

Overview and Scrutiny Management Board Supplementary Information



Date: Thursday, 17 January 2019

Time: 5.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

Distribution:

Councillors: Geoff Gollop, Estella Tincknell, Donald Alexander, Tom Brook, Stephen Clarke, Claire Hiscott, Gary Hopkins, Carole Johnson, Paula O'Rourke, Celia Phipps and Jo Sergeant

Issued by: Johanna Holmes, Scrutiny

City Hall, Bristol, BS1 5TR

Tel: 0117 90 36898

E-mail: democratic.services@bristol.gov.uk

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Supplementary Agenda

10. Brexit Scenario Planning

(Pages 3 - 75)



Overview and Scrutiny Management Board

17 January 2019



Report of: Director: Policy, Strategy & Partnerships

Title: Bristol City Council Brexit 'No Deal' Scenario Assessment

Ward: All

Officer Presenting Report: Tim Borrett, Director: Policy, Strategy & Partnerships

Contact Telephone Number: 0117 922 3332

Recommendation

That the Overview and Scrutiny Management Board:

- Note the Brexit No Deal Scenario Assessment
- Provide feedback and views for the council's Brexit Project Board to consider as part of its preparations for Brexit

The significant issues in the report are:

The assessments considers high-level threats and opportunities associated with eight areas of business focus; Finance & Funding, Civil Contingencies, Workforce, Legal & Regulatory, Supply Chain, Housing, Key Operations and the City Economy (in the context of its direct relation to BCC).

The assessment outlines steps the council has taken, or may wish to take, to ensure that any potential negative impacts of Brexit on citizens and key services are minimised, whilst any potential opportunities are maximised.

The assessment focuses on a No Deal Brexit to reflect prudence in planning, because we consider this to be the scenario with the most variables and the most significant short term organisational impact.

The highest scored areas of threat which the Board may wish to focus are: i) The potential impact on council income and inward investment, ii) Potential effects on Social Care workforce, iii) Issues relating to civil contingencies, and iv) impacts on the city economy.



1. Summary

Bristol City Council is taking steps to ensure that it is prepared for Brexit. This report considers the potential implications for the council of a No Deal Brexit and some of the wider organisational consequences of the UK’s withdrawal from the EU.

A draft of this assessment was published in December 2018 for consultation with key partners and councillors, and was presented to the Resources Scrutiny Commission on 6 December 2018. The feedback received has informed this final version, as has further engagement with multiple government departments as part of its national preparedness workshops for the local government sector.

This version of the assessment includes more detail on issues around housing, regulatory services and community cohesion, alongside revisions to content and scoring regarding the council’s Supply Chain, where the level of threat has increased.

Since publication of the draft assessment officers from across the council have continued to engage with central government departments and have attended Ministry of Housing, Communities and Local Government-led No Deal workshops. The updated assessment reflects the latest advice and guidance arising from this ongoing engagement.

Threats and opportunities are considered against the following eight workstreams:

1. Finance & Funding
2. Civil Contingencies
3. Workforce
4. Legal & Regulatory
5. Supply Chain
6. Housing
7. Key Operations:
 - Social Care
 - Regulatory Services
8. City Economy

The assessment identifies the most impactful threats and opportunities of a No Deal scenario as:

Opportunities:

1. To strengthen the case for devolution of powers and money to city regions, including shaping the development of the UK Shared Prosperity Fund so that it is complementary to devolution and local priorities
2. [Maintaining the existing strong focus on recruiting to care jobs in Bristol](#)
3. Provide reassurance to EU citizens in the council’s workforce through pro-active communication, offering advice and guidance on residency and employment rights – and how to access the Mayor’s commitment to fund the cost of Settled Status applications

Threats:

1. Potential impact on inward investment and council income, loss of EU grant funding and inflationary pressures caused by fluctuations in the value of sterling
2. Pressures on workforce and supply chain in the social care sector could lead to disruption to services and failure to meet statutory duties
3. Those outlined in the Avon & Somerset Local Resilience Forum (A&SLRF) community risk

register, including disruption to food and fuel supplies

4. A period of negative or restricted economic growth, impacting upon trade, investment, business confidence, council funding and finance, the labour market and key sectors of the city economy

5. Increased or displaced trade through the Port of Bristol (Avonmouth and Royal Portbury Docks), and / or requests for Mutual Aid from Channel ports leading to a sharp increase in demand on Trading Standards and Port Health teams

The Board should note, however, that threats and opportunities are not limited to those noted above. The scoring has been undertaken in line with the council’s current risk framework criteria and applies to a No Deal scenario, so it is **not** a current assessment of risk of the overall Brexit process¹. This is an important distinction to make when considering the contents.

2. Context

On 23 June 2016 the United Kingdom voted to leave the European Union.

Whilst nationally 52% of voters opted to leave, in Bristol there was a 62% vote to remain. The UK Government invoked Article 50 of the Treaty of the European Union in March 2017, triggering a two year process, culminating in the UK formally leaving the EU on 29 March 2019, or at the end of any agreed transition period.

Negotiations on terms of the UK’s withdrawal are now drawing to a close. At time of publication the EU and the UK had reached agreement on a draft Withdrawal Agreement. However, if this agreement is not approved by the UK Parliament the UK could still leave without a deal.

3. Next Steps

The proposed actions within the assessment will now be taken to the council’s new Brexit Project Board, which brings together officers across the council to ensure there is join-up and corporate oversight of the council’s preparations. It will decide which actions to take, where necessary seeking decisions from the council’s Corporate Leadership Board and/or political leads in accordance with the council’s formal Decision Pathway. These actions are a matter of judgement based on a frequently changing national picture and will seek to take a balanced and proportionate approach to risk management, so it should not be assumed that all of the actions suggested in this assessment will automatically apply, even in a No Deal scenario, as there are many variables and external factors outside of our control which would need consideration at the point of making a decision.

Insofar as possible the council’s annual Business Plan 2019/20 will describe the actions which have been (or will be) taken, but it should be noted that this will only reflect a point in time when the Business Plan is completed.

4. Consultation

a) Internal

¹ This assertion is correct at the time of publishing this report on 9 January 2019, but predates Parliamentary debate scheduled for 15 January 2019.

This assessment has been compiled with input from colleagues in Adult Social Care, Children and Families Services, the Civil Contingencies Unit, Economic Development, Housing, Legal, Finance, International, Policy, Strategy & Partnerships, Procurement, Risk & Insurance, Stronger Neighbourhoods and Workforce & Change.

It has been considered by the Corporate Leadership Board, Mayor, Deputy Mayor (Finance, Governance and Performance) and Extended Leadership Team (Directors), along with the Resources Scrutiny Commission (6 December 2018).

b) External

This assessment focuses primarily on the council’s organisational preparedness and began with engagement with Grant Thornton, who ran a ‘Brexit Room’ workshop for workstream leads and provided external input and assurance on some of the issues and factors which should be considered.

The draft assessment was shared with city partners, including the Bristol-Brexit Response Group and neighbouring authorities and WECA. Where feedback has been received this has been considered in preparing the final document.

5. Public Sector Equality Duties

As this report is a hypothetical scenario assessment, rather than a formal policy or proposal, a full Equality Impact Assessment is not applicable.

However, as more becomes clear about the status of Brexit and the potential Withdrawal Agreement the council will use this assessment to help inform its planning and decide what actions are necessary and proportionate. Any policy or key decisions arising as a result will require individual Equality Impact Relevance Checks and full Equality Impact Assessments where necessary.

The council will also consider the overarching potential impact of Brexit on people with protected characteristics in Bristol and use the outcomes to inform these Equality Impact assessments.

Appendices:

- a) Bristol City Council - Brexit ‘No Deal’ Scenario Assessment
- b) Brexit ‘No Deal’ Scenario Assessment – Summary of Changes
- c) Facilitating Bristol to prepare for Brexit (Grant Thornton output)

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

- a) Bristol Brexit Response Group [Initial Report](#)
- b) Housing, Communities and Local Government Committee [Brexit and Local Government Inquiry](#)

- c) UK Government Technical Notices – [How to prepare if the UK leaves the EU with No Deal](#)
- d) Bristol City Council [Business Continuity Report](#)
- e) Local Government Association – [The future relationship between the UK and the EU](#)
- f) Local Government Association – [No Deal – Key changes for councils](#)
- g) Local Government Association – [European Union Bill Briefing](#)
- h) Office for Budget Responsibility – [Economic and Fiscal Outlook October 2018](#)
- i) Centre for Cities – [Cities Outlook 2017](#)

- j) Bristol City Council – [Economic Briefing September 2018](#)
- k) Bristol City Council – [State of Bristol 2017-2018](#)



Bristol City Council - Brexit No Deal Scenario Assessment



Photograph: courtesy Destination Bristol

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Introduction



Brexit introduces many potential changes which could feasibly affect council services for better or worse.

This report considers the potential implications for Bristol City Council, focusing specifically on a ‘Hard’ or No Deal Brexit. **This is not an indication of the council’s anticipated outcome of Brexit negotiations.** It is a reflection of prudence in planning, because this is the scenario with the most variables.

In keeping with HM Government advice¹, we recognise that it is sensible to plan at this level with the ability to remove or scale actions back, rather than risk experiencing unplanned impacts should a No Deal scenario emerge.

The assessment is grouped according to the following eight areas of business focus:

- Finance & Funding
- Civil Contingencies
- Workforce
- Legal & Regulatory
- Supply Chain
- Housing
- Key Operations
- City Economy

This report assesses risk and identifies high-level threats and opportunities associated with each of these workstreams. It summarises what the council is doing, or could do, to ensure any potential adverse effects on our citizens and services are minimised whilst any opportunities are maximised.

Any urgent actions which have been identified will be fully considered in a No Deal scenario and would be likely to be progressed. Other actions will be incorporated into the forward plans of individual council service areas and, ultimately, the council’s annual Business Plan, which is published each April.

This assessment looks specifically at threats and opportunities to council services. It does not seek to offer commentary or opinion on Brexit.

By necessity this written assessment captures a point in time, but it should be noted that forward planning will continue as a live, dynamic process which responds to the latest information available to the council.

A draft of this assessment was published in December 2018 for consultation with key partners and councillors, and was presented to the Resources Scrutiny Commission on 6 December 2018. The feedback received has informed this final version, as has further engagement with multiple government departments as part of its national preparedness workshops for the local government sector.

This version of the assessment includes more detail on issues around housing, regulatory services and community cohesion, alongside revisions to content and scoring regarding the council’s Supply Chain, where the level of threat has increased.

Background



On 23 June 2016 the United Kingdom voted to leave the European Union.

Nationally 52% of voters opted to leave. In Bristol there was a 62% vote to remain.

The UK Government invoked Article 50 of the Treaty of the European Union in March 2017, triggering a two year process, culminating in the UK formally leaving the EU on 29 March 2019 or at the end of any agreed transition period.

At the time of writing (10 January 2019), the draft Withdrawal Agreement, covering the terms of the UK's exit from the EU, is being considered by the House of Commons. If the Withdrawal Agreement – or an amended version of it – is not approved by MPs, the UK may feasibly leave the UK without a deal.

Since the referendum, Bristol City Council has been working to understand the social and economic impact of Brexit and to communicate the city's needs to central government. The Mayor of Bristol, Marvin Rees, established the Bristol Brexit Response Group (BBRG), made up of city leaders from the business, academic, voluntary, community and faith sectors immediately after the referendum.

The BBRG's initial report ², published shortly after the referendum outlined the issues at stake to Bristol, including:

- Citizens' rights
- Loss of European funding
- Community cohesion
- The impact on businesses and key sectors of the city economy

City leaders called on the government to respond to these concerns by moving to guarantee the rights of EU citizens, prioritise continued access to the single market and clarify the post-Brexit funding environment to ensure continued access to EU international cooperation projects and local growth and skills funds.

In February 2018 the Mayor of Bristol along with other Core Cities leaders met with Michel Barnier, the EU's Chief Negotiator, to outline the potential effect of Brexit on their cities and to discuss how the shared interests of their cities, communities and businesses can best be met in the approach to – and following - Brexit.

To date, the Government has published over one hundred technical notices³ on a wide variety of subjects. The Council has examined the relevant papers and used them to inform its ongoing assessment of the potential implications of a No Deal scenario.

