies from the EU come in via the Short Channel Strait. There may be some disruption to PPE supplies but expected to be minimal. Any PPE supply that's sourced from the EU is</p>	<p>The LGA reports that very few public contracts are awarded to companies in other member states. Across Europe, only 1.6% of public contracts are awarded to companies in other member states. At present, the current procurement regulations will apply up until the end of the implementation period: 31 December 2020. From</p>	low	low	<p>The procurement team are signed up to a PASS Procurement seminar on 'Preparedness for Brexit'. A watching brief will continue. An update may be required to our standing financial Instructions section 8 at a future date. Regular liaison is taking place with key suppliers to prepare for Brexit through ongoing contract review meetings. Nottinghamshire County Council also receives weekly updates from Crown Commercial Services through their Procurement Policy Notes. The East Midlands Heads of Procurement have also been in discussion with the Cabinet Office on the reform of the Public Procurement Rules which is currently been discussed.</p>	<p>ICT have engaged with the main supplier, SCC, to understand their Brexit contingency planning.</p> <p>PH services are commissioned, so there may be issues for providers around staffing (EU nationals), as well as supply of medication for treatment (e.g. substance misuse, sexual health, smoking cessation) and for communicable disease control (e.g. antiviral prophylaxis).</p>

	likely to increase in cost and reduce in availability. However, only a small proportion is sourced from the EU and as such govt expects any disruption to be low. Government are implementing a layered approach to ensure PPE stocks are sufficient e.g. stockpiling, re-routing supply chains and trader readiness.	January 2021, a new e-notification service called Find A Tender will be used to post and view public sector procurement notices.				
Shortages of essential supplies	A no-deal Brexit leads to shortages of medication, food. Government advice is that there should not be significant /widespread impact on fuel supplies). There may be some disruption to global and UK food supply chains, considering both end of transition period and concurrency with COVID. Due to the tightening of supply and increasing demand there may be agri-food shortages. Fresh food supply may be affected. There will	Issues for residents, Council employees and those of service providers, disruption in the community.	low	low	The County Council is planning and preparing for placing orders for alternative foodstuffs for school meals. County Enterprise Foods created a two-week contingency supply of frozen meals. There has been concern about the possibility of panic buying and the impact this may have on vulnerable service users. ASCH is liaising with health providers and will support and follow EU-exit plans they have developed.	Following the publication of the Governments no-deal Brexit preparations in the form of 'Operation Yellowhammer' the Commons Select Committee on Exiting the EU raised concerns including the issue of shortages of key products. Government has confirmed that the Department of Health and Social Care is strengthening its Brexit preparations with a £25 million contract to set up an express freight service to deliver medicines and medical products into the country. In addition, it has provided guidance to social care providers to prepare for Brexit in respect of the supply of medicines and other, non-medical, goods and services. This advice is factored into Departmental Brexit Risk plans and is raised with suppliers at regular contract management meetings but no concerns have been raised by suppliers.

	likely be an increase in food / fuel prices that may impact on lower income households / vulnerable groups or lead to vulnerability. The food sector has reduced capacity to build stocks that were diminished due to COVID. May be an issue in building up stocks in the runup to Xmas.					
Cost increases	Feedback from suppliers suggests a potential for post Brexit price increases. An increase of up to 12% mentioned as a possibility by food suppliers.	The authority has a duty to take steps to improve the health and wellbeing of the population. In that context the Council needs to monitor the potential of the likelihood and impact on least advantaged groups of possible short term rises in food prices.	low	low	Procurement and Public Health to monitor.	
Funding and funding strategy	The 'Divorce Bill' means no treasury windfall is to be expected. Instability and uncertainty of the economy and hence	Potentially reduced funding available for service delivery. The impact will be considered	low	low	Standard planning and budgeting processes will account for any Brexit-related changes to macroeconomic situation and impact of any changes to exchequer receipts.	

