

Meeting EXECUTIVE
Portfolio Area All
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POTENTIAL IMPACT OF THE UK'S WITHDRAWAL FROM THE EUROPEAN UNION

NON KEY DECISION

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1 PURPOSE

- 1.1 To update Members on the potential impact on Stevenage and Stevenage Borough Council in the event of a 'no deal' European Union (EU) Exit.
- 1.2 To advise Members of ongoing planning activities and future work required to mitigate the impact.

2 RECOMMENDATIONS

- 2.1 That the Executive notes the complex and uncertain situation created by the EU Exit and the mitigations being prepared by officers to ensure vital services continue to work effectively in the event of a no deal EU withdrawal.

- 2.2 That the Executive requests that the Local Strategic Partnership (Stevenage Together) prepares to re-establish the economic taskforce, to consider the potential impact of the EU withdrawal on local residents and businesses and to develop an appropriate response.
- 2.3 That officers report back to Executive portfolio holders once there is more certainty about the EU withdrawal on additional mitigation or actions required.

3 BACKGROUND

- 3.1 On 23 June 2016, the UK voted, through a referendum, to leave the EU. In March 2017, the Prime Minister invoked Article 50 of the Lisbon Treaty, formally notifying the European Council of the UK's intention to leave. This provided a two year negotiation period in which to agree future ties, with the UK exiting the EU on 29th March 2019.

Withdrawal from the EU

- 3.2 The European Union (Withdrawal) Act 2018 (BD1) received Royal Assent on 26 June 2018. The Act repeals the European Communities Act 1972 (ECA) on the day the United Kingdom leaves the European Union. Its principal purpose is to provide a functioning statute book on the day the UK leaves the EU. As a general rule, the same rules and laws will apply on the day after exit as on the day before. It will then be for Parliament and, where appropriate, the devolved legislatures to make any future changes. The Act also enables domestic law to reflect the content of a withdrawal agreement under Article 50 of the Treaty on European Union once the UK leaves the EU, subject to the prior enactment of a statute by Parliament approving the final terms of withdrawal.
- 3.3 Negotiation between the UK and EU led to a proposed Withdrawal Agreement which was due to be voted on by the House of Commons on 11 December 2018. However, on 10 December, the Prime Minister told the House of Commons she would postpone the vote, stating: 'it is clear that while there is broad support for many of the key aspects of the deal, on one issue, the Northern Ireland backstop, there remains widespread and deep concern'. She advised that: 'In advance of the European Council I will go to see my counterparts in other member states and the leadership of the Council and the Commission. I will discuss with them the clear concerns that this House has expressed.' (BD2). The vote has since been re-scheduled for 15 January 2019.
- 3.4 If Parliament approves the Withdrawal Agreement and framework for the UK's future relationship with the EU, the Government will bring forward the EU (Withdrawal Agreement) Bill to give the Withdrawal Agreement domestic legal effect. There would then be a transitional phase after the UK leaves the EU to enable the new political and economic relationship to be put into place, which is due to end in December 2020.
- 3.5 However, at the time of finalising this Executive report (10 January 2019), a no deal scenario remains a possibility, whereby the UK leaves the EU and becomes a third country on 29 March 2019, without a Withdrawal Agreement and a framework for a future relationship between the two parties. Whilst the

Government's stated priority is to deliver the Withdrawal Agreement, it is also preparing for alternative scenarios and on 18 December, the Cabinet agreed to proceed with the Government's next phase of no deal planning as an 'operational priority', by accelerating and intensifying these preparations.