² <https://www.bristol.gov.uk/documents/20182/0/Bristol+and+Brexit/14d0424f-9e6e-4adc-8577-0b74e6274d0e>

³ <https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-No-Deal>

The Withdrawal Agreement

The Withdrawal Agreement provides for:

- **A deal on citizens' rights** that protect the rights of EU citizens in the UK and UK nationals in the EU, ensuring they can continue contributing to their communities and their lives broadly as now.
- **A time-limited implementation period** that provides certainty to businesses and individuals and ensures they only have to adjust to one set of changes in line with the future relationship with the EU.
- **Arrangements on the financial settlement that** “represent a fair settlement of the UK’s rights and obligations as a departing Member State in accordance with its legal commitments and in the spirit of the UK’s continuing partnership with the EU.”
- **Governance arrangements** that provide legal certainty and clarity to citizens, businesses and organisations and respect the autonomy and integrity of both the UK’s and the EU’s legal orders.
- **A ‘backstop’ arrangement to avoid a hard border between Northern Ireland and Ireland.** This includes the continuation of the Common Travel Area arrangements and the ongoing protection of rights of individuals in Northern Ireland.

1. Finance & funding



Risk Title:
Finance & funding

Risk description:

The potential implications of a No Deal Brexit on the council’s finances and funding streams.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
4	5	20
Opportunity Risk Rating		
2	5	10
Tolerance Rating		
1	5	5
Preparedness		
Medium		

Key threat risks:

1. Potential impact on inward investment and council income.
2. Inflationary pressures caused by fluctuations in sterling value.
3. Loss of EU grant funding.

Key opportunity risks:

1. To shape the development of the UK Shared Prosperity Fund so that it is complimentary to devolution and local priorities.
2. Strengthen the case for devolution of powers and money to city regions in order to address regional inequalities and promote economic growth.
3. The UK may still have the ability to ‘buy-in’ to EU grant funding programmes.

Actions and performance:

Actions and performance	
1	Engage with UK government to highlight the importance of ongoing access to core EU funding such as Horizon Europe, as well as appropriate successor regeneration and investment funding programmes.
2	Provide the government with the requested information to ensure it is able to put in place arrangements for underwriting existing EU funded projects, should a No Deal Brexit happen.
3	Develop partnerships bilaterally and via networks such as EUROCITIES to identify and bid for selected existing funding opportunities that are relevant to the corporate objectives of Bristol City Council.
4	Conduct a modelling exercise to best understand the level of the council's exposure and impact of changes to business rates income which could increase the council's resilience in the face of any potential changes to our funding base resulting from Brexit.
5	Work with partners to continue to support calls for devolved fiscal powers to local and combined authorities which could help address Brexit related risks to the council's finances.

Overview

Funding

Membership of the EU currently allows UK actors, including the council, to fully participate in a range of funded programmes. This is broadly split into three categories:

- Those that come from the EU via national government, such as the European Structural and Investment Funds (ESIF).
- Those that are delivered at the EU level including grant funding for research and innovation via Horizon 2020 and for transnational cooperation via programmes such as URBACT, Erasmus + and Interreg and;
- Strategic investment funding and support delivered via the European Investment Bank (EIB).

The UK is one of the leading Member States in securing funding for research and innovation and various other projects, with around 14% (c.£11.2bn) of total funds allocated from the Horizon 2020 programme going to the UK .

From 2005 to 2017, Bristol City Council secured over £27m of funding across the different streams and partnered with over 100 European cities. Bristol's Universities have also undertaken over 300 research grants, totalling over £150 million.

By accessing around £5.5 million worth of the ESIF European Regional Development Fund (ERDF), the council was for example, able to support the development of Filwood Green Business Park. The council's largest current Horizon 2020 funded project, REPLICATE, is worth approximately £3m over a three year period and enables the deployment of smart

city solutions in selected districts. The £2 million European Local Energy Assistance (ELENA) has also been instrumental in enabling the council to develop its Energy Programme of grant funding received through the EIB’s European Local Energy Assistance Programme.

The city’s universities have contributed to discussion and planning via their own networks, primarily Universities UK around the impacts of Brexit on funding arrangements, as well as on student and workforce access.

From March 2019, whether there is a deal or not, the UK will cease to be a full member of the European Investment Bank (EIB). The bank is the largest multilateral lender in the world and the UK has benefited substantially from this relationship. In 2015 the UK received £5.6 billion from the EIB, which supported £16 billion of overall investment. In 2012 Bristol City Council received £2.5m from the EIB to support green energy initiatives.⁴ While Ministers have stated they aim to maintain some form of ongoing relationship with the bank, no agreement has been reached.⁵

Finance

This part of the workstream is particularly unpredictable as the specific financial impacts on Bristol City Council will depend on changes in the national economy as well as the city/ regional economy, the likely extent of which is not fully known.

Any higher trade costs between the EU and UK will result in reduced economic output in cities, and the Centre for Cities have identified that southern cities with large shares of employment in private-sector knowledge-intensive-services are predicted to be most negatively affected by increased trade costs.

These and other relevant factors are discussed in more detail in the other workstreams including City Economy, Key Operations, Supply Chain, as well as in the Funding section of this workstream, but it is clear that any impact on the national and city economy will also affect the City Council’s finances.

Mechanisms for how this will occur include through effects on business rates income, demand pressures, investments and borrowing, and pension funding – discussed in more detail below.

In Detail - Threats & Opportunities

Funding

The key threat around funding is that the UK will not be able to access successor funding arrangements, including the future ESIF, Horizon Europe (replacing Horizon 2020) and transnational cooperation funds, and EIB investments in the next EU multiannual financial framework, which will run from 2021-2027. This threat increases if the UK does not have the ability to domestically replicate the range and opportunities created by the existing funding mechanisms available.

In addition, Horizon 2020 in particular acts as a facilitator of collaboration with European counterparts, leading to the exchange of best practice and knowledge, driving innovation in the council and helping to secure new UK research grants or other follow-on funding. This is at risk.

Despite the existence of a UK government guarantee to underwrite the funding for all successful bids for competitive EU funding made by UK participants until the end of the current programming period, additional threats include the potential for Brexit to reduce the opportunities for the council to partner with consortia for currently available funding opportunities.

⁴ <https://news.bristol.gov.uk/news/10-000-grants-available-for-energy-projects-in-bristol-communities>

⁵ <https://www.theyworkforyou.com/wrans/?id=2018-07-17.165011.h&p=24807>

An opportunity around funding is the chance to develop the proposed Shared Prosperity Fund (SPF), a new regeneration funding programme, as the UK successor to ESIF, so that it is complementary to devolution and local priorities and better funds those areas that are most in need. It is also an opportunity to make the future funding programme more streamlined, devolved, more easily accessible and to address the issue of match funding (ESIF has a 50% match funding requirement).

Even as a non-EU Member State, the UK may also still have the ability to 'buy-in' to EU grant funding programmes for research and innovation and for transnational cooperation, enabling UK actors to continue to apply to participate and capitalise on the benefits they provide. A number of mechanisms exist to facilitate this for Horizon 2020, for example, including 'associated' status.

In addition, calls for a successor to the investment funding provided by the EIB should be enhanced.

Finance

Reform to local authority funding in England has placed increasing importance on the revenue raised from locally retained business rates. Accordingly, all councils' financial sustainability and the funding of service delivery will increasingly depend on their ability to retain and grow rate-paying businesses. This in turn makes councils more financially vulnerable to macroeconomic conditions, with any economic downturn likely to lead to an increase in empty units and a slowdown in development. A 1% reduction in the number of people paying council tax would equate to a fall in income of around £2.2m per year. The equivalent for business rates would be £1.8m per year, adding to the pressure on already stretched council resources.

Downgrades in the UK's credit rating have not yet led to higher borrowing costs, but this is a significant cost risk. It is also necessary to keep a close eye on the credit ratings of the limited number of deposit takers who meet the council's stringent investment criteria. Brexit also poses a threat of a downgrade to the council's own AAA credit rating, which could have an adverse impact on the council's pension fund.

The unpredictable effect of Brexit on demand for council services (as discussed in other workstreams) may complicate the management of necessary spending reductions in the years ahead. The longer term impact on demand will depend on the city's economic performance, but other factors may have impacts too. For example a temporary increase in reported hate crimes following the Brexit referendum necessitated a response from the council and our partners.

There is also a possible opportunity if devolved fiscal powers are released to local authorities and Combined Authorities. Although a significant next step, it would appear to be in line with Government priorities and progress made in so far in devolving powers and money to city regions in order to address regional inequalities and promote economic growth and productivity across the UK. The ability to raise local taxes has been championed by many local authorities and would allow for increased funding sources for the council.

Notwithstanding the risks discussed above, Bristol City Council remains in a relatively strong financial position when compared with many other local authorities. This should provide the council with resilience and flexibility to enable us to respond to both threats and opportunities post-Brexit.

2. Civil Contingencies



Risk Title:
Civil Contingencies

Risk description:
Brexit preparations are being undertaken as a multi-agency response via the Local Resilience Forum (LRF). As with all the council’s civil contingencies work, the LRF is working to coordinate and plan for potential emergencies and disruptions.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
2	7	14
Opportunity Risk Rating		
4	3	12
Tolerance Rating		
2	5	10
Preparedness		
Medium		

Key threat risks:

1. Those outlined in the Avon & Somerset Local Resilience Forum (A&SLRF) community risk register, including disruption to food and fuel supplies.
2. Failure of critical or essential services due to a lack of staff.
3. Port congestion leading to delays in the processing of goods and increased road traffic.

Key opportunity risks:

1. Civil Contingencies will take full part in A&SLRF Tactical and Strategic Coordinating Group meetings in the run up to 29 March.
2. Possibility of trade displaced from channel ports coming to Avonmouth / Portbury.

Actions and performance:

Actions and performance	
1	The Local Resilience Forum (LRF) will produce both a Brexit 'Threat and Risk Assessment' assessing the impact of Brexit on risks listed on the Community Risk Register and any new, relevant risks identified.
2	Civil Contingencies to work with Avon & Somerset Local Resilience Forum (A&SLRF) and central government partners to understand the work that has taken place with ports of entry; Avonmouth, Royal Portbury Docks and Bristol International Airport.
3	Civil Contingencies to work with the A&S LRF partners to engage local ports of entry to ensure port plans and LRF plans are coordinated.
4	Public Health and Trading Standards teams to understand what BCC's options are should demand increase in these service areas as a result of a change in the customs regime.
5	Take part in the A&SLRF table-top scenario planning exercise is planned for January 2019
6	In order to make the most robust plans possible, Bristol City Council will work with MHCLG Resilience and Emergencies Directorate (RED) teams to understand the national work undertaken with ports of entry.
7	Liaise with North Somerset Council regarding the possible impact on Bristol Airport and the Royal Portbury Docks and possible congestion around these sites.
8	Reintroduce proactive Tension Monitoring Group meetings between now and the end of March.

Overview

As with all of the council's civil contingencies work, Brexit preparations are being undertaken as a multi-agency response under the auspices of the Local Resilience Forum (LRF). The LRF is the multi-agency vehicle for Category 1 and Category 2 Responders (as defined under the Civil Contingencies Act) to coordinate and plan for emergencies and disruptions.

This work is focussed on:

- Identifying civil contingency threats that may increase as a result of Brexit.
- Taking action to mitigate increased risks.
- Making plans for high and very high risks.

- Establishing command and control arrangements for the lead up to and following Brexit to manage any incidents that may occur.

There is an LRF for every police force area in England (arrangements differ slightly for the UK devolved administrations). Bristol City Council is part of the Avon and Somerset LRF (A&SLRF), which is chaired by Assistant Chief Constable Nikki Watson. Bristol City Council is represented on the Executive Group of the A&SLRF at an Executive Director level.

In Detail - Threats & Opportunities

The National Risk Register and Avon & Somerset Community Risk Register

The A&SLRF maintains a Community Risk Register, based on the Cabinet Office National Risk Register. A number of risks that appear on the National Risk Register and the A&SLRF Community Risk Register that may be affected by a No Deal Brexit have been identified. These are:

- Emerging infectious diseases (due to changes in port controls).
- Food supply contamination (due to changes in food inspection regimes at ports).
- Fuel supply.
- High consequence dangerous goods / transport accident (due to changes and likely congestion at ports).
- Influx of British nationals.
- Local accident on motorways and major trunk roads (due to congestion around ports).
- Major outbreak of exotic notifiable disease in animals including birds (due to changes in port inspection regimes).
- Public Disorder.

Re-assessment of risks in light of a No Deal Brexit

Initial re-assessment of these risks suggests that none currently will change significantly. This fits with similar re-assessments being undertaken by other LRFs across the country. However, the risks will be kept under review and changes may be made as understanding of the implications of a No Deal Brexit develops.