	<p>exchequer revenue. The devaluation of sterling has already led to rising inflation and therefore increased operating costs.</p>	<p>alongside other issues affecting funding and will form part of the normal MTFS and budgeting processes. In addition to developers not making investment decisions, if there is a further slow down in the economy and housing is not built, the Council may not receive the developer contributions expected and which have been factored into the capital programme.</p>				
<p>Finance risk - access to finance</p>	<p>The Council is unable to access finance to invest in its capital programme.</p>	<p>Impact on investment and service delivery considered low as major source of finance, PWLB, unaffected.</p>	<p>low</p>	<p>low</p>	<p>Monitor market rates and any changes to government's ability to raise finance.</p>	

Finance risk - interest rate risk	The Council is unable to afford to invest in its capital programme.	Impact on investment and service delivery considered low as major source of finance, PWLB, unaffected.	low	low	Monitor market rates and any changes to government's ability to raise finance.	
Finance risk - impact on government grants.	Government's overall financial plans due to economy decline or stagnation and implications on local government finance.	Reduction in specific Government Grants and Revenue Support Grant reduces faster than currently expected.	medium	medium	Monitor Government announcements, general economy indicators. The public spending review has been delayed and 2020/21 is a one year settlement with no guidance yet on future years.	Due to COVID 19 the 2021/22 settlement is expected to be very late in December.
Finance risk - 100% business rates retention	Overall policy change Implementation is delayed.	Change in Government policy affecting speed of BRR	medium	medium	Monitor Government announcements. Nationally, working groups are developing proposals for the Fair Funding Review and the reform of the Business Rates Retention System (BRRS). Both of these have now been delayed.	Change in policy is not now expected in 2020/21.

Pension Fund	The result of the EU Referendum and the decision to leave the European Union may result in significant economic instability and slowdown, and as a consequence lower investment returns.	Financial loss, and/or failure to meet return expectations and increased employer contribution costs.	medium	medium	The risk is mitigated by diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller. The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time. The Pension Fund via our payroll services currently pay over 400 overseas pensions in foreign currency. Payments are made to Citibank who convert and make the payment in the foreign currency. Payments are subject to foreign exchange rates which do fluctuate. Rates may be severely affected by Brexit which may impact significantly on the payment received by the pensioner. Foreign exchange rates are outside our control.	In the longer term, reduced investment returns may require additional employer contributions. Employer contribution rates for 2020/21 to 2022/23 have been set as part of the 2019 actuarial valuation. The impact of any changes in rates will be factored in to the budget decisions made in December to February.
Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.	Withdrawal of promised funding. Ceasing existing funding. No replacement to future funding. Volume of work which may be required to process new legislation including Health & Safety, employment law including trade union recognition, working time, equality issues, procurement rules etc.	Withdrawal of EU funding with no viable alternative replacement provided to continue investment in the local economy. Ceasing of service provision. Impact on long-term growth or sustainability of National Non-Domestic Rates receipts.	medium	low	Monitor Government/EU announcements Monitor Official publications Engage with LGA Engage with MHCLG around the plans for a Shared Prosperity Fund (i.e. the reuse of structural fund money) .	Government has published guidance to help organisations continue to comply with data protection law after Brexit if the UK leaves the EU without a deal. October 2020: The Government's latest guidance for data protection, after the transition period, was issued on 7 October, with its implications under active review by the council.