The Post-EU Exit Economy

- 3.6 The economic consequences of the EU Exit for the Council and for local residents and businesses will be key to understanding its impact on Stevenage as a place over the short to medium-term. However, these consequences are extremely difficult to predict.
- 3.7 In November 2018, the Bank of England published a report (BD3) at the request of the House of Commons Treasury Committee that set out a number of withdrawal scenarios. The report confirms that 'the outlook for inflation, growth and employment depends significantly on the nature of EU withdrawal, in particular: the form of new trading arrangements between the EU and UK; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond.' However, it indicates that in the event of a no deal, and in the worst case scenario, economic outcomes could include: falls in output; a slowdown in productivity growth; a reduction in net inward migration; a rise in structural unemployment; a rise in inflation; exchange rate deterioration; and households and firms adjusting behaviours in response to expectations of lower incomes.
- 3.8 At the Hertfordshire level, the Local Economic Partnership (LEP) has considered several analyses of the impact of EU Exit on the county and published a report (available in BD4) that reviews their results. The report reaches several conclusions that are of particular relevance to Stevenage.
- 3.9 Overall, the LEP concludes that while there are some positive opportunities from EU Exit, negative economic consequences are predicted in every scenario.
- 3.10 The LEP identifies an analysis by the London School of Economics (LSE) as particularly useful in understanding local impacts, as it makes modelled predictions of the economic impact for each district (available in BD5) using a measure called Gross Value Add (GVA). GVA is the measure of goods and services produced and is linked to measurement of GDP. The LSE predicts some Hertfordshire districts (Watford and East Hertfordshire) as being amongst the most negatively impacted in the country, whilst Stevenage is ranked 98 out of 380 local authorities considered, with a Soft Brexit GVA impact of -1.3%, and Hard Brexit GVA impact of -2.4%. In comparison the LEP state the countywide impact of the 2009 recession as -4.1%.

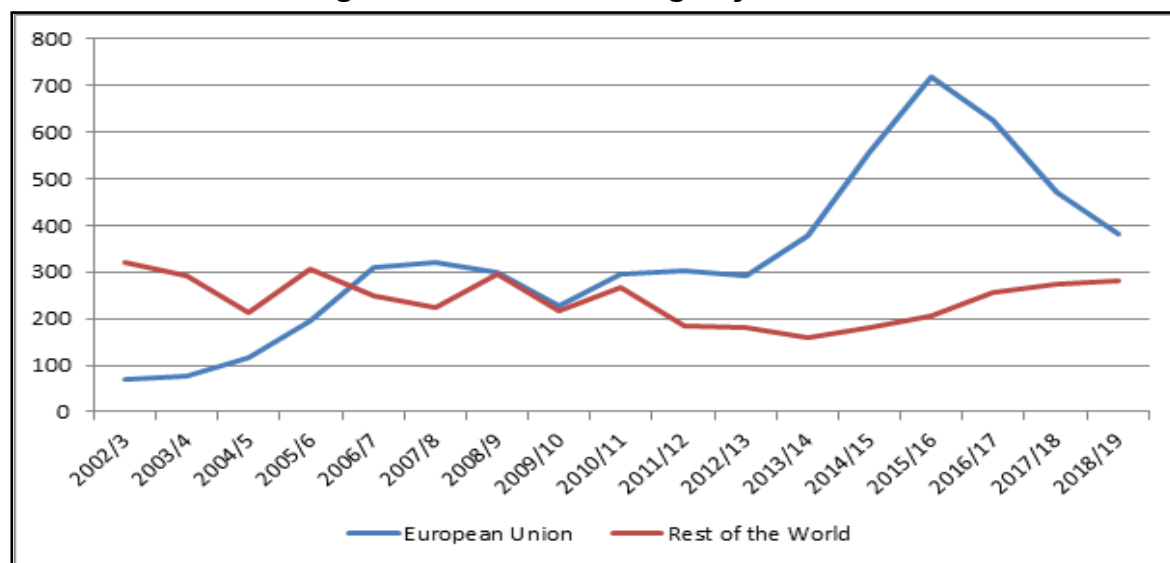
LSE CEP Analysis of Local Impacts: Potential GVA Loss in Hertfordshire

Ranking by severity of GVA contraction under hard Brexit	Local Authority	Soft Brexit	Hard Brexit
4	Watford	-1.5	-3.1
6	East Hertfordshire	-1.5	-2.8
14	Three Rivers	-1.4	-2.8
18	St Albans	-1.3	-2.7
21	Hertsmere	-1.4	-2.7
58	Broxbourne	-1.3	-2.5
60	Welwyn Hatfield	-1.3	-2.5
63	Dacorum	-1.3	-2.5
98	Stevenage	-1.3	-2.4
130	North Hertfordshire	-1.3	-2.3