In relation to the supply of medicines and medical products, the Department for Health and Social Care has confirmed that this is

being managed centrally. The department has developed a UK-wide contingency plan with pharmaceutical companies and issued a directive to local providers not to stockpile.

New risks associated with a No Deal Brexit

The LRF is also identifying new risks that may arise as a result of a 'no-deal' Brexit. Primarily, these are:

- **Workforce risks** – the risk that a critical or essential service will fail due to a lack of staff following a No Deal Brexit. The sectors most at risk in the A&SLRF area are the health and social care sector, agriculture & tourism.
- **Port congestion** – the significant immediate impact of a No Deal Brexit is likely to be congestions around Ports of entry.

A&SLRF Engagement with Ports in Avon & Somerset

Significant central and local government resource and effort has gone into understanding the likely impact on the UK's big cross channel ports, such as Dover and Folkestone. This has included understanding how inspection regimes will change, the impact likely delays will have on supply chains and the subsequent traffic congestion around ports. The learning from this work has been shared with LRFs.

The Civil Protection Unit Manager attended a workshop in London with the senior police officer based at Bristol International Airport (BIA) to understand more about this work and how relevant it is to ports in Avon and Somerset. BCC Port Health teams have also been involved in meetings with DEFRA regarding the implications for Port Health inspection regimes.

A&SLRF have begun a process of engaging ports in Avon and Somerset; the Bristol Port Company (Avonmouth & Portbury) and BIA. The CPU manager has been involved in this engagement. Initial assessment of the trade passing through the ports suggests exposure to any potential negative impacts of Brexit is relatively small:

Water ports:

- Low quantity of perishable goods.
- Main goods: fuel, animal feed, aggregate, cars, road salt, Hinkley supply materials, fuel pellets.
- Proportion of goods from EU comparatively small.
- Plentiful storage space if goods get stuck, so effect on the road network should be minimal but may grow if disruption continues.
- Possibility of trade displaced from channel ports coming to Avonmouth / Portbury.

Airport:

- Almost zero freight
- Issues around stranded passengers are not considered a new risk for the airport which has successfully managed 'no fly' issues in the past

Highways:

Currently, the risk profile of Avon & Somerset ports is significantly lower than the big cross Channel ports. However, the LRF is trying to establish the likelihood of displaced trade increasing through A&S ports, increasing the risk of highway disruption. Because extra traffic at the ports is not currently judged to be high risk, the council's Traffic and Highways Maintenance Team has not undertaken any specific No Deal preparations. Should demand increase significantly the response would rely on existing traffic management systems, combined with close coordination with Highways England and neighbouring local authorities. The situation will continue

to be monitored via the LRF and at via regular meetings with Highways England.

LRF Plans

The LRF is likely to produce both a Brexit 'Threat and Risk Assessment' assessing the impact of Brexit on risks listed on the Community Risk Register and any new, relevant risks identified; and a multi-agency Brexit plan, detailing how the multi-agency community will manage any additional risks and how Command, Control and Coordination will be managed in the build-up to and following 29 March 2019.

Command, Control and Coordination

The Cabinet Office have stated their expectation that LRFs will 'stand up' their command, control and coordination systems in the build up to and following 29 March 2019. This will involve a regular meeting of a multi-agency 'Strategic Coordinating Group' (SCG) from January 2019.

It is currently expected that the SCG will meet weekly from January, with meetings becoming more regular as required. Meetings are expected to continue beyond 29 March, with the Cabinet Office advising LRFs to plan for up to 12 weeks of additional meetings from exit day, possibly longer.

Brexit Table-top Exercise

An A&SLRF table-top exercise is planned for January 2019. The exercise will use scenarios developed by the Ministry of Housing Communities and Local Government (MHCLG) Resilience and Emergencies Directorate (RED). These scenarios will be used by all LRFs in the UK. The exercise is aimed at the strategic officers likely to make up the Brexit Strategic Coordinating Group.

MHCLG 'RED' Teams

The Resilience and Emergencies Directorate of the Ministry of Housing Communities and Local Government has regional 'RED' advisers across the UK. The RED teams have recruited additional resilience advisers to support LRFs and Category 1 and 2 Responders to prepare for a No Deal Brexit. The RED team that covers Avon and Somerset are based in Bristol. The CPU Manager has been in close contact with RED Advisers to ensure both the A&SLRF and the council are aware of their advice. RED advisers are available to answer technical questions or escalate queries and concerns to relevant central government departments.

Community Cohesion

An increase in hate crime and deterioration in community cohesion is flagged as a risk in the Local Resilience Forum's No Deal assessment. A survey undertaken by the Local Government Chronicle (LGC) of 251 senior officers found that half of the respondents said that community cohesion in their area had worsened since the EU Referendum was held in June 2016.

While tension has increased nationally, no specific local concerns have been raised through the Tension Monitoring Group (TMG). However, the situation will continue to be monitored closely.

The LRF has highlighted the risk that the increasingly fraught and polarised public debate around Brexit, as well as the ramping up of rhetoric, may create a more permissive environment for hate crime. In urban centres, visible demonstrations by right wing groups and counter-protests by left wing opponents could fuel community tensions, with anger and perhaps violence directed not just at 'European' citizens, but at communities considered 'immigrant' and non-White British communities more generally.

The National Risk Assessment and the ASLRF Community Risk Register highlight the risk of large-scale public disorder at site(s) in a single city, or in multiple cities, occurring concurrently over several days. Disorder on this scale will significantly challenge both the emergency services and the government.

The following mitigations and actions have been outlined by the LRF:

- Monitor hate crime and community cohesion – convene Community Tension Monitoring Group as appropriate
- Engagement of support organisations
- Briefings to Key and Influential Networks (KINs) and influential community members
- Situational awareness across LRF partners
- Command and Control through SCG and TCG.

The council will reintroduce proactive Tension Monitoring Group (TMG) meetings between now and the end of March, probably continuing up to three months after Brexit, to temperature check community tensions and cohesion across the city and respond to any emerging trends around hate crime and extremism. Issues picked up through TMG will be fed directly into the LRF Tactical Coordination Group and inform the overarching Community Risk Register. We will consult with colleagues from across the council to ensure that anyone who may hold relevant intelligence about community tensions or cohesion issues can feed into the TMG.

Ongoing work led by the Neighbourhoods & Communities Service to build good relationships between different communities will be an important strand of our response to any No Deal Brexit. This work, set out in the council's Equality Strategy ⁶, aims to encourage community development and integration by supporting projects such as Everyday Integration, Inclusive Cities and City of Sanctuary. We are also working with partners in 10 neighbourhoods across Bristol to build communities – facilitating connections between neighbours and communities who may not otherwise come together to take action on shared interests. Should tensions escalate in the event of No Deal such initiative will be an important part of our efforts to defuse tension and maintain community cohesion.

Business Continuity Plans

An update on the business continuity work undertaken by the council over the previous 18 months was presented to the council's Audit Committee in November 2018.⁷ It sets out the processes in place to prevent disruptive events, including Brexit, from affecting the delivery of services. In summary:

- Following work undertaken with the Emergency Planning College, business continuity planning was extended from limited number of identified 'critical services' to all service areas within the authority. As part of a review of planning, services are now required to identify 'critical activities' the service will seek to maintain during disruptions.
- They must also set 'Recovery Time Objectives' – the time after which critical activities must be recovered. This information informs the planning of cross-cutting business support services such as IT and workplace support.
- Services must identify key staff, consider how disruptions would be managed and make plans for four headline scenarios:
 - Loss of staff
 - Loss of workspace
 - Disruption to IT services and systems
 - Loss of contracted / commissioned providers and suppliers

⁶ https://democracy.bristol.gov.uk/documents/s26754/Appendix%20A%20-%20Equality%20Strategy%20-%202018-2023_DRAFT%20PROOFv5.pdf

⁷ <https://democracy.bristol.gov.uk/documents/g3199/Public%20reports%20pack%2026th-Nov-2018%2014.30%20Audit%20Committee.pdf?T=10>

3. Workforce



Risk Title:
Workforce

Risk description:

The potential implications of a No Deal Brexit on the council’s workforce.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
2	3	6
Opportunity Risk Rating		
2	3	6
Tolerance Rating		
1	3	3
Preparedness		
Medium		

Key threat risks:

1. Negative effect on the council’s ability to recruit and retain EU citizens to its workforce.
2. A No Deal Brexit could create or exacerbate skills shortages.
3. A tightening labour market could result in an upward pressure on wages, bringing about additional costs to the council.

Key opportunity risks:

1. Provide reassurance to EU citizens in the council’s workforce through pro-active communication, offering advice and guidance on residency and employment rights in the event of No Deal.
2. Deliver targeted training opportunities to upskill existing staff.
3. Develop a more complete profile of the council’s EU citizen workforce.

Actions and performance:

Actions and performance	
1	Implement the Mayor's commitment to fund the cost of any council employees who wish to seek EU settled status.
2	Ensure that long-term hiring strategies and workforce planning are aligned with business priorities.
3	Initiate a regular programme of communication to our EU workforce to make sure they are aware of their rights and understand how to access help and guidance.
4	Apply learning from the LGA / Home Office Settled Status pilot.

Overview

The post-Brexit rights of EU citizens living in the UK and those of UK nationals living in the EU has been one of the key issues at stake in the negotiations over the UK's withdrawal.

If there is No Deal, the EU Settlement Scheme will continue to be implemented, enabling the 19,000 EU citizens who live in Bristol and their family members to secure their status and to continue to be able to work, study, and access benefits and services in the UK on the same basis after we exit the EU as they do now. The scheme will be fully open by 30 March 2019 as planned. As there will be no agreed implementation period under No Deal, the application deadline will be brought forward to 31 December 2020.

The Home Office will continue to look to grant status rather than refuse and – in line with the UK commitment to be more generous in certain respects than the draft Withdrawal Agreement – a person will not be refused status under the EU Settlement Scheme because, for example, they are not economically active or they do not hold comprehensive sickness insurance.

An application fee of £65 for adults and £32.50 for children will apply, with the fee for children in local authority care to be refunded by the Home Office. A soft launch took place in late 2018 and a dedicated website and app is expected to go live in March 2019. Bristol City Council took part in a successful LGA / Home Office pilot of the online application portal, aimed at health and social care workers. The learning from this pilot has been fed back to central government and will help inform how the council manages the Settled Status application process for employees and Looked After Children.

Funding the cost of Settled Status applications

In the State of the City Address 2018, the Mayor announced that the council would fund the cost of any council employees who wish to seek EU settled status.

We will also start a pro-active programme of communication with employees who are EU citizens to ensure that they are aware of their rights and the Mayor's offer. They will also be signposted to relevant official guidance – including the process for applying for Settled Status.

The Labour Market

Bristol has an above average dependence on workers born outside of the UK. 4.6% of the city's population are EU citizens, compared to the England and Wales average of 3.6%. Nottingham is the only English Core City to have a higher proportion of EU residents. A No Deal Brexit could exacerbate pre-existing recruitment issues across a number of sectors.

We know that since the referendum large employers have been experiencing recruitment challenges, with 41% of firms surveyed by the Confederation of British Industry saying they had been negatively impacted⁸. This reflects Government figures which show that National Insurance Number registrations for EU nationals in the South West have fallen by 29% since the referendum.

Of the council's workforce of 6,300 employees, 92 employees have identified themselves as being from European Economic Area (EEA) countries (excluding Irish Citizens) – but data constraints mean the true figure is likely to be much higher. Extrapolating 2011 census data would indicate that approximately 280 directly-employed council staff are EEA citizens.

Our current assessment is that the impact of a No Deal Brexit on our directly employed workforce and service delivery are not significant at this stage. However the council will take steps to improve our monitoring systems to that if there is an adverse impact on our EU nationals we will be in a position to respond to any negative impacts as they emerge. As part of this process, all employees will be asked to ensure that their personal information on the council's HR systems is fully up to date.

The impact of No Deal on the social care sector, which is already suffering recruitment challenges, is likely to be more significant.

Bristol, North Somerset and South Gloucestershire CCG (BNSSG) has the highest vacancy rate (10.9%) across social care in the South West. Current estimates indicate 19%

of all care workers across BNSSG were non UK born, with 9% born in the EEA (non-UK). This sector is therefore particularly vulnerable to any fall in net-inward migration in the event of No Deal.

Commissioners of Adult Social Care services are already working with providers to seek to mitigate these risks but there is a high probability that the council's ability to ensure citizens receive the services they need could be adversely affected. This is threat is described in more detail in the 'key operations – social care' section.

