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<b>Report To:</b>	<b>Environment &amp; Regeneration Committee</b>	<b>Date:</b>	<b>27 November 2018</b>
<b>Report By:</b>	<b>Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>ENV046/18/SA</b>
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<b>Subject:</b>	<b>Brexit Preparedness – Current Situation</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on Brexit preparations relevant to Inverclyde Council. Brexit preparations are being evaluated through COSLA, who is co-ordinating research on the potential direct implications for Local Government and also through Glasgow City Region where the wider economic implications are being considered. A report was also issued by Audit Scotland in October.

## 2.0 SUMMARY

- 2.1 The UK will leave the European Union in March 2019. It is now widely understood that this is a very complex and challenging process in view of extent of integration of legislation and policy across European partners. At this stage, and with only a few months left, there remains a lack of clarity on what the nature of Brexit will be and the future relationship with the EU.
- 2.2 Potential scenarios for the UK have been widely reported in the media and followed by officers to try and get a sense of potential implications for Inverclyde. Clearly this will be very difficult until the final shape of Brexit is known. Whilst a proposal is now being taken through the parliamentary process there is as yet no guarantee on the outcome. Two significant pieces of work have been progressing which are relevant to Inverclyde.
- 2.3 Firstly COSLA has been leading on the potential implications for Local Authorities on employees. In a report presented to Leaders in October the extent of non UK EU / EEA workforce across Local Authorities has been assessed as approximately 1.5% of the total workforce. This group of employees may be directly affected by Brexit, especially if there is no 'deal'. In Inverclyde we have 21 employees who fall into this category and consideration will be given to options in respect of these employees depending on the nature of the agreed Brexit. The Council will continue to look to COSLA to lead on strategic implications across Scottish Local Authorities.
- 2.4 Secondly, Glasgow City Region commissioned a piece of work by the Fraser of Allander Institute into the potential economic impacts of Brexit. The report was presented to Chief Executives in October 2018. The key messages in this report is the reliance of the City Region economy on Europe and the potential negative impact from Brexit depending on the nature of the deal. It is clearly important that the private sector predicts the impact of Brexit so far as possible and makes contingency for changes to European trading (as well as looking for new opportunities). For Local Authorities, potential actions are not defined at this stage other than to be aware of the potential local economic downturn depending on the nature of Brexit. Our Economic Development team will continue to monitor this and bring further reports as necessary.

- 2.5 Separate to work initiated by Scottish Councils, Audit Scotland have recently produced a report titled – Withdrawal from the European Union (October 2018).
- 2.6 The report presents the view of Audit Scotland in terms of the key issues that withdrawal from the EU presents to the public bodies as at October 2018 together with suggested questions that all public bodies should be asking themselves in lead up to 29 March 2019. As part of their 18/19 Audit, Audit Scotland intend to assess and report on public bodies' responses to withdrawal from the EU.
- 2.7 Para 4 of the report sets out their expectation that all public bodies are assessing the potential impact of EU withdrawal on their organisation and identifying any specific risk and how they will respond to them, which will vary greatly between organisations. Para 5 sets out the fact that planning for leaving the EU has to be balanced with the management of other risks and uncertainties, existing financial and workforce pressures and the need to maintain business as usual.
- 2.8 As part of Service Risk Registers, common risks surrounding people, finance, rules and regulations are already considered and mitigations are developed including continuity plans for key risks identified. The Financial Strategy also sets out a number of risks and current mitigations e.g. inflation, supplier failure, and higher interest rates. It also specifically mentions Brexit and anticipates scenario planning when information becomes available.
- 2.9 The Financial Strategy is reviewed in June and December each year and is updated for short, medium and longer term issues. Clearly as soon as there is certainty around the nature of 'Brexit' all potential risks and opportunities will be reviewed.
- 2.10 In the meantime, the key questions in the audit Scotland Report are being considered and actioned where appropriate and a report will be taken to the Environment and Regeneration Committee in January.

### **3.0 RECOMMENDATIONS**

- 3.1 Committee is asked to note the work ongoing around Brexit, the potential implications for the Council and the intention to report to the Environment and Regeneration Committee in January.

## 4.0 FINANCIAL IMPLICATIONS

### Finance

4.1 There are no financial implications from this report.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

##### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

### Legal

4.2 There are no legal implications from this report.

### Human Resources

4.3 There are no human resources implications from this report.

### Equalities

4.4 Has an Equality Impact Assessment been carried out?

	NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.
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### Repopulation

4.5 There are no repopulation implications from this report.

**Scott Allan**  
**Corporate Director**  
**Environment, Regeneration & Resources**