Source: S. Dhingra, S. Machin & H. G. Overman (2017) *The Local Economic Effects of Brexit*, LSE CEP Brexit Paper 10

- 3.11 The LEP identifies industries with the greatest supply chain risk due to trade and customs disruption with the EU as being chemicals, pharmaceuticals, aerospace, automotive and financial services. The report highlights that Hertfordshire has a significant number of employees in financial services (12,400) and aerospace (2,000) and that aerospace employment is particularly concentrated in Stevenage (1,300 employees).
- 3.12 The report finds that, for the UK as a whole, the most exposed broad industrial group to the withdrawal of EU migrant workers is the financial and business services sector, in which 4.1% of employees were born in an EU country. National Insurance registrations by EU nationals have already fallen considerably in Stevenage since a peak of 720 in 2015/16, and are likely to be around half that in 2018/19 based on the year to date (see chart below). This reduction in EU migrant workers may impact on the Stevenage economy.

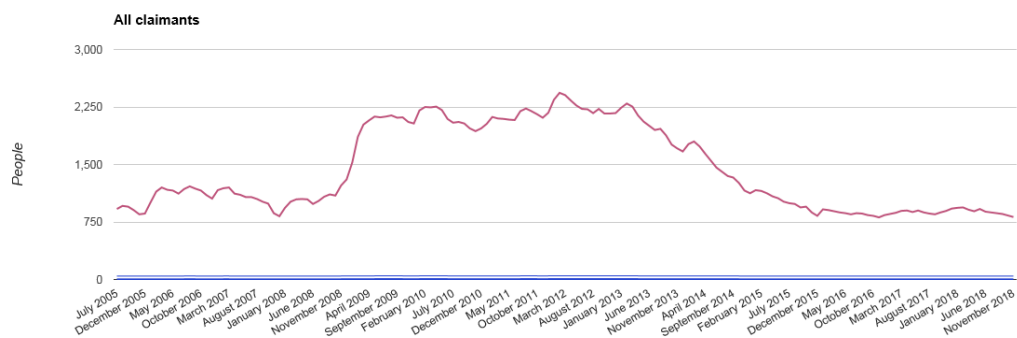
National Insurance registrations in Stevenage by Overseas Nationals



* 2018/19 figures pro-rata based on first two quarters Source: DWP Stat-Xplore

- 3.13 A further area considered within the LEP report is the potential for prices to rise as a result of depreciation of sterling, trade tariffs, and labour cost increases. This is likely to affect household real incomes and welfare, with low income groups and deprived neighbourhoods being particularly vulnerable. Bedwell and the South-Eastern part of Bandle Hill are identified as particularly at risk as they are amongst the most deprived parts of Hertfordshire identified in the Index of Multiple Deprivation (IMD) 2015 analysis by the Ministry of Housing Communities and Local Government (MHCLG).
- 3.14 This situation is reminiscent of the period following the recession in 2009, when price rises led to reduced real incomes, with associated impacts on financial hardship and consumer spending. That period also saw an increase in the number of benefit claimants in Stevenage, as is illustrated in the graph below, and may be repeated if the EU Exit leads to rising levels of unemployment in the town:

Out-of-work claimant count in Stevenage 2005-2018



Source: Office for National Statistics (ONS claimant count by sex and age)

- 3.15 At the time of the last recession, the Stevenage Local Strategic Partnership responded through the work of the So Stevenage Economic Taskforce. The taskforce, which had been set up in 2008 to look at income maximisation and assist people to manage their finances effectively, expanded its role in 2009, seeking to address wider issues of recession on individuals, families and businesses. It continued to operate until 2015/16.
- 3.16 In 2013, the Welfare Reform Steering Group was also established, specifically to co-ordinate and oversee joint action in response to the impact of welfare reforms on local residents.

State of Readiness

- 3.17 The Ministry of Housing, Communities and Local Government (MHCLG) wrote to all Chief Executives of Local Authorities on 19 October 2018 regarding their preparations and readiness for the EU Exit, stating that ‘the government is confident it will secure a good deal but believes it to be responsible and prudent to also prepare for a no deal scenario.’ This was followed by a series of engagement events for senior local authority officers, aimed at discussing preparations and providing support. The Assistant

Director (Corporate Services and Transformation) attended one of these events on 18 December 2018.