Across a range of other sectors, there is a real risk that a No Deal Brexit will to create or exacerbate skills shortages. In the South West, the employment rate of EU citizens, at 79.5%, is around 5% higher than UK-born residents. According to the Chartered Institute of Personnel and Development, firms expect the biggest changes in the next three years to be tougher competition for well-qualified talent and the increasing difficulty in recruiting senior and skilled employees⁹.

As well as creating a more challenging recruitment environment, a tightening labour market could also result in an upward pressure on wages, bringing about additional costs to the council.

However, this could also present an opportunity to deliver targeted training opportunities to help upskill existing staff.

It will be important to ensure that long-term hiring strategies and workforce planning are aligned with business priorities. The council will continue to monitor the impact of Brexit so that it can inform its workforce forward planning and recruitment processes so that talent is hired not just for the skills that the council currently needs, but also for the skills that the council thinks it will need in six to 12 months. There should also be a focus on the development of current staff for succession.

⁸ <https://www.cbi.org.uk/cbi-prod/assets/File/FINAL-Brexit-preparedness-survey-write-up.pdf>

⁹ <https://www.cipd.co.uk/news-views/brexit-hub/workforce-trends>

4. Legal and Regulatory



Risk Title:

Legal & Regulatory

Risk description:

The potential legal and regulatory implications of a No Deal Brexit

Likelihood	Impact	Risk Rating
Threat Risk Rating		
3	5	15
Opportunity Risk Rating		
3	5	15
Tolerance Rating		
2	5	10
Preparedness		
Medium		

Key threat risks:

1. Failure to meet statutory duties due to providers of social care services being unable to recruit and/or retain sufficient staff due to immigration restrictions for EEA national or EEA nationals choosing to leave the UK.
2. Contract failure due to contractors / delivery partners being unable to recruit/retain sufficient staff due to immigration restrictions for EEA national or EEA nationals choosing to leave the UK.
3. Statutory powers and duties to EU nationals in relation to homelessness, housing allocation, social care are unclear- risk vulnerable people's needs not being met and of legal challenge.

Key opportunity risks:

1. Opportunities to make changes to new contract terms and conditions.
2. Opportunity to consider innovative ways to deliver statutory duties.

Actions and performance:

Actions and performance	
1	Identify relevant legal duties and plan contingencies to meet these if there is provider failure – be clear as to the baseline duty below which there will be a risk of challenge e.g. Care Act statutory duties.
2	Seek legal/data protection advice on the risks of data transfer outside UK and take action as a result.
3	Identify key contracts at risk from provider failure and review relevant contract provisions. Plan contingencies and assess cost.
4	Seek further clarity from government and legal view on duties to EU Nationals and the position of EU nationals working in the UK if no deal and share with affected providers.
5	Meetings between Procurement and Legal teams to look at new contract terms.
6	Consider if specific contract terms required for new contracts running beyond April 2019
7	Seek detailed guidance on implications of No Deal for state aid and data transfer.

Overview

Many local government activities are affected by EU rules and regulations, including waste management, environmental standards, trading standards and procurement.

The EU Withdrawal Act 2018 ensures that there is legal certainty as both EU-derived Laws (ie UK legislation giving effect to EU laws) and Direct EU Legislation (ie EU rules having direct effect on UK without being subject to UK legislation) will continue to apply even under No Deal.

Under the terms of the draft Withdrawal Agreement, the UK would continue to be bound by the EU legal and regulatory framework (including the ECJ) until the end of the transition period – 31 December 2020.

Non-regression requirements in the agreement will also prevent the UK from bringing in lower standards on social, environmental and labour regulations. This reflects one of the demands made by the Bristol Brexit Response Group, which called for certain EU-derived laws, including non-discrimination and equal pay, occupational health and safety, fair working conditions and employment standards to be protected ¹⁰.

¹⁰ <https://www.bristol.gov.uk/documents/20182/0/Bristol+and+Brexit/14d0424f-9e6e-4adc-8577-0b74e6274d0e>

In Detail - Threats and Opportunities

Statutory Duties

There are numerous statutory duties placed on local government, set out in various Acts, Regulations and Statutory Guidance. In the context of a No Deal Brexit the key legal risk to the council is the failure to meet these statutory duties – for example, as a result of supplier/provider failure.

As set out later in the report, a key risk is in the area of Adult Social Care. If the council or its providers cannot recruit or retain sufficient staff or if providers simply fail, the council may fail to meet its statutory duties, creating the risk of legal challenge alongside the failure to meet the needs of our city's most vulnerable people. There is an emerging risk in respect of our statutory duties towards looked after children and this is still being quantified. This is in respect of retention of foster carers.

Procurement

Procurement rules will continue to apply under No Deal. The Public Contracts Regulations 2015 requires the publication of electronic versions of procurement documents for above threshold procurements on the Official Journal of the European Union (OJEU), via Tenders Electronic Daily. However if the UK withdraws from the EU without a deal, it is highly likely that UK public sector businesses will lose access to this platform.

Transparency of procurement opportunities is a key part of the government agenda. The government has confirmed that a UK-specific e-notification service will be made available to UK businesses and individuals if OJEU access arrangements are not finalised before the 29 March 2019. For those public sector bodies who place contracts on OJEU directly, they will be contacted closer to 29 March 2019 with further information about the new UK system.

This will not affect the requirement for relevant contracts to be advertised on domestic platforms such as 'Contract Finder' and 'Sell2Wales' which will continue.

State Aid

The UK committed to continuing the control of anti-competitive subsidies by creating a UK-wide subsidy control framework. The government has already stated that the Competition and Markets Authority (CMA) will take on the role of UK state aid regulator.

The UK proposes to maintain a robust state aid regime into its future economic relationship with the EU, with an upfront commitment to maintain a common rulebook with the EU on state aid, enforced by the CMA.

Competition

After the UK leaves the EU, the CMA will want to continue to work together with EU's Directorate General Competition, "building on their existing highly effective relationship". There are currently no strict requirements that apply to national competition regimes or requirements to have the same procedural rules. The UK has, however, kept in step with the EU's competition regime, and has gone further than EU minimum standards. The government notes that it will be important to ensure that competition decisions are compatible.

Employment law implications

The government proposes to maintain current UK employment laws, so that existing workers' rights enjoyed under EU derived law will continue to be available under UK law on the day of withdrawal. Much of UK employment law derives from EU Directives, including TUPE, collective consultation requirements, working time requirements (including holiday and time off), agency worker protection and discrimination.

The Withdrawal Agreement would commit the government to the non-regression of employment law standards.

Data protection

A draft 'Data Protection, Privacy and Electronic Communications (Amendments etc) (EU exit) Regulations 2019' has been put to Parliament, listing the key amendments to be made to UK data protection laws¹¹.

The UK will bring GDPR (General Data Protection Regulation) into national law with limited amendments to the current wording. The extra-territorial nature of GDPR means that many UK companies will also continue to be subject to GDPR after the 29 March exit date. Whilst the UK legislation will help ensure data subjects' rights are protected after Brexit, it will not be sufficient to maintain the free flow of personal data between the UK and the EU27 if the UK leaves without a deal.

Organisations have been advised to monitor the government's discussions with the EU on their adequacy decision to allow the flow of personal data from the EU to the UK. If this decision is not made, or the timeline is unfavourable, the government's advice is for organisations 'to consider assisting your EU partners in identifying a legal basis for those transfers'¹². The implications for councils are uncertain¹³ and further work is still needed to clarify this. Recent reporting suggests it is

extremely unlikely that an adequacy decision in relation to the UK will be made by the European Commission before the exit date¹⁴.

Product safety and consumer protection

The government has confirmed its commitment to maintain a robust programme of risk-based market surveillance to ensure that dangerous products do not reach consumers. To that end, it proposes the establishment of co-operation arrangements between UK and EU regulators complemented by exchange of information.

The government's No Deal technical notices on 'labelling products and making them safe'¹⁵ contain detailed advice on the implications of No Deal for local authorities.

The Government's Technical Notices state that there would be no change to food standards, but after a six month grace period minor labelling changes will be required. Tobacco labelling regulations will also remain the same – and will continue to be the responsibility of Bristol City Council's Trading Standards officers. In the event of No Deal Bristol City Council will ensure that relevant teams are briefed on the Government's Technical Notices so they understand the implications for enforcement and other regulatory activities.

¹¹ https://www.legislation.gov.uk/ukdsi/2019/9780111177594/pdfs/ukdsi_9780111177594_en.pdf

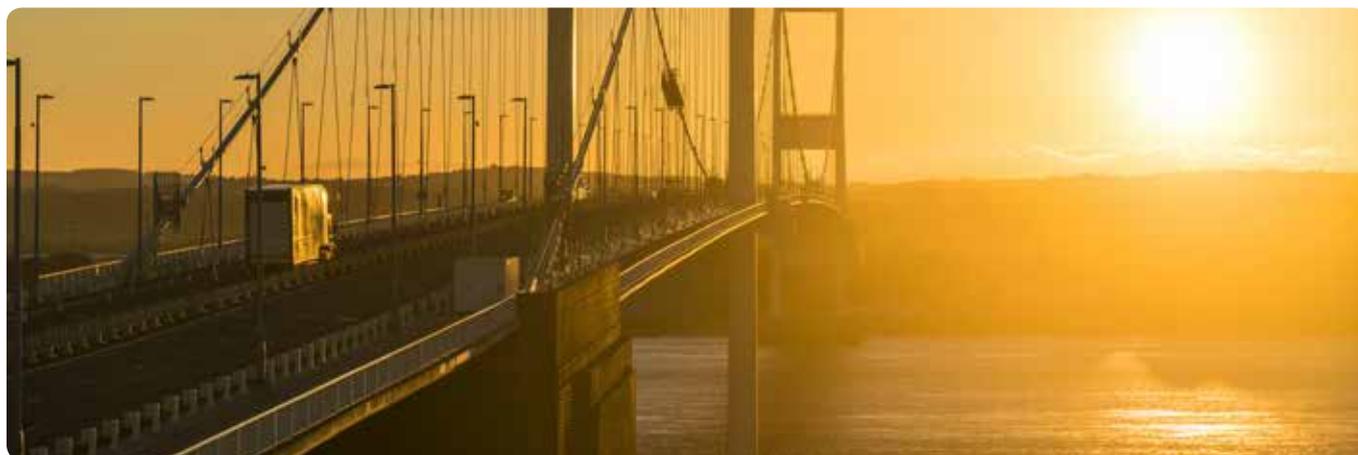
¹² <https://www.gov.uk/government/publications/data-protection-if-theres-no-brex-it-deal>

¹³ <https://www.local.gov.uk/sites/default/files/documents/Appendix%20-%20No%20Deal%20-%20Key%20Changes%20for%20Councils%202.pdf> p14

¹⁴ <https://www.burges-salmon.com/news-and-insight/legal-updates/no-deal-brex-it-and-data-protection/>

¹⁵ <https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal#labelling-products-and-making-them-safe>

5. Supply Chain



Risk Title:
Supply Chain

Risk description:

The potential impact of a No Deal Brexit on the council's supply chain.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
2	7	14
Opportunity Risk Rating		
2	3	6
Tolerance Rating		
2	2	4
Preparedness		
Medium		

Key threat risks:

1. Impact of cost pressures on key suppliers / delivery partners.
2. Delays to the delivery of capital programmes.
3. Increased cost of dollar-denominated IT products and services.

Key opportunity risks:

1. Proposed changes to import VAT could drive down prices.

Actions and performance:

Actions and performance	
1	Liaise with key suppliers to ensure that they are taking a managed approach to business continuity and ensuring plans are in place to deal with the potential impact of No Deal.
2	Devise a map of the supply chain in order to develop a clearer understanding of the key suppliers to the council, focusing on contract value and the criticality of the service provided.
3	Seek legal advice to deal with Contractors seeking to vary contracts.
4	Explore option to insert a provision within ICT and other relevant contracts to cover currency fluctuation and the council will also identify which current suppliers are non-UK businesses.
5	Consult with their legal colleagues to ensure any changes in legislative requirements post-Brexit reflect any changes in the finance industry and that these are captured in new contracts and / or in any variations to existing contracts.

Overview

Bristol City Council spends approximately £600m per year on goods and services from around 10,000 suppliers. Whilst it is impossible to evaluate the impact of a No Deal Brexit across the full extent of the council’s supply chain, we are taking steps to assess the preparedness of key suppliers.

As part of existing supply chain management processes, the council is in regular dialogue with around 20 key suppliers – defined as those who deliver support to vulnerable residents, provide essential frontline services or those with the highest contract value to ensure that they are taking a managed approach to business continuity in the event of No Deal.