<p>European Funding risk - investing in the economy (£214m via D2N2 to 2020)</p>	<p>Withdrawal of promised funding Ceasing existing funding No replacement to future funding. Government funding for large infrastructure projects may reduce.</p>	<p>Withdrawal of EU funding with no viable alternative replacement provided to continue investment in the local economy. Impact on long-term growth or sustainability of NNDR receipts.</p>	<p>medium</p>	<p>low</p>	<p>Monitor Government/EU announcements. Work with the D2N2 LEP around the development of a Local Industrial Strategy which they are required to bring forward and will become an important mechanism for places to 'broker' a favourable deal with Government for the resources they need to enable growth and development over the coming years.</p>	
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Brexit preparations.	Lack of overall Countywide joint planning to take advantage of opportunities presented by Brexit and to mitigate risks. Local government is critical to delivering a successful Brexit. To support this, on 3 August 2019 Government announced £20 million of funding to support local authorities' Brexit preparations, and a further £9 million of funding was made available for local areas on 21 August 2020. This brings the total funding allocated by the government to help local areas prepare for Brexit to £77 million.	Missed opportunities. Reputational risk for not being prepared.	low	low	A network of 9 local authority chief executives, including Nottinghamshire County Council, from across England has been established to engage with councils in their regions to share information on their Brexit preparations and each council has also been asked to appoint a Brexit Lead Officer to work with central government and local services, businesses and residents in their area to plan intensively for Brexit. The Council's public website includes a 'Brexit support and advice' page.	Some Councils are developing a European strategy for their area maximising benefits, mitigating negatives, working in partnership. Examples include: Dorset County Council – Preparing for Brexit and their European strategy and Cornwall Council – Post Brexit strategy. Cambridgeshire County Council's Brexit Impact Assessment comes to very similar conclusions as Nottinghamshire. The Secretary of State at the MHCLG has “affirmed that EU citizens in the care system had nothing to worry about. Their rights would be protected even after October 31.” In addition, the NRPF Network (A network of local authorities and partner organisations focusing on the statutory duties to migrants with care needs who have no recourse to public funds) says “the Government has set out its proposals for the rights of EU nationals who are currently living in the UK in a Statement of Intent, but, for details such as care costs post Brexit the Government and EU have yet to reach a final agreement on the full terms that will apply to the UK when it leaves, and it is unclear how a 'no deal' situation will impact on these proposals.
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Brexit 'No-deal' preparations	Government has issued 100+ technical notices setting out what organisations need to do in event of a 'no-deal' Brexit, including: <ul style="list-style-type: none"> <li>— Health and social care</li> <li>— Schools and education providers</li> <li>— Access to public services</li> <li>— The EU Settlement Scheme</li> <li>— Community engagement</li> <li>— Business support</li> <li>— Regulatory services</li> <li>— Internal operations</li> </ul>	Councils are encouraged by Government to consider how the positions outlined in these notices might impact on local areas.	low	low	Those notices most relevant to local authorities have been reviewed and the actions identified in them are covered by mitigating actions already in place.  Government's Brexit: no deal preparations for local authority children's services publications have been reviewed and none of the Council's providers have raised any concerns to date but dialogue continues through contract management meetings.	Government has established a local authority landing page to keep Councils aware of the latest Brexit developments. <a href="https://www.gov.uk/guidance/local-government-brexit-preparedness">https://www.gov.uk/guidance/local-government-brexit-preparedness</a> and a EU Exit Local Government Delivery Board <a href="https://www.gov.uk/government/news/brexit-ministerial-local-government-delivery-board-update">https://www.gov.uk/government/news/brexit-ministerial-local-government-delivery-board-update</a> . These are monitored by the Council's Policy Officer and relevant officers notified of appropriate updates.  October 2020: From a purely children's department point of view it is not thought that there is anything within the recent letter from Michael Gove that presents any new risks that haven't been noted and prepared for (as far as is possible) - ██████████.
Devolution / Local Government Reorganisation.	Government policy change or slows due to distraction of Brexit.	Change in Government policy.	low	low	Monitor Government announcements.	Government is committed to publishing a white paper that discusses devolution and local recovery and is anticipated towards the end of 2020 or early in 2021. Nottinghamshire County Council response is being developed under the Your Nottinghamshire, Your Future case. <a href="https://future.nottinghamshire.gov.uk/">https://future.nottinghamshire.gov.uk/</a>
Businesses - recruitment & retention	Businesses have an inability to recruit and retain staff in key skills shortage and "hard to recruit to" areas. Of specific interest are those in the low wage sectors such as agriculture, tourism and retail.	In order to attract the right workforce businesses may see their employee costs increase paid for by increasing the cost of goods	low	low	Place planning policies (including Place Plans) that support business expansion. Encourage businesses to focus on long term solutions rather than on the immediate position and to invest more in staff development.	The number of EU residents prior to the Brexit vote grew markedly rising by 91.7 per cent or 1,760,000, to 3,680,00 in the ten years to 2017. Across the UK, EU nationals account for 7.2% of employment. The majority of EU nationals resident in the UK are in full time employment and are more prevalent in some sectors than others, with the result that some industries are more heavily reliant on EU workforce.