- 3.18 The Local Government Association (LGA), of which Stevenage Borough Council is a member, has represented local government at the national level during the EU Exit negotiations and preparations. The association regularly briefs parliamentarians on issues of concern to local government and continues to seek assurances from the Government in relation to the impact of the EU Exit on its members. The LGA has established a Brexit Advice Hub on its website, to support local authorities in mitigating risks and capturing the opportunities associated with the EU Exit.
- 3.19 A significant amount of parliamentary time and government departmental effort is currently focused on Brexit and this can be expected to continue after the UK exits the EU. This is likely to impact on the capacity of the Government to take forward other policy matters in the short to medium term, which in turn could affect progress in the local government sector.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 In response to the considerable uncertainty and Government communication with local authorities as outlined above, officers have worked on plans for a no deal EU Exit, both from a business continuity perspective and in terms of the Council's response to potential economic, service demand, regulatory, workforce and community cohesion impacts.
- 4.2 In addition, the Leader wrote to the Secretary of State for Exiting the European Union in October 2018, seeking clarity on the impact the UK's withdrawal from the EU could have on Stevenage. A response was received from the Department on 20 December 2018, acknowledging concerns of local councils, making reference to Ministers' engagement with businesses, industry bodies and civil society groups and re-iterating previous advice regarding the need to prepare for all eventualities (including the no deal scenario). The Government will continue to publish Impact Assessments to accompany legislation where appropriate.
- 4.3 The no deal scenario is the only one examined by officers for several reasons. Firstly, it is the scenario with the greatest degree of change compared to now, so even if a deal is agreed, its impacts will likely have been considered as part of no deal planning. Secondly, at the time of finalising this report, a deal has not been agreed, which officers can effectively consider and plan for.
- 4.4 Over the course of August, September and October 2018, the Government published 106 technical notices providing information to citizens, businesses and organisations on how to prepare if the UK leaves the EU with no deal (BD6). The Local Government Association issued a Brexit 'No Deal' Briefing in October, including a checklist of issues, impacts and actions arising from the technical notes, highlighting those with direct implications for local authority services, programmes and systems (BD7). Officers have used this

information to understand the implications and to design mitigations and have also drawn on advice being given by professional and industry bodies.

- 4.5 Executive portfolio holders have been briefed as to the risks associated with their portfolios and the Senior Leadership Team is actively monitoring mitigation actions against these risks. A summary of the key issues identified through the impact assessment undertaken by officers is presented in paragraphs 4.6 to 4.44 below. The Executive is recommended to note the complex and uncertain situation created by the EU Exit and the mitigations being prepared by officers to ensure vital services continue to work effectively in the event of a no deal EU withdrawal.

Financial issues associated with a potential economic downturn

Treasury management

- 4.6 The impact of a no deal EU exit on the pound may result in higher borrowing costs in future as PWLB (Public Works Loan Board) rates are linked to gilts. The HRA Business Plan includes significant borrowing over the next few years and this could have a negative impact.
- 4.7 Officers continue to monitor movements in borrowing rates and will integrate EU Exit considerations into reviews of borrowing rates for the HRA.

Business rates & fees and charges

- 4.8 Business rates form a significant proportion of the Council's income and the re-location of any of the major businesses away from Stevenage would have a detrimental impact. In particular, in recent years the Council has ringfenced business rates gains (i.e. those above a baseline amount) to support its regeneration plans.
- 4.9 Further losses in fees and charges income (e.g. from garages, car-parking charges and commercial buildings) may arise as a result of lower consumer spending or cost inflation.
- 4.10 In respect of business rate income, there is a safety net which means that the Government would step in to top up any losses above £180k. The General Fund budget includes a ring-fenced reserve of £172k for one year. Any losses of business rates and income from fees and charges above that budgeted for would require an increase in the savings target for the General Fund and/or a reduction in expenditure by stopping services.
- 4.11 Officers will continue to liaise with businesses in the town to understand their challenges and future plans in the changing economic environment.

Contractual costs

- 4.13 The Council is a significant procurer of goods, works and services, with a number of current contracts and planned procurements involving a significant amount of spend, particularly in relation to investment and development schemes. Several of the potential economic outcomes identified in the Bank of England analysis referred to in paragraph 3.7 above could impact on the costs associated with existing and future council contracts. Those contracts which are index linked to inflation or are priced in dollars/euros could be vulnerable to inflationary rises or exchange rate deterioration, whilst

contractors may also be affected by the impact of increased tariffs on material supplies.

- 4.14 Officers will continue to monitor the effect on particular contracts through established contract procurement and management arrangements and by monitoring fluctuations in currency exchanges and inflation. In the event of significant price increases, options would include value engineering specifications, re-prioritising works and services or finding savings elsewhere to cover the increased costs.

Recycling income and disposal

- 4.15 The Council's arrangements for the sale and processing of its dry mixed recycling streams are potentially exposed to any volatility in the market, be that the availability of processing capacity or fluctuating income rates.
- 4.16 The UK recyclable material processing industry does not have sufficient capacity to absorb all of the dry mixed recyclables the UK collects and trades dry recyclables on the international market in order to achieve the best income streams and/or lowest costs. Recent trade restrictions implemented by China on waste and recycle imports has affected UK markets and this could be exacerbated by trade restrictions with EU countries.
- 4.17 SBC currently utilises UK based recycle processing companies but it is possible that their capacity for off contract processing arrangements reduces in the future, which could affect the Council's outlets for domestic recyclables it has collected.
- 4.18 Contractual arrangements are currently under review, with a view to provide a degree of security that mitigates against the level of turbulence and uncertainty.

Financial hardship

- 4.19 As set out in section 3 above, in the event of an economic downturn and rising prices, employment levels and real incomes could be impacted. Households on low incomes and welfare benefits are likely to be especially hard hit by rising inflation and the increased cost of basic goods and services. This can be expected to result in increased demand for council services and the need for a joined up, partnership approach to supporting those experiencing financial hardship.
- 4.20 In view of the risk of an economic downturn in the event of a no deal Brexit, it is recommended that the Executive requests that the Local Strategic Partnership (Stevenage Together) prepares to re-establish the Stevenage Economic Taskforce with appropriate representatives from the public, private and third sectors. The taskforce would consider the potential impact of the EU withdrawal on local residents and businesses to develop an appropriate response. This work would be supported by the other three Stevenage Together partnership groups (i.e. the Health and Wellbeing, Social Inclusion and Community Safety partnerships) as well as the Welfare Reform Steering Group. The Homelessness and Rough Sleeping Strategy that is under review will also incorporate consideration of these impacts.

Development and Investment Plans

Regeneration, housing delivery and housing investment plans

- 4.21 The Council's key priorities incorporate significant investment plans for Stevenage, including town centre regeneration, an ambitious new build housing programme and major improvements to the council housing stock. Delivery of these plans could be impacted in the event of a no deal by rising contract values (as discussed above), land value fluctuations and the ability to retain contracts in an economically unstable environment.
- 4.22 Officers continue to maintain ongoing dialogue with construction contractors and developers to understand their perspective of the impact of the EU Exit. The corporate contracts and procurement group will co-ordinate activity in relation to contract management controls and consideration of the issue of retention when procuring future contracts.

Local planning targets and infrastructure

- 4.23 Economic conditions directly affect investor confidence and construction activity and in the event of an economic downturn, it may become more difficult to meet local planning targets to deliver new homes and jobs. In addition, the planned introduction of the Housing Delivery Test will link Government funding to housing completions, and any reduction in development activity would directly affect the Council's available resources.
- 4.24 Local infrastructure investment projects can be reliant on European funding streams. Although Stevenage Borough Council is not currently in receipt of any direct funding, the LEP has been allocated several EU funding streams, some of which may impact on Stevenage. In the event of a no deal, the Government has guaranteed projects that would have been funded by the EU under its 2014-2020 funding programmes. Thereafter, the Government is making plans for alternative UK-based funding programmes but the details of these are yet to be confirmed.

Regulatory & Border Control Issues

Procurement and State Aid

- 4.25 European procurement rules are enshrined in UK law and legislation would be required to amend this. In the event of a no deal, the Government plans to make available a UK-specific e-notification service to replace the EU system. The advice is that the new system will be operational on the day of the exit, but it may be prudent to avoid planning to advertise procurements above the OJEU thresholds early in the 2019/20 financial year, in case of any system issues. The Corporate Procurement Manager has attended a meeting set up by the East of England LGA about public procurement post Brexit and officers across the Council are being kept informed of the procurement implications of the EU Exit through the Council's corporate contract and procurement group.
- 4.26 The Government has indicated its support for a rigorous state aid system and its intention to transpose the EU state aid rules into domestic legislation even if the UK exits the EU without a Withdrawal Agreement. The Competition and Markets Authority will take on the role of enforcement and supervision of the state aid regime for the UK from March 2019 if there is no deal.

Environmental Health inspection burdens

- 4.27 With very few exceptions (e.g. lack of secondary legislation to control industrial emissions standards) the EU Withdrawal Act 2018 will ensure all existing EU environmental health law continues to operate in UK law, even in a no deal situation. However, changes to enforcement priorities may ensue in the short to medium term. Also the movement of foodstuffs across borders may result in increased inspection and certification of products for export or import. The enforcement of food safety and standards falls not only on district councils but also on Trading Standards at Hertfordshire County Council and a cross-boundary response will be required, through existing joint liaison arrangements.

Data protection

- 4.28 A no deal exit would break the legal framework for cross-border personal data transfer with the EU. The UK Government has said it is a high priority to replace this post-Brexit, but there are no clear timescales. The EU has a mechanism to allow the flow of personal data to countries outside the EU (an 'adequacy decision'). If the EU does not make a decision regarding the UK at the point of exit, the Council would need to identify a legal basis for data transfers, which is likely to require standard contractual clauses or use of applicable exemptions listed under the GDPR to cover data transfers from the EU to the UK.
- 4.29 Primarily this would impact cloud-based systems (e.g. "traditional" IT systems, free apps, telephony etc.) that are hosted abroad, although further impact could occur on broader contracts and arrangements entered into by council service teams that involve transfers of personal data.
- 4.30 Some agreements may also currently rely on the EU/US privacy shield for GDPR compliance. The US Department of Commerce has updated its advice to Privacy Shield participants (i.e. US companies), who will have to update any language regarding their public commitment to comply with the Privacy Shield if they wish to continue to receive personal data from the UK following the withdrawal from the EU in March 2019.
- 4.31 Officers have commenced an audit of the location of all transferred data handled across council services and the specific safeguards used/required to protect transferred data in line with GDPR requirements.

Business Continuity

Fuel supplies

- 4.32 The Council's fuel supplies are purchased through the Crown Commercial Service (CCS) Framework and the CCS is in dialogue with their suppliers regarding contingency plans. Whilst supply shortages are not currently anticipated, officers will keep CCS updates under review. The Council's diesel stocks will last for a limited period in the event of a shortage of supply and will be replenished as close to the Brexit date as possible. Limited fuel supplies could also impact on members of staff who use their own vehicles to travel to work and to undertake council business.
- 4.33 Regional or national contingency measures would be implemented in the event of wider supply impacts. It is anticipated that supplies would in this

case be allocated and released based on priority of the service. Certain reductions in non-critical services may have to be implemented if regional or national contingency measures are implemented.

EU Residents and Workforce

EU resident status

- 4.34 In December 2017 the UK Government reached an agreement with the EU on citizens' rights, which protects the rights of EU citizens and their close family members after the UK leaves the EU. In March 2018 this was extended to cover those arriving during the implementation period (i.e. to end 2020).
- 4.35 A House of Commons Briefing Paper published on 28 December 2018 (BD8) explains that EU nationals resident in the UK at the moment of withdrawal will be covered by one of two legal regimes in the absence of a concluded Withdrawal Agreement. This is dependent on the speed with which the UK Parliament legislates to bring the negotiated 'citizens' rights' chapter of the Withdrawal Agreement into force in the UK – which it can do entirely separately from actually concluding that agreement with the EU.
- 4.36 If the 'citizens' rights' legislation is domestically implemented by 29 March 2019, all EU nationals resident in the UK at the date of withdrawal will be eligible for either 'settled status' or for the pathway to 'settled status', called 'pre-settled status'. EU citizens and their family members in the UK will need to apply to secure their rights through a digital system. The EU Settlement Scheme will be open fully by 30 March 2019 and the deadline for applying will be 30 June 2021.
- 4.37 If the legislation is not introduced by 29 March, then the status of EU nationals resident in the UK on exit day will continue to be determined by the current legislation applicable to EU and EEA nationals.
- 4.38 The Government is developing a vulnerability strategy for vulnerable EU citizens, such as those who may be homeless. The Government is to make available grant funding totalling £9million for local community and voluntary groups so they can support vulnerable EU nationals to apply for either 'pre-settled status' or 'settled status'. In addition the Government is planning to put in place an assisted digital service that will be provided through 100 centres across the country. Some local authorities across the country will also be offering passport and ID card verification services. This is currently being piloted across 12 local authority areas.
- 4.39 Arrangements will be put into place to signpost Stevenage residents and employees who are EU citizens to the information held on the Government's website advice in relation to the Settlement Scheme. It will also be important to communicate with EU citizens on the electoral register regarding their continuing eligibility to vote in the local elections.

EU workforce

- 4.40 Based on the information employees provide, there are only a small number of council employees who are EU citizens and may be impacted by EU withdrawal. As outlined above, there will be no immediate impact on their right to work and arrangements will be put into place to provide support and

signpost impacted staff to the Settlement Scheme. The Council may be required to put arrangements into place to verify the right to work status of all employees.

- 4.41 Hertfordshire County Council (HCC) has reported (BD9) that approximately 16% of the care workforce in Hertfordshire is from the EU and there is evidence that the decision to leave the UK has already impacted the county's homecare workforce. There are concerns that following the EU withdrawal, it may become more difficult to fill careworker positions with workers from outside of the UK and this could in turn impact on Stevenage residents and the support required by vulnerable council tenants. HCC's Human Resources is conducting an analysis of the County Council's workforce with a view to producing an overall workforce strategy to address key priority areas.
- 4.42 However, in terms of the care provided at Stevenage Borough Council's flexicare schemes, officers have confirmed with care providers at the schemes that they do not currently employ a significant number of EU citizens.

Community cohesion

- 4.43 The police have existing arrangements in place to monitor community tension. The Council will continue to liaise with the police to keep the outcomes of this monitoring under review throughout the EU Exit period, to ensure there is a co-ordinated response through the Community Safety Partnership should any community cohesion issues arise.

Electoral issues

- 4.44 As a result of the unprecedented uncertainty that currently exists, there is the potential for unanticipated elections and/a second referendum taking place over the coming months if the Withdrawal Agreement is not approved. This would put pressure on resources and could cause some disruption to ongoing council business.

Communications

- 4.45 The Council has a critical role to ensure that local residents, community and local groups and businesses have access to up to date governmental advice on preparations for Brexit. A new Brexit information hub on the Council's website is in development to ensure that all stakeholders have access to timely advice and support. This will include advice on the EU Settlement Scheme, EU national electoral status and links to key technical notes. A communication plan is also to be produced to ensure key stakeholders are made aware of the hub and where to access advice and support services.

5 IMPLICATIONS

Financial Implications

- 5.1 As outlined in the body of this report, the Council's financial position could be negatively impacted if the EU Exit leads to an economic downturn. However, it is not possible at this time to quantify the level of this impact, given the

considerable uncertainty surrounding the EU Exit and the difficulty associated with forecasting the economic outcomes of different scenarios. As stated in paragraph 4.5, the Senior Leadership Team is actively monitoring EU Exit risks, and will keep the potential financial impacts under review as part of this process. The Executive will be kept informed through the quarterly budget monitoring reports.