Suppliers are being asked to complete a short survey setting out what steps they have taken to assess:

- Risks to continuity.
- Dependencies and potential points of failure.
- Risks of disruption to workforce, recruitment and access to skills and specialist services.
- Whether the organisation’s financial standing and cashflow may be affected by No Deal.

Suppliers are also being asked to summarise key threats and opportunities, including whether they are stockpiling goods / supplies.

In Detail - Threats and Opportunities

In relation to service delivery in the face of a No Deal Brexit, any impact on the council's supply chain could have a knock-on effect on the council's ability to sustain the delivery of both statutory and non-statutory services.

A No Deal Brexit would mean the introduction of customs checks at the border, potentially creating delays in the processing of goods. There is also a threat that 'front loading' by suppliers may result in a lag in delivery timescales which could come at financial and operational costs to the council.

In relation to ICT, post-Brexit impact upon the technology and innovation sector largely depends upon what model the UK adopts for its relationship with the EU. If the UK remains in the EEA, the changes may be minimal. If the UK joins the European Free Trade Association, the landscape depends on the exact nature of that relationship. If the UK distances itself further from the EU, the changes may be more extensive.

Post-Brexit, if the pound's recovery takes longer it would make dollar-denominated IT products and services in the UK relatively more expensive for an extended period. This has already been seen with announcements of price hikes for PCs, mobile phones and servers. Moving forward, Bristol City Council should ensure that there is provision within contracts to cover currency fluctuation and the council should also identify which current suppliers are non-UK businesses.

There is the potential for reputational and financial threats due to delays in capital programmes. In relation to transport and construction, consultation will be needed with affected contractors in order to understand how they will support services going forward as well as how they will cover the loss of personnel. Specifically in relation to transport, more emphasis will have to be placed on the use of energy efficient vehicles as part of future contracts.

There are potential opportunities in relation to changes to import VAT; there are proposals that a government import delay on VAT could come into place. This could have a huge financial impact on cash flows of suppliers, as VAT will not have to be paid up front, potentially driving down prices.

6. Housing



Risk Title:

Housing

Risk description:

The potential implications of a No Deal Brexit on the council’s ability to achieve its housing delivery targets, and to manage/maintain our council stock.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
3	7	21
Opportunity Risk Rating		
3	3	9
Tolerance Rating		
3	4	12
Preparedness		
Medium		

Key threat risks:

1. If No Deal or the threat of No Deal leads to a slow-down in the housing market, this will deter developers and funders and reduce the number of new homes that can be delivered. This impact could affect both on-going projects as well as future projects.
2. Increased build costs due to cost inflation/exchange rates in the supply chain, potentially reducing the viability of developments
3. Labour shortage in the construction industry, could reduce the supply of new homes and increase build costs, reducing the viability of developments and thus the number of affordable homes delivered through the planning system
4. Negative impact on the Housing Revenue Account, caused by a reduction in rental income due to a potential rise in energy costs, ongoing impact of universal credit and pressure placed on tenants due to rising costs on every day essentials i.e. food, clothing, medicines etc.

Key opportunity risks:

1. Developers may be willing to 'off load' homes to registered providers to reduce their sales risk. This could result in additional affordable homes being delivered. Depending on numbers this could have a positive impact on reducing homelessness and meeting housing need
2. In a severe down-turn in the housing market, land may become cheaper to buy, therefore, being an opportunity for some organisations.
3. Tenants receive the appropriate level of support to help plan their finances and wellbeing to enable them to ensure that rent is paid and their tenancy is sustained.
4. Community Cohesion and Tenant Participation events and initiative to strengthen communities to work together.
5. Potential positive impact on the retention of a skilled labour force due to external uncertainty in the housing and construction labour markets.

Actions and performance:

Actions and performance	
1	Engage with Housing Associations to try and use the Affordable Housing Grant Funding Programme to acquire additional affordable housing where possible
2	Engage with Housing Associations and Homes England to acquire sites for sale on the open market
3	Materials supplier has submitted a statement of assurance, and the position will be reviewed at contract management meetings.
4	Our procurement strategy is that we have a mixed approach to service delivery and have our own internal workforce who are able to deal with most urgent day to day repairs, able to make safe, if a contractor is unable to operate.
5	Work programmes kept under review, essential works covered by contractors we can use and internal work force.
6	Regular monitoring of contractors financial viability for advance warnings. Ensure contractors paid on time.
7	Identify and respond to those who need more support in terms of rent payment and planning, to minimise tenants getting into or further into financial trouble. Approach similar to managing the potential and current loss of rent income from tenants due to the introduction of Universal Credit
8	Continuous review/monitoring of the HRA capability to finance the Business Plan.

In Detail - Threats and Opportunities

In October last year the council launched its own housing company, Goram Homes, to accelerate house building across the city and beyond. Goram is one of the ways Bristol is responding to the national housing crisis and will help the city surpass the target of building 2,000 new homes per year by 2020

The current uncertainty created by the Brexit process will undoubtedly have an impact on Goram. It is therefore important that we anticipate the threats and opportunities presented by Brexit and identify any necessary actions and mitigations.

The initial Business Plan approved by BCC's Cabinet in September 2018 is predicated on the development of Goram Homes' first two projects; Romney House, Locklease and the Baltic Wharf Caravan Club site. When the Business Plan was prepared (May / June 2018) reasonable assumptions were made on the likely achievable values and sales pace at that time.

As a result of current uncertainty, there is a growing and significant concern about the implications for the UK economy and housing market in particular. In a No Deal scenario there is very real concern of a major down-turn in the housing market. This means sales values may drop (by up to 35% in the worst case scenario, according to the Bank of England) and sales pace i.e. volume of sales per month may slow down significantly.

In terms of the broader housing delivery picture, if, as expected, No Deal or the threat of No Deal leads to uncertainty in the housing market, this will deter developers and funders from investing in residential led development creating a slow-down in the market. This will reduce the number of new homes delivered and in particular, the number of affordable homes delivered through the planning system.

Developers may delay bringing sites forward for development, leading to land banking,

In this scenario, the 'traditional' house-builder approach would be to slow down their production rates to match their sales rates (to control their financing and debt levels) and in severe cases to stop activity and moth-ball projects to reduce financial losses. However, the benefit of the Housing Company approach is that there are more alternative tenure options the Housing Company can employ. For example, by securing either grant funding from the council or Homes England there is the option to deliver more affordable homes on each site, as occurred following the 2008 financial crisis. There may be the option to also convert the tenure of some private sale properties to open market rented properties.

By employing these tenure changes it should be possible to maintain reasonable delivery levels.

By the time the Housing Company is at a stage to sign contracts and legally commit to the first two projects, there should be more certainty about the direction of Brexit. Therefore, Goram Homes can structure the tenure and financial arrangements for the delivery of homes with this knowledge of the housing market and in such a way that it does not become financially unviable.

A further impact of Brexit – and one likely to be compounded by a No Deal outcome - is increases in construction costs, as a result of disruption and delays within the supply chain. This will have an impact on both the council's housing delivery and housing management functions. The supply of materials required for repairs or maintenance may be subject to delay or disruptions – and the cost of these materials may rise too. In addition a lack of confidence in the sector may lead to fewer or no bids for works contracts and increase in prices to reflect risks.

It is estimated that 13% of the construction workforce in the South West are EEA citizens. If a No Deal Brexit accelerates a shortage of skilled labour this will also have an adverse effect on the speed of delivery outputs. However, this can be offset to some extent by a heavier reliance on off-site manufacturing where a low skill diverse workforce and factory production will help address some of these issues.

Scenario testing and revised financial modelling based on range of different reduced sales values (and increased build costs) are currently being assessed and will be covered in the 'deep-dive' session on the Housing Company Business Plan scheduled for January / February 2019.

Homelessness

It is difficult to predict the impact of Brexit on homelessness. Homelessness is driven by a range of macro economic factors as well as the personal circumstances of individuals and households. In Bristol home ownership and private renting are unaffordable for many households with house prices well above the national average and a buoyant private rented sector.

A house price correction and a reduction in private rented levels could improve affordability, however this would be countered by any increase in costs of living and unemployment.

There is a potential impact on EU nationals living in the UK who do not apply or who are unable to gain a new status. Some could find themselves without access to services and support that they currently rely on, or may need in the future leading to homelessness.

Increasing the supply of affordable housing is essential in tackling homelessness and meeting housing need, there are both risks and opportunities following a no deal Brexit

7. Key Operations – Social Care



Risk Title:
Social Care

Risk description:
The potential impact of a No Deal Brexit on the council’s social care services.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
4	5	20
Opportunity Risk Rating		
3	3	9
Tolerance Rating		
3	3	9
Preparedness		
Medium		

Key threat risks:

1. Pressures on workforce and supply chain could lead to disruption to services.
2. Impact on the timeliness / quality of care delivered in different settings (e.g. hospital discharge, residential and nursing homes, homecare, children’s residential care, foster care) due to shortages of care staff/ carers.
3. A tightening labour market leading to increased wage demands could lead to further cost pressures on providers.

Key opportunity risks:

1. Maintaining the existing strong focus on recruiting to care jobs in Bristol.

Actions and performance:

Actions and performance	
1	Work with commissioned and in-house care provision to better understand risk/ contingency/ opportunity plans for Brexit.
2	Maintain the existing strong focus on recruiting to care roles in Bristol - this is already high priority in the ACE Directorate as it underpins BCC's ability to ensure sufficiency of supply of care and to meet statutory duties.
3	Map exposure to EU loans underpinning strategic new build plans in the Adult Social Care sector.
4	Support the LGA's calls for a secure and sustainable Adult Social care workforce and excellent care skills to be a priority for the Government in drafting a future Immigration Bill ¹⁶ .
5	Lobby Government to add care workers to the list of 'shortage occupations' exempted from the Government's proposed £30,000 minimum salary threshold for migrants seeking five year visas.
6	Continual focus on Delayed Transfers of Care (DTCs) from hospital and how a lack of care staff plays into this.
7	Work closely with fostering households concerned about deportation. There may be a reduction in foster carers and potential foster carers if they consider their living situation to be precarious. Discuss with prospective foster carers at application stage / fostering panel and similarly for prospective adopters at assessment and panel stages.
8	In line with the commitment made in the Mayor's State of the City address the council will consider extending its offer of assistance with Settled Status application costs to commissioned providers to help stabilise their workforce.

Overview

The Adult Social Care sector is already facing difficulties due to reductions in overall funding, whilst the challenge in delivery is already recognised at the national level. It is also a sector considered most vulnerable to changes in migration, thus exiting from the EU is adding an additional layer of risk to an already fragile sector.

In the Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group area 19% of all care workers are non-UK born – 2,130 people. Of those 9% (1,206 employees) are EEA citizens.

The council foresees a proportionately higher impact for frontline care workforce, such as home care, given this is generally a lower level entry sector and the impact of changes to people's status will therefore have a greater impact.

The council is already seeing challenges in regard to recruitment for nursing roles within its care homes where a significant number of nursing staff are from the EU and in the ability of commissioned providers to recruit to homecare roles. These predicted pressures for the provider supply chain will adversely affect areas such as delayed transfers of care from hospitals out to social care provision.

Commissioned providers may yet not be clear on the implications of No Deal on their own organisations and staff, whilst a tightening labour market could result in increased wages, adding further cost pressures to the sector. It therefore remains vital that the council's commissioned and in-house services are futureproofing their workforce plans for the coming period.

As part of Government efforts to reduce low-skilled migration post-Brexit, the Immigration White Paper proposes the introduction of a £30,000 minimum salary threshold for migrants seeking five year visas. The National Association of Care and Support Workers has warned that this could have a severe impact on the social care sector and further compound staffing shortages¹⁷. The threshold will be consulted on for 12 months. In line with the LGA's campaign for a secure and sustainable Adult Social Care workforce, we will actively lobby central government for the White Paper to better reflect the needs of the sector; specifically, that carers should be added to the list of 'shortage occupations' exempted from the cap.

In Detail - Threats and Opportunities

As a result of pressures on its workforce and supply chain, there is a significant threat that council services could fail to be delivered and that the council would therefore be unable to deliver its statutory duties, impacting on service users, families and citizens.

This could have a knock-on effect on other services as the council is forced to dedicate less resource to discretionary services.

Local authorities will need to apply for Settled Status on behalf of Looked After Children, when the scheme opens in March. This may be a complex process, with the possibility that there will be gaps between the data we hold and the information required by central government. In preparation for the opening of the scheme, Children's Services officers have begun to obtain and analyse the relevant records to ensure information is complete and accurately recorded, including nationality and immigration status.

The extent of risk for council providers in regard to loans from the EU that underpin new builds and investments continues to be investigated, including the potential impact on strategic new build plans in Adult Social Care. This mapping exercise will continue in the coming weeks. Challenges in nursing recruitment, for example, would be an additional threat to Adult Social Care and providers' ability to deliver statutory requirements on placing service users in nursing care.

More broadly, exiting the EU could offer the opportunity to take innovation approaches to delivery of services. However when this relates to statutory services, there is an increased legal risk for the council associated with this. Collaboration across sectors is also a further opportunity; in particular between local authorities and other local partners such as the Acute Trusts in the City and commissioned providers as organisations prepare to leave the EU.

7. Key Operations – Regulatory Services



Risk Title:
Regulatory Services

Risk description:

The potential impact of a No Deal Brexit on the council's ability to carry out its trading standards, food inspection, port health and other enforcement and regulatory activities

Likelihood	Impact	Risk Rating
Threat Risk Rating		
3	2	6
Opportunity Risk Rating		
2	2	4
Tolerance Rating		
2	1	2
Preparedness		
Medium		

Key threat risks:

1. Lack of Port Health and Trading Standards capacity
2. Change in government position on mutual aid, requiring the diversion of Port Health and Trading Standards resource to Channel ports
3. Food supply contamination caused by delays in transit

Actions and performance:

Actions and performance	
1	Continue to assess resource implications of a No Deal Brexit.
2	Keep abreast of government advice regarding mutual aid.
3	Continue to engage with Avon & Somerset ports via the LRF to understand their expectations and plans so are well positioned to respond to any increase in demand.
4	Continue to support Lead Port Officer to attend National Cross Border Delivery Group and update as necessary.

In Detail - Threats and Opportunities

Ensuring that the UK retains an effective product safety regime is a Brexit priority for the Department of Business, Energy & Industrial Strategy. In the event of No Deal, the government plans to maintain existing provisions to “ensure the safety and accuracy of products sold on the UK market”. The Government is in the process of transferring current EU Directives, covering 53 measures, into UK law through a statutory instrument. This will mean the product safety regime will remain operable even in the event of No Deal.

The Local Resilience Forum has highlighted the possibility of ‘mutual aid’ requests being made, resulting in Bristol Port Health and Trading Standards officers being drafted to provide staffing at the Channel Ports. We have sought assurances from MHCLG that national planning assumptions do not rely on a mutual aid scenario. While MHCLG have confirmed that there are no current plans to activate mutual aid networks in the event of No Deal, we are mindful that any change in guidance would have a significant resource implication. It has therefore been identified as a threat on the LRF risk register, and the LRF will continue to liaise closely with MHCLG Resilience and Emergencies Directorate (RED) teams.

Of the risks currently included within the National Risk Assessment and the ASLRF Community Risk Register, food supply contamination is considered to be particularly relevant to a No Deal Brexit.

Increased or displaced trade through the Port of Bristol (Avonmouth and Royal Portbury Docks) could create a sharp increase in demand for Port Health and Trading Standards services.

Delays in transit, changes to food labelling including technical rules around allergens, additives, nutritional and health information – and changes in inspection regimes for food products at ports could also increase the risk of contaminated foodstuffs entering the UK supply chain.

Managing these threats effectively will depend upon Port Health and Trading Standards teams having sufficient capacity and being fully briefed on the implications of No Deal for their enforcement and inspection activities. Overall our Regulatory Services teams have had good engagement from central government and are confident that we will be able to respond to any changes required in enforcement and inspection practices.

Our current assessment is that we are confident we have the initial resources in place to deal with any increased number of checks that we might need to undertake in a No Deal scenario for shipping arriving at our Border Inspection Post. As a contingency measure, if capacity issues emerge at the port, we have planned to temporarily move resources away from our Food Safety Inspection service in the short term (additional resources would be required on a longer term basis if the capacity issues became business as usual as the Food Inspection Service is also a statutory service).

The Government's No Deal technical notices highlight two issues of relevance to councils' Trading Standards/Food Safety teams. The first involves a slight tweak to the enforcement of tobacco regulations so that trading standards officers will have to ensure manufacturers use new picture warnings from exit day. The second involves the enforcement of new health marks on meat, fish and dairy products, as UK producers would be banned from using abbreviations that imply membership of the EU. The FSA says it has written to all local authorities to notify them of this change and provide guidelines on when it should be enforced.

In line with advice from the cross-governmental Border Delivery Group, we are also mindful of the cumulative impact of a series of low or marginal impact changes. Individually these may be insubstantial but collectively may amount to a significant additional resource burden. Through the LRF we will continue to work closely with the port to ensure that we understand their operating model assumptions, including transit volumes so we can ensure that any cumulative impact does not disrupt our processes,

The government has warned there may be a loss of access to key EU systems – especially TRACES (Trade Control and Export System), which is the EU's online management system for intra-EU trade. In the event of No Deal a UK equivalent will need to be in place and delivering this is a government priority. Doing so in time for 29 March 2019 is likely to be very challenging and could lead to further delays, with consequences for our Port Health and Trading Standards teams which rely heavily on the system to check goods and legislative controls that may apply to them.

8. City Economy



Risk Title:
City Economy

Risk description:
Considers the potential impact of a No Deal Brexit on the city economy.

Likelihood	Impact	Risk Rating
Threat Risk Rating		
3	5	15
Opportunity Risk Rating		
3	3	9
Tolerance Rating		
3	3	9
Preparedness		
Medium		

Key threat risks:

A period of negative or restricted economic growth, impacting upon trade, investment, business confidence, council funding and finance, the labour market and key sectors of the local economy.

Key opportunity risks:

Increased opportunities for UK-born workforce.

Actions and performance:

Actions and performance	
1	Robust data analysis, shared amongst key partners and stakeholders to reach a common understanding of local economic conditions, leading to early identification of real threats and opportunities.
2	Achieving consensus with partners and stakeholders on strategic objectives for inclusive and sustainable economic growth, with effective action planning and monitoring, to avoid becoming distracted by poorly evidenced instinctive short-term measures.
3	Increased investment in skills training and ‘inclusion infrastructure’, directed at both employer and resident needs, to exploit potential for job insertion for residents in the wake of vacancies created by shortage of migrant workers.
4	Continue to make the case to Central Government to devolve more skills funding to local level.

Overview

Bristol is one of the most successful cities in the UK, with a higher employment rate than other Core Cities and an economy that contributes approximately £14bn to the UK economy (ONS 2016 figures) every year. However, Bristol’s prosperity is not shared by all its citizens and many areas experience multiple deprivation, which could be compounded by a No Deal Brexit.

Economic Forecasts

Estimating the impact of a No Deal Brexit on Britain’s cities is fraught with difficulties – even predicting the national impact of Brexit has itself proved contentious. Not only do we not know what the precise Brexit will look like, studies of the national impact differ in what potential effects they incorporate (on trade, migration productivity, regulation, wages, financial markets, and the like), as well as in the types of models used.

Any negative or restricted economic growth as a result of No Deal is likely to have a negative impact upon investment, trade, business confidence and council finances (particularly lost business rate income) Work commissioned by Core Cities suggests a harder Brexit will lead to a worse impact on Core Cities. Regardless of the form of a final deal, all of the Core Cities are likely to experience a relative fall in GVA (Gross Value Added). Bristol’s GVA will fall by an estimated 2.5% relative to the previously projected growth forecast (based on a ‘Remain’ 2030 baseline).

The Autumn Budget saw a revised set of growth forecasts, with GDP revised up slightly and unemployment forecasts lowered. However, all these forecasts are based on a Brexit deal. Should the UK leave without a Deal and therefore a transition period – the Office of Budget Responsibility states that:

A disorderly Brexit could have severe short-term implications for the economy, the exchange rate, asset prices and the public finances¹⁸.

Subsequent official Government estimates suggest that a No Deal Brexit could see GDP growing by 8% less than would be expected were the UK to remain in the EU.

Impact of negative or restricted growth

In addition to recessionary pressures, or those of stagnant or very slow growth, a No Deal Brexit is likely to bring with it specific impacts upon the UK labour market, representing both threats and opportunities.

As described earlier, a reduction in the number of EU citizens has the potential for a range of impacts. This could include skills shortages, with the Chartered Institute of Personnel and Development (CIPD) pointing, out over a year ago¹⁹, that the UK ranks in the bottom four Organisation for Economic Cooperation and Development (OECD) countries for literacy and numeracy among 16-24 year olds. CIPD warn that with employers training less and investing less in skills than most other EU countries, the UK is “sleepwalking into a low-value, low-skills economy post-Brexit”.

While the available data makes it difficult to quantify Bristol’s vulnerability to skills shortages, it should be noted that the city has an above average number of working age residents qualified to degree level (48.5%) – with Bristol residents more highly qualified than all other core cities. However, at the other end of the scale over 15,000 working age residents of Bristol had no qualification and a further 25,000 were only qualified to the NVQ1 level, meaning over 40,000 residents are classed as ‘poorly qualified’.

In Detail - Threats and Opportunities

Increased unemployment, reduced household income and rising personal debt are common features of a weakening economy. Each has the potential for increased demand upon local authority services and impact upon council revenue streams through council tax and rent. Social costs, for example in respect of advice services, are also likely to increase. Reduced economic activity will have wider implications for a range of council income streams, from planning fees to Community Infrastructure Levy and parking fees.

There are 22,175 business units across the city. Any reduced level of development and an increase in empty retail units would see a further challenge for the local economy and council finances. There is a threat that if large companies reduced or ceased production in the UK, it would impact Bristol’s economy through lost jobs and flow down impact on the supply chain. The city’s business landscape includes 34 EU head quartered corporates and 2,639 foreign-owned businesses. Amongst the 24 businesses that have a £100m turnover, 9 of these are foreign-owned.

The preparedness of local business for No Deal is difficult to measure. However, a large-scale survey conducted by the British Chamber of Commerce suggests that 62% of businesses have not prepared for a No Deal Brexit. Extrapolating this national data to a local level would mean an estimated 14,000 Bristol-based enterprises have made no preparations for a No Deal Brexit.

Of all the UK’s regional cities, Bristol is the third most reliant on EU exports. With 66 per cent of the city’s exports going to the EU, compared to just 8 per cent going to the US and 2 per cent to China, Bristol is behind only Exeter and Plymouth in terms of its reliance on trade

within the European Union and the value of goods exported from the region as a whole is £20.4bn per year²⁰.

The potential adverse effect of No Deal on trade is not limited to the proportion of exports of a city or region that goes to the European Union. It also involves their supply chains and production networks, and the extent to which these are located in other cities and regions. There have already been examples of Bristol firms pre-emptively opening premises in other EU member states and this may accelerate as the uncertainty around No Deal continues²¹.

Manufacturing and construction are vital sectors to the area. Approximately 20.5% of national aerospace employment is currently located in the South West, with both Airbus and Rolls Royce employing 3,000 people at their Filton sites (just beyond the Bristol local authority boundary in South Gloucestershire).

Recent months have been marked by uncertainty and threats to jobs in the sector. In June Rolls Royce announced 4,600 redundancies, saying that although their Derby site would be hit the worst, some corporate and support jobs would go at its Filton Plant, Airbus has warned that should the negotiations between the UK and EU conclude without a deal, its site at Filton would be at risk²². The Chief Executive of Business West said he believes Airbus's warning should be taken seriously and "the role of Airbus as an employer and an anchor firm for our high-tech, advanced manufacturing and aerospace sectors is hard to overstate."

Between 2014 and 2020, the city region is to receive €68m in European Structural and Investment Funding and both the council and wider city are exposed to European Investment Bank (EIB) loans. The future of these is uncertain, which poses a potential threat to a number of city economy projects.

The withdrawal of non-UK born workers carries both threats and opportunities. Some threats, with direct relevance to the council's own workforce, have already been explored, in terms of recruitment challenges and skills shortages. But with this specific threat comes a potential opportunity for unemployed and economically excluded UK-born residents. Increased numbers of vacancies prompt employers to find ways of attracting and adapting to these residents who may have previously been overlooked.

However, should an economic downturn outweigh the reduction in the readily available workforce, it could easily be that progressive labour market policies aimed at inclusive growth are pushed to one side in favour of a more prosaic and pragmatic focus upon any job rather than a quality job. A tight labour market aids attempts to foster inclusive growth, while the evidence shows that the opposite has a negative impact on diverse recruitment, skills development and utilisation, and the incentive for improved terms and conditions.

It remains important to maintain good economic intelligence, through the analysis of both hard and soft data, in order to have early notice of changes in the business environment and the local labour market. This should alert us to which of the potential threats and opportunities is manifesting locally, as well as identifying additional impact not previously assessed.

²⁰ <https://www.centreforcities.org/reader/cities-outlook-2017/uk-cities-export/>

²¹ <https://www.bristolpost.co.uk/news/business/bristol-sports-company-moving-europe-2343320>

²² https://www.google.co.uk/search?q=airbus+filton+No+Deal&rlz=1C1GCEA_



Appendix B: Bristol City Council Brexit ‘No Deal’ Scenario Assessment – Summary of Main Changes

11 January 2019

The following document outlines the main changes made to Bristol City Council’s ‘No Deal Brexit Scenario Assessment’ since its consultation draft was published in December 2018. The assessment itself is available at www.bristol.gov.uk/brexit.

Housing – new section

This considers the impact on housing delivery and management and is principally focused on the consequences of a slowdown in the housing market. This would deter developers and investors, potentially reducing the number of new homes, especially the number of affordable homes that can be delivered. Various mitigations are outlined, including the option of Goram Homes changing the tenure mix in new developments and taking advantage of falling land values by acquiring sites for sale on the open market.

Housing management colleagues have flagged the risk of cost inflation / skills shortages in the construction sector, as well as delays in the supply of materials for repairs and maintenance. No Deal will have a negative impact on the Housing Revenue Account owing to a reduction in rental income due to a potential rise in energy costs, ongoing impact of universal credit and pressure placed on tenants due to rising costs on every day essentials.

Social care

An issue not flagged in the draft report is the requirement for the council to apply for Settled Status on behalf of Looked After Children. Children’s Services are now gathering the necessary data and identifying any gaps ahead of the opening of the Settled Status scheme at the end of March.

Regulatory Services

The impact on the council’s Port Health, Trading Standards and Food Inspection activities has been assessed, focusing specifically on the impact of increased trade through the Port of Bristol. While Regulatory Services colleagues are confident they have sufficient capacity to manage in the short-term (by moving resources away from food safety inspections), if the situation continues for a longer period, extra resources may be required. Although the Government has said it has no plans to activate ‘mutual aid’ if this changes and staff are seconded to Channel ports, this would also have a significant resource implication. It has been logged as a risk on the LRF’s risk register.

City Economy

Minor changes have been made, including updating the No Deal economic forecasts and incorporating facts and figures from a Core Cities report on the economic outlook for Core Cities. It says Bristol’s GVA will fall by an estimated 2.5% relative to the previously projected forecast, in the event of a Hard Brexit.

Supply Chain

The risk scoring has been revised upwards to better reflect the likelihood and impact of supply chain disruption under No Deal. This workstream is now scored as 'high risk'. The assessment provides details on the survey of key suppliers which will shortly be issued by procurement colleagues and is an important part of the action to map and understand our vulnerability to delays, disruption and cost increases in the supply chain.

Community Cohesion

This draws on the LRF's assessment that No Deal may provoke a rise in hate crime and a deterioration in community relations. Mitigations include:

- Engagement of support organisations
- Briefings to KINs (Key and Influential Networks) and influential community members
- Situational awareness and intelligence sharing across LRF partners
- Command and Control through SCG and TCG

A new action is the proposed reintroduction of Tension Monitoring Groups between now and the end of March, probably continuing up to three months after Brexit. Issues picked up through TMG will then be fed directly into the LRF Tactical Coordination Group and inform the overarching Community Risk Register.

The updated assessment also contains details of existing policies, projects that will be critical in defusing / de-escalating any rise in community tensions / hate crime under No Deal.

Highways

The impact on highways is referenced in the updated report. This reflects the risk of traffic congestion if there is an increase in port traffic at Portbury and Avonmouth. While Highways colleagues have been engaging with the LRF and Highways England they have not judged it necessary to make specific No Deal preparations. They believe that most of the disruption will affect the motorway network and will therefore be the responsibility of Highways England. In the event that significant a volume of traffic is displaced onto BCC roads, the impact would be managed using existing traffic management systems, in coordination with Highways England and neighbouring authorities.

Workforce

The section has been updated to reflect the most recent Home Office guidance on the Settled Status scheme. It includes details about the LGA / Home Office-run pilot scheme the council took part in before Christmas which tested the online application portal.

It also includes brief analysis of the impact of the government's Immigration White paper, which is likely to exacerbate the recruitment crisis in social care. An additional action has been added for the council to lobby government for the future Bill to better reflect the needs of the sector by adding carers to the list of 'shortage occupations' exempt from the £30,000 minimum salary threshold.

Facilitating Bristol to prepare for Brexit

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Final

28 November 2018



Tim Borrett
Acting Director of Policy and Strategy
Bristol City Council
City Hall
College Green
Bristol
BS1 5TR

28 November 2018

Dear Tim

Facilitating Bristol to prepare for Brexit

We have pleasure in enclosing our report (the 'Report') documenting the discussions held during the workshop on Friday 6 November 2018 on behalf of Bristol City Council ('the Council'). The scope of this review was agreed in Grant Thornton's Letter of Engagement, signed on 1 November 2018. Notwithstanding the scope of this engagement, responsibility for management decisions will remain with the Council and not with Grant Thornton UK LLP.

Conflicts of interest and independence

Grant Thornton UK LLP are auditors of Bristol City Council. In order to maintain independence from the audit engagement the work has been conducted by a separate engagement team that have no involvement in the audit of the Council. The workshop and this subsequent report do not give any recommendations as that is outside the scope of this work. We have not played any part in the management or decision making process.

Limitation of Liability

We draw the Council's attention to the limitation of liability clauses in paragraph 10.1 in the Terms of Engagement between the Council and Grant Thornton UK LLP, signed on 18th June 2018.

Forms of report

For the Council's convenience, this report may have been made available to the Council in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.



Guy Clifton

Director – Public Services Advisory
Grant Thornton UK LLP

Grant Thornton UK LLP

2 Glass Wharf
Temple Quay
Bristol BS2 0EL
+44 (0)117 305 7600
+44 (0)117 955 4934
grantthornton.co.uk

Chartered Accountants

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Background

Background

On Friday 9 November we facilitated a 3-hour practical workshop at our Bristol office with key stakeholders from Bristol City Council to identify and agree the risks and opportunities for Bristol in relation to Brexit, and develop a set of priority actions for local leaders. This document is the comprehensive write-up of the workshop based on discussions held on the day. It documents the threats, changed from risks as per language used by the Council, and opportunities identified along with the actions to be taken forward by the Council. Also included, at Appendix A, in this write-up is the initial assessment of Bristol's economic and social exposure to Brexit using our Place Analytics tool, based on parameters relevant to the Council based on our conversations and refined following feedback in the workshop.

The agenda for the Brexit workshop was:

- Welcome and introductions
- Understanding Brexit: What does it mean and impact on Bristol
- Measuring threats and opportunities: Focusing on a No Deal scenario

Planning ahead

Next steps and close

Workshop attendees were:

Name(s)	Organisation	Role
[Redacted] ler	[Redacted] il	[Redacted] c [Redacted] irs
[Redacted] id	[Redacted] il	[Redacted] c [Redacted] irs
[Redacted] e	[Redacted] l	[Redacted] c [Redacted] irs
[Redacted] ms	[Redacted] il	[Redacted] e
[Redacted] s	[Redacted] il	[Redacted] Legal
[Redacted] t	[Redacted] il	[Redacted] y
[Redacted] ley	[Redacted] il	[Redacted] Funding
[Redacted] s	[Redacted] il	[Redacted] ies
[Redacted] r	[Redacted] C	[Redacted] ly
[Redacted] n	[Redacted] il	[Redacted] Op [Redacted]

The discussions during the workshop were based on a 'No Deal' Brexit as the existing Brexit planning undertaken by the Council has been focused on this scenario.

The threats and opportunities, as well as the action planning, were focused on the seven areas of interest identified by the Council. The write-up of the threats and opportunities has also focused on these seven areas. The seven areas of interest are:

- Workforce
- Supply chain
- City economy
- Legal and regulatory
- Finance and funding
- Core operations (specific focus on Adult Social Care)
- Civil contingencies

The nature of these seven areas means that many of the threats and opportunities overlap and impact upon more than one area. The overarching theme emerging from the discussions during the workshop are that workforce and supply chain are key to understanding the Council's exposure to Brexit. Failure in these areas could lead to a failure in service delivery which could have significant implications to the Council and the population as service users. On the hotspot we have allocated both threats and opportunities against a specific area, but there is an awareness of the overlap between the different areas.

The next steps are:

- Workshop participants will be submitting a high level threat/opportunity assessment for their work-stream. This will assess threat against the impact on citizens and business continuity. This will take the form of a completed issues log, along with a narrative description of the main threats and opportunities.
- These completed assessments will form the main body of a report that will initially be taken to the Council's Scrutiny Committee for Member input.
- Once Member input has been received the report will be updated and the final version is to be a public report.

Measuring threats and opportunities - hotspot

No Deal

Threats and opportunities

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	Threats						Opportunities			
Workforce	Recruitment and retention of EU nationals	Reliance of delivery partners on EU nationals	Non-EU workers	Funding and training	Attracting skilled workers	Regulatory services	Be an employer of choice	Collaboration between public sector organisations	Engagement and training of indigenous population	
Supply chain	Cost pressures	Resilience and continuity	Service delivery				Changes to import VAT			
City economy	Post-Brexit recession	Inward investment	Relocation of businesses	Brexit preparedness	Inclusivity	European Investment Bank loans	Inward investment	Avonmouth docks and Port of Bristol	Creation of job vacancies	Retail market
Legal, data & regulatory	Delivery of statutory services	Breach of contracts	Transfer of data	Contract terms and conditions	Legal changes		Devolved legal powers	Traded services	Terms and conditions of existing contracts	
Finance and Funding	Council funding	Credit rating	Horizon 2020 funding	Balanced budget	Capital programme.	Replacing funding from EU sources	Strong financial position	Devolved fiscal power	Devolved funding decisions	
Core operations (focus on Adult Social Care)	Service failure	Core operations	Legal risk				Innovation in service delivery	Collaboration across sectors		
Civil Contingencies	Continuity plans	Supply	Medical supplies	Community cohesion	Infrastructure		Agility			

Threats

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Threat	Description	Workstream
Recruitment and retention of EU nationals	Brexit poses a threat to the recruitment and retention of staff in the care sector. This is an existing issue in the sector that could be exacerbated by Brexit. The threat at the Council is deemed to be low but impact on wider supply chain will be more significant.	Workforce
Reliance of delivery partners on EU nationals	EEA staff in delivery partners (especially social care) are at risk in terms of post-Brexit retention and recruitment. This could have a significant impact of on the delivery of Council services	Workforce
Cost Pressures	Brexit could result in significant cost pressures to the Council. In areas such as: construction/social care/education/facilities management/repairs & maintenance there could be a loss of component parts from the supply chain. Loss of product availability due to supply chain changes means that wholesale system changes needed which will come at a financial cost.	Supply Chain
Resilience and continuity	Brexit has already led to delays in supply chain as demand is being front loaded by suppliers causing a lag in delivery timescales. Brexit poses the risk that this could worsen which could come at financial and operational costs to the Council. This threat is particularly significant in health and social care sector.	Supply Chain
Service delivery	Complete failure of the Council supply chain could impact upon the Councils ability to sustain the delivery of both non-statutory and statutory services.	Supply Chain
Post-Brexit recession	A post-Brexit economic downturn could impact on the city economy of Bristol. A slowdown in development and an increase in empty retail units (a sector that is already struggling) could change the city economy of Bristol.	City Economy
Inward investment	There is a very real threat that Brexit could see a decline in inward investment. This could pose a threat to the economic growth of Bristol as a place	City Economy
Relocation of businesses	Brexit poses the threat that large companies could cease production in the UK. In Bristol this would impact on the city economy in terms of lost jobs and a flow down impact on the supply chain. There could be a broader impact when smaller companies supply larger companies as they could be under threat from these changes.	City Economy
Brexit preparedness	A lack of Brexit preparedness of key businesses in the city economy would impact upon Bristol in terms of both the city economy and people	City Economy

Threats (cont'd)

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Threat	Description	Workstream
Delivery of statutory services	Threat of the Council not being able to deliver statutory duties in a post-Brexit environment. Local authorities do not have the flexibility that private sector companies have to cease services. In areas such as social care, children's services and housing stock maintenance this legal risk is particularly acute.	Legal, Data and Regulatory
Breach of contracts	Risk that suppliers to the Council are in breach of contracts. This could have both a financial and service delivery impact on the Council. As provider of last resort will need to have alternative arrangements for delivery of services, especially statutory services such as social care	Legal, Data and Regulatory
Council funding	The threat that Brexit poses to economic growth could directly impact upon the finances of the Council. An increased reliance on business rates to fund service delivery could be impacted by an increase in empty units and slowdown in development associated with an economic downturn. There is also a threat to planning and parking fees reducing. All of these could see a reduction in income to the Council, placing further pressure on already stretched resources.	Finance and Funding
Credit rating	Brexit poses a threat to the Council having its AAA credit rating downgraded. This would potential dive up the pension deficit of the Council, which is already significant.	Finance and Funding
Horizon 2020 funding	Currently Bristol has significant cross-border collaboration on funding projects. The Council is already seeing Bristol missing out on opportunities due Brexit uncertainty having behavioural impact on partners, leading to them not choosing to partner with Bristol. Post-Brexit this threat would be increased. Bristol is not only losing sources of finance but also losing the exchange of knowledge associated with collaboration projects.	Finance and Funding
Balanced budget	Financial pressures on the Council pose a threat to the Section 151 officer duties of being required to set a balanced budget. (also impacts on legal and regulatory)	Finance and Funding
Capital programme	Concern over whether or not this can be delivered in its current guise under post-Brexit financial pressures (links to both workforce and supply chain, as well as EU funding). This could result in delays or changes to the capital programme, slowing down development in Bristol	Finance and Funding
Service failure	As a result in pressures on workforce and supply chain there is the very real threat that the Councils services could fail. The Council could fail to deliver its statutory duty, impacting service users.	Core operations

Threats (cont'd)

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Threat	Description	Workstream
Continuity plans	The Council does not currently have robust continuity plans in place to deal with Brexit associated risks.	Civil Contingencies
Supply	Threats to supply in food and fuel based on public perception leading to panic buying or port blocking. This would threaten the Councils ability to deliver services or for and also impact upon the city economy.	Civil Contingencies
Medical supplies	In areas such as social care there is the threat that medical supplies are affected by Brexit. This could pose significant risks to service users.	Civil Contingencies
Non-EU workers	The post-Brexit environment poses a threat to the recruitment of non-EU workers. They will be subject to new immigration criteria. There are a high proportion of non-EU workers in low-skilled employment at the Council.	Workforce
Funding and training	Loss of funding for engaging and training with indigenous population due to this coming from EU sources	Workforce
Attracting skilled workers	Brexit poses a threat that Bristol becomes a less attractive place for skilled people to come and work.	Workforce
Inclusivity	A recession could drive less progressive policies in terms of recruitment (i.e. diversity and inclusion). An economic downturn makes it harder to achieve inclusive economy	City Economy
European Investment Bank loans	Both the Council and the city are exposed to EIB Loans. The future of these is uncertain which could pose a threat to a number of city economy projects in Bristol	City Economy
Data	Brexit could raise issues over the transfer of data from UK to EU. Threat that the Council does not have an understanding of the potential impact of this	Legal, Data and Regulatory
Contract terms and conditions	There is a threat to the Council that suppliers use Brexit as an excuse to force prices up and the Council must be aware to this	Legal, Data and Regulatory

Threats (cont'd)

Threat	Description	Workstream
Replacing funding from EU sources	There is a lack of clarity on how existing EU funding that comes through the UK government is to be replicated or replaced.	Finance and Funding
Core operations	In order for the Council to continue delivery of statutory services there is a threat to other services. The Council could neglect these discretionary services.	Core operations
Community cohesion	Brexit has already been blamed for an increased in hate crime. It is a divisive issue that could erode community cohesion	Civil Contingencies
Infrastructure	The risk that Brexit poses to the capital programme of the Council and wider inward investment could make Bristol a less attractive place to live and work.	Civil Contingencies
Regulatory services	Where there are opportunities for growth post-Brexit (i.e. trading of regulatory services and Avonmouth docks) the Council needs to develop appropriate staffing and skills levels	Workforce
Legal changes	The Council needs to be aware of resources needed to process and respond to post-Brexit legal changes and updates	Legal, Data and Regulatory
Legal risk	Brexit offer the opportunity for the Council to take innovative approaches to delivery of services. However, when this innovation relates to statutory services there is an increased legal risk.	Core operations

Opportunities

Opportunity	Description	Workstream
Be an employer of choice	Opportunity to become an employer of choice through initiatives such as funding settled status and improving both pay and non-pay benefits.	Workforce
Collaboration between public sector organisations	Collaboration between public sector bodies to manage demand, promote recruitment and improve training in care through innovation (such as development of new skills and utilisation of developing technology).	Workforce
Engagement and training of indigenous population	Development of indigenous population through engagement and training. Consideration needs to be given over where funding for this could come from as much of it currently comes from EU sources	Workforce
Changes to import VAT	Opportunities for supply chain as there are proposals that a government import delay on VAT could come into place. This could have a huge financial impact on cash flows of suppliers as VAT won't have to be paid up front, potentially driving down prices.	Supply chain
Inward investment	Although there is a threat to inward investment, there is also an opportunity for Bristol to focus on what it can offer for new inward investment, creating economic growth.	City economy
Avonmouth docks and Port of Bristol	Currently only 30% of existing imports are from the EU. Therefore, the port has the infrastructure in place and the space to process imports in a 'no deal' trading environment. Presents the opportunity to grow the port traffic. Opportunity to market Avonmouth port in response to concerns over Dover.	City economy
Creation of job vacancies	When EEA nationals are not returning to the UK this creates job opportunities for the indigenous population. However, there is the risk that people could not want to fill these roles.	City economy
Retail market	Retail is already a struggling sector but Brexit does offer an additional incentive to re-engineer retail market and increase resilience of the city economy.	City economy
Devolved legal powers	Devolution of legal powers to a local level is possible post-Brexit. This offers Bristol the opportunity to develop innovative policies in relation to areas such as education and immigration.	Legal, data & regulatory

Opportunities (cont'd)

Opportunity	Description	Workstream
Traded services	Opportunity for Bristol to leverage skill sets of the Council to trade externally with other areas that don't have the skills required to deliver these services outside of the Bristol City Council boundary (for example Bristol Airport). There is also an opportunity to trade services more widely as part of West of England Combined Authority.	Legal, data & regulatory
Terms and conditions of existing contracts	Brexit presents an opportunity for the Council to make changes to contract terms and conditions. However, the Council must be aware of pressures suppliers are facing. Forcing costs too low could threaten service delivery which would have a wide impact on both the people and economy of Bristol.	Legal, data & regulatory
Strong financial position	Bristol City Council remains in a relatively strong financial position when compared with other local authorities. Therefore, this provides the Council with resilience and flexibility to respond to both threats and opportunities post-Brexit.	Finance and funding
Devolved fiscal powers	Devolved power post-Brexit gives opportunity for innovation. For example, local taxation could be introduced to increase funding sources for the Council (i.e. tourist tax).	Finance and funding
Devolved funding decisions	The introduction of new funding streams to replace current EU funding offers an opportunity for devolution. New funding streams could be aligned more closely with the needs of city and regional areas. Tailored funding creates opportunities that local areas can have greater influence on how these funds are spent.	Finance and funding
Innovation in service delivery	Brexit could be a catalyst for the Council to take new approaches to delivering statutory duties in response to pressures.	Core operations
Collaboration across sectors	Preparing for Brexit present an opportunity for collaboration between local authorities and other local partners (i.e. shared services/Brexit working party/place based leadership). Thought does need to be given whether the expertise and capacity for this exists in the Council.	Core operations
Agility in responding	The Council has the opportunity to input into national planning in relation to civil contingencies.	Civil contingencies

Planning ahead

Action planning

Initial next steps

There was agreement throughout the room to focus on four key themes:

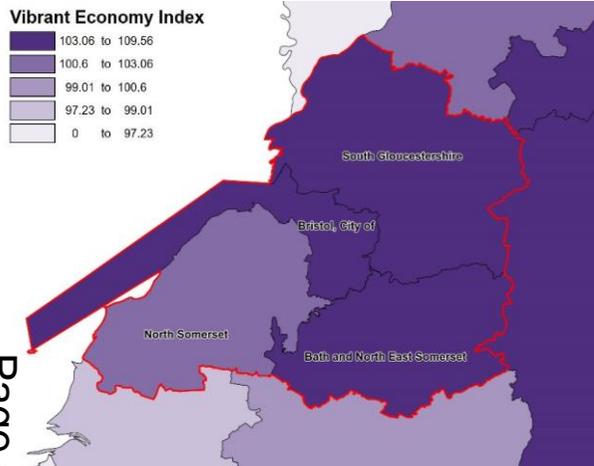
- **Collaborating** – Working together across both the Council and the wider public, private and third sectors to plan for Brexit and increase resilience.
- **Understanding** - Develop the understanding of the exposure of Bristol to Brexit in terms of seven areas in a quantitative manner to support the qualitative understanding.
- **Communicating** - Provide reassurance through communication. Communicate with staff (both EU and non-EU), businesses and citizens in relation to preparing for Brexit.
- **Prioritising** - Identify those threats that are likely to have the greatest impact on Bristol and to the Council and mitigate these where possible.

Action	Description
Establish Bristol City Council Brexit Working Group	Establish a Brexit working group for Bristol City Council to co-ordinate the planning for Brexit across the Council, as well as the wider public, private and third sectors. The basis of this working group is now in existence with the workshop attendees but the group needs to identify who is missing from the discussions. Group to lead on ensuring that stakeholders are informed and engaged so that there is a cumulative, joined-up impact in planning for Brexit. This group needs to have appropriate governance from political stakeholders and should: Meet – Discuss – Test – Plan – Create mechanisms for dealing with threats and opportunities.
Communicate to EU workforce	There is a wide range of information available from government (https://www.gov.uk/settled-status-eu-citizens-families) on the future of EU citizens currently in the UK. Communicating this with EU workers is key so that they are clear on their rights. NB - Also important to communicate with non-EU employees as they may be married to EU citizens and would not be identified in mapping of relevant employees.
Map supply chain	Develop a better understanding of the key suppliers to the Council by analysing the c.10,000 suppliers and identifying the most significant suppliers by value as well as those providing key services. Once this has been mapped the conversation can be had, working with other public sector organisations to avoid duplication, with these suppliers to understand their Brexit preparedness. Where possible, work with suppliers to increase resilience to impacts of Brexit.
Understand legal position with regard to statutory responsibilities	Appropriately mitigating the threats identified in relation to the ability of the Council to continue delivering its statutory services are key. This is because any failure to deliver statutory duty could pose a significant legal and reputational risk.
Review contracts	Working with suppliers it is key that the Council understands the impact Brexit could have on existing contracts. A review of contracts in terms of pricing, as well as front loading renewals could increase resilience for both the Council and their suppliers.
Model potential impact on Business rates	In order to best understand the exposure the funding from business rates to Brexit a modelling exercise needs to be completed. This could increase the resilience of the Council to changes in funding base due to Brexit.
Increase skill resilience	Improve recruitment and retention through incentives such as: retention bonuses and non-cash benefits. Improve training by simplifying it (i.e. week long training course rather than disjointed approach). Potential to create an in-house agency for care staff rather than relying on external providers to increase resilience. Potential to engage with education providers to create pipeline for care staff.
Explore opportunities to diversify care prescriptions	Open up a wider number of suppliers to limit risk of individual supplier failure.
Review contingency plans	Use Brexit as a driver to develop more robust contingency plans across the Council.

Appendix A – Understanding Brexit: A Bristol focus



Vibrant Economy Index – Overall score



Local Authority	Vibrant Economy Index	Prosperity Index	Dynamism and opportunity Index	Inclusion and Equality Index	Health, Wellbeing and Happiness Index	Resilience and sustainability Index	Community, Trust and Belonging Index
Bristol, City of	A	A	A	E	D	A	A
Leeds	B	A	A	E	C	A	C
Sheffield	C	B	A	E	D	B	B
Newcastle upon Tyne	C	B	B	E	E	A	B
Liverpool	C	B	A	E	E	B	B
Manchester	D	A	A	E	E	B	D
Birmingham	D	A	B	E	E	D	C
Nottingham	D	B	C	E	E	C	C

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Key questions to consider:

- Which strengths are most important for your area? How can these strengths be preserved post-Brexit?
- Could some of these challenges be compounded by the impacts of Brexit?
- How could you prioritise interventions spatially?
- How can greater collaboration be encouraged across boundaries with neighbouring areas?

Key insights