		and services and fuelling inflation. Businesses may relocate outside of the area or cease trading having negative impacts on employment and business rates revenue.				
Businesses - access to EU markets	To retain full access to EU markets businesses may relocate. Non-UK owned company may leave the UK market place Free movement of finance inhibits investment in UK based company. Mineral companies and other developers delay making investment decisions.	Loss of jobs and consequently more demand for assistance to get people back into employment . Impact on supply chain networks. Loss of business rates.	low	low	Through the D2N2 Growth Hub and the County's dedicated Business Advisors, Nottinghamshire businesses are signposted to the published checklist of what are considered as the absolute minimum businesses should be doing now to make the transition out of the EU as seamless as possible. <a href="https://www.d2n2growthhub.co.uk/international/brexit/">https://www.d2n2growthhub.co.uk/international/brexit/</a>	The East Midlands Chamber has established a Brexit Advisory Group to support East Midlands business in responding to the challenge and opportunities that Brexit will bring. Governments November 2018 assessment of the economic impacts of Brexit indicates a 8% to 10% reduction in GVA in the East Midlands resulting from a no-deal Brexit.
Businesses - opportunities	Benefiting from new trade arrangements negotiated by HM Government around the world, business find new markets for their goods and services.	Higher levels of employment benefiting enhanced social cohesion. Expanded businesses paying more in business rates.	low	low	Monitor trade developments once Brexit negotiations with the EU are finalised.	The D2N2 Growth Hub is providing support for businesses to identify and access new markets: grow with new products, new customers and new horizons.

Business Preparedness	Businesses failing to benefit from new trade arrangements and insufficiently preparing for Brexit and specifically, a No Deal Brexit.	Increase in business closures A failure to secure new markets and alternative trading relationships An under-performing local economy, with a widening gap between the better and worst performing local areas across the County	high	medium	Through: Information provision and support promoted via the Growth Hub <a href="https://www.d2n2growthhub.co.uk/international-brexite/international-trade-help-and-brexite-guidance/">https://www.d2n2growthhub.co.uk/international-brexite/international-trade-help-and-brexite-guidance/</a> Reviewing business impact and intelligence, maintaining a close relationship with the key business organisations to review how this is / will change and what impact that might have on the nature of required support. An understanding of the wider geographic / local economic impact, responding to need and case-making for additional investment resources. Events continue to take place to help businesses get ready for Brexit. Local businesses across the UK will receive tailored advice and support on preparing for Brexit. In 2019 Trading Standards sent c.700 targeted emails to alert businesses to the actions they need to take to be prepared for EU exit and issued Primary Authority Companies with advice regarding EU exit related changes to UK product safety arrangements. Similar signposting advice can be issued to Primary Authority companies in the coming weeks as the situation becomes clearer.	The case for additional investment through new funding opportunities (replacement EU funding / UK Shared Prosperity Fund, LEP resources, Stronger Towns Funds etc) and support for investment in the likes of skills, infrastructure and business growth programmes can be supported through such intelligence.  A cancellation decision by Government as a result of its review of the HS2 project could have a negative impact on local employment, business orders, investment and confidence. Trading Standards lead officers are keeping abreast of developments in key legislative areas: product safety, food, feed, animal imports etc to be able to respond to enquiries from Nottinghamshire businesses.
A fall in agricultural land prices after Brexit.	Move from Common Agricultural Policy to Domestic Agricultural Policy.	Implications for County Farms and may have an impact on Council owned farms across the County. At the CCN Policy Group in September 2019 a	low	low	Following Government advice in their publications 'Prepare your farming business for a no-deal Brexit'. This advice has been promoted across the County by the National Farmers Union (NFU).	The National Farmers Union (NFU) Brexit team have put together advice and information for Farmers including planning for a no-deal Brexit.

		reference was made to a possible reduction in funding for county councils coming from the common agricultural fund, specifically for County Farms.				
Community cohesion risk.	Concern that a 'no deal' Brexit may lead to civil unrest or disillusionment during/after negotiations as neither leave nor remain voters feel their concerns are being met. Increase in hate crime. Consumer behaviour may affect food supplies locally.	Increase in service provision cost. Increase difficulties in providing services.	medium	medium	Through our membership of the Local Resilience Forum (LRF), officers have been engaged in discussions with local and regional partners, the Cabinet Office and MHCLG civil servants on the potential consequences of a No deal Brexit and the methods of coordinating any subsequent necessary responses. The medium impact and likelihood ratings are consistent with the LRF assessment.	As a local authority, we are unable to provide immigration advice. However, residents can search 'find an immigration adviser' on GOV.UK for information on how to find an immigration adviser in their local area. <a href="https://www.gov.uk/find-an-immigration-adviser">HTTPS://www.gov.uk/find-an-immigration-adviser</a> Government has published official guidance for EU citizens <a href="https://www.gov.uk/settled-status-eu-citizens-families">https://www.gov.uk/settled-status-eu-citizens-families</a> .

**Notes**

Mitigating actions are already in place.