Legal Implications

- 5.2 The European Union (Withdrawal) Act 2018 received Royal Assent on 26 June 2018. The Act repeals the European Communities Act 1972 (ECA) on the day the United Kingdom leaves the European Union. The Act ends the supremacy of European Union (EU) law in UK law, converts EU law as it stands at the moment of exit into domestic law, and preserves laws made in the UK to implement EU obligations. It also creates temporary powers to make secondary legislation to enable corrections to be made to the laws that would otherwise no longer operate appropriately once the UK has left, so that the domestic legal system continues to function correctly outside the EU. The Act also enables domestic law to reflect the content of a withdrawal agreement under Article 50 of the Treaty on European Union once the UK leaves the EU, subject to the prior enactment of a statute by Parliament approving the final terms of withdrawal.

Risk Implications

- 5.3 The risks associated with the EU Exit in a no deal scenario form the main subject matter of this Executive report. As referred to in paragraph 4.5, the Senior Leadership Team is actively monitoring mitigations and the Corporate Risk Group will be kept informed through its regular reviews of the Strategic and Business Unit Risk Registers.

Equalities and Diversity Implications

- 5.4 As referred to elsewhere in this report, the general effect of the EU Withdrawal Act 2018 is to preserve existing domestic legislation which implements EU obligations and to convert EU law as it applies in the UK at the point of leaving the EU into domestic law. The Equality Act 2010 consolidated decades of domestic legislation and transposed EU law and will continue to apply at the point of leaving the EU.
- 5.5 The recommendation to re-establish the Stevenage Economic Taskforce aims to ensure that the impact of the EU Exit on Stevenage residents is properly understood and that appropriate support is given particularly to people on low incomes who would be most vulnerable in the event of an economic downturn.
- 5.6 The Council will continue to liaise with the Police and other partners both directly and through the Community Safety Partnership and the Social Inclusion Partnership, to ensure that community cohesion issues that arise are identified and addressed.
- 5.7 There will be no change to the rights and status of EU citizens living in the UK until 2021. Current and prospective employers have a duty not to

discriminate against EU citizens in light of the UK's decision to leave the EU. Current 'right to work' checks (e.g. EU passport and / or national ID card) apply until the end of 2020. As referred to in paragraph 4.40, arrangements will be put into place to provide support and signpost impacted staff to the "Settlement Scheme".

BACKGROUND DOCUMENTS

- BD1 The European (Withdrawal) Act 2018, HMSO, 2018, <http://www.legislation.gov.uk/ukpga/2018/16/contents/enacted>
- BD2 Exiting the EU, Hansard vol. 651, 10 December 2018, <https://hansard.parliament.uk/Commons/2018-12-10/debates/45B04B71-E595-4C17-AA41-686E96BF70E3/ExitingTheEuropeanUnion>
- BD3 EU withdrawal scenarios and monetary and financial stability: A response to the House of Commons Treasury Committee, Bank of England, November 2018, <https://www.bankofengland.co.uk/report/2018/eu-withdrawal-scenarios-and-monetary-and-financial-stability>
- BD4 Brexit and Hertfordshire: Understanding the risks and potential impacts, Hertfordshire Local Economic Partnership, 2018, <https://www.hertfordshirelep.com/media/6882/brexit-hertfordshire-2018.pdf>
- BD5 The Local Economic Effects of Brexit; CEP Brexit Analysis no.10, London School of Economics 2017, <http://cep.lse.ac.uk/pubs/download/brexit10.pdf>
- BD6 How to prepare if the UK leaves the EU with no deal, Department for Exiting the European Union, August-October 2018, www.gov.uk
- BD7 Brexit 'no deal' briefing for councils, Local Government Association, October 2018, <https://www.local.gov.uk/parliament/briefings-and-responses/brexit-no-deal-briefing-councils>
- BD8 Briefing paper: What if there's a no Brexit deal?, House of Commons Library, December 2018, <http://researchbriefings.files.parliament.uk/documents/CBP-8397/CBP-8397.pdf>
- BD9 Reports to the Resources and Performance Cabinet Panel, Hertfordshire County Council, 6 June 2018 and 16 November 2018, www.hertfordshire.gov.uk

APPENDICES

None