



Leicester  
City Council

WARDS AFFECTED:

Audit and Risk Committee - Note

25<sup>th</sup> November 2020

---

## THE IMPACT OF BREXIT ON LEICESTER CITY COUNCIL

---

### Report of the Chief Operating Officer (COO)/Director of Delivery, Communications and Political Governance

#### **1. Purpose of the Report**

- 1.1 To present to Audit and Risk Committee (A&RC) the findings of the impact/risk analysis carried out on Brexit by Leicester City Council (LCC) Officers. The initial assessment was carried out in January 2019. At the time of the assessment, the possible immediate impacts and short-term risks to LCC and on its services were considered and the purpose was to set out for debate the likely short-term impact/risks of a no deal scenario to LCC. This has continued to then be used as a framework to keep those risks and impacts under review through the transition period during 2020 and as the end of that period approaches and in light of any potential deal or equally lack of agreement. Refer to:

- **Appendix 1**, the findings produced utilising the corporate risk assessment methodology.

#### **2. Recommendations**

2.1 **A&RC is asked to:**

- Note the updated findings of the Brexit impact/risk analysis (**Appendix 1**) **discussed in section 4**, the possible impact of a no deal Brexit scenario to the city council key areas;
- Note actions being taken by officers with each impact/risk identified;
- Make any comments to the COO/Director of Delivery, Communications and Political Governance.

#### **3. Background and Methodology**

- 3.1 The analysis attempts to identify the key areas which could be impacted by Brexit. The key categories proposed for consideration were:

- **Law and legislation** – including the future review of UK laws of EU origin to consider their ‘real world impact’ and which may also lead to new legislative freedoms and flexibilities for councils;

- **Procurement/contracts** - there may only be minor procedural changes in the short term, even in the case of a no deal but there could be risks in relation to supply chains which impact on contract delivery;
- **Economy** – impacts in terms of interest rates/inflation/local economy;
- **Funding streams/financial** – including council services that are currently funded in part/in whole by EU funding;
- **Changes in workforce** - leaving the EU represents the possibility of a direct impact on both the local government workforce and the wider national workforce;
- **Community cohesion/service demand** – requirements of citizens in terms of advice and support and the consequent impact on services such as advice services, benefit and general support entitlement, housing, school admissions, as well as the potential for Brexit outcomes to create division between communities.

3.2 **Appendix 1 (Brexit Impact Assessment)** provides detailed information on the above-mentioned areas and proposed considerations within each category.

3.3 The uncertainty surrounding Brexit meant that initial assessments were based on a current position judgement which has been monitored and amended as further information or other priorities and issues have emerged during the transition period in 2020. For the updated assessment, risk owners were asked to monitor, update and report the key impact/risks identified using the LCC's risk management methodology. In addition, officers were asked to identify management actions that are currently/will be undertaken to minimise/mitigate the impact/risk based on the likelihood of occurrence.

## 4. Report

4.1 **Appendix 1 (Brexit Impact Assessment)** provides the findings for each category mentioned in section 3 in detail based on the most recent review and update. Key impacts/risks were identified for LCC officers to assess using the corporate risk assessment methodology. These were scored and officers provided proposed management actions to mitigate/manage the impact and prepare for such eventualities. The table below provides snapshot of the number of high, medium and low impacts/risks under each category at the current time.

Brexit risk/Impact analysis category	No of High/Medium/Low risk
Law and Legislation	2 High 1 Medium 2 Low
Procurement/Contracts	1 High 1 Medium 1 Low
Economy	3 High 2 Medium 3 Low
Funding Streams	2 Low
Changes in workforce	3 Medium 3 Low
Community cohesion/service demand	11 Low
Business Continuity	1 Medium 7 Low

4.2 Such impacts/risks, due to them being **high**, require regular monitoring and possibly further actions to be implemented.

4.3 The below matrix provides an indicator of the status of the impacts/risk identified as part of this process in terms of likelihood and impact.

Almost Certain	5		6	3,7		
Probable / Likely	4		8,15,16,30,31,32	41	2,9,10,11	
Possible	3		1,5,17,20,33,34,35	4,13,14,19,23	24	
Unlikely	2		22,25,26,28,29,36,37,38,40,43	18,27,39		
Very unlikely Rare	1	12	21,42			
		1	2	3	4	5
		Insignificant/ Negligible	Minor	Moderate	Major	Critical / Catastrophic

- 4.4 Those impacts/risks in the **red quadrant require regular reviewing/monitoring** and consideration for further controls where appropriate as well as escalation. Those in the **yellow also require regular reviewing and monitoring** to ensure they do not escalate to a red risk.
- 4.5 These findings are used as working documents for ongoing assessment to ensure that changes in Brexit are reviewed, monitored and communicated accordingly. Directors are reminded to monitor changes and inform of these impacts/risks as part of their wider risk reporting.
- 4.6 In addition to oversight and management of the risks and impacts which may be specific to Leicester City Council, the Local Resilience Forum has been identifying and considering wider possible risks and mitigations for Leicester, Leicestershire and Rutland including the impacts relating specifically to East Midlands Airport. The Forum has similarly maintained an active oversight of such risks and impacts and already has a range of plans in place for managing incidents which if necessary, would be enacted. Currently the ongoing Strategic and Tactical Co-ordinating Groups of the Local Resilience Forum are meeting regularly in terms of the Covid-19 response but their agendas also include consideration of Brexit as an ongoing key area particularly given the approaching end of the transition period.

## **5. Financial, Legal and Equalities Implications**

### **5.1 Financial Implications**

The financial implications of Brexit on the Council and the wider city are potentially wide ranging and cannot be quantified financially.

**Colin Sharpe, Deputy Director of Finance – 37 4081**

### **5.2 Legal Implications**

‘There are no direct legal implications arising from this report’

**Kamal Adatia, City Barrister – 37 1401**

### **5.3 Equalities Implications**

There are no equalities implications arising directly from the recommendations of the report. However, the assessment covers some risks which would have an impact on people from protected groups, for example the potential for division between communities and the risk around availability of labour supply in the care sector. The assessment identifies ways in which the risks will be managed and there is a commitment to continue to ensure that changes in Brexit are reviewed, monitored and communicated accordingly. This approach will help to mitigate the likelihood or severity of any potential negative equalities impacts arising.

**Hannah Watkins, Equalities Manager – 37 5811**

## 5.4 Climate Implications

There are no significant implications directly related to this report. Within the report however, it should be noted that a number of the risks identified relate directly to the Climate Emergency and potential concerns around work to tackle it. This includes issues around waste, loss of EU funding streams, disruption to transport and wider concerns around economic impacts and loss of council funding.

**Aidan Davis, Sustainability Officer – 37 2284**

## 6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	Yes	All of the paper.

## 7. Report Authors

Sonal Devani – Manager, Risk Management, REBR – 37 1635  
28 October 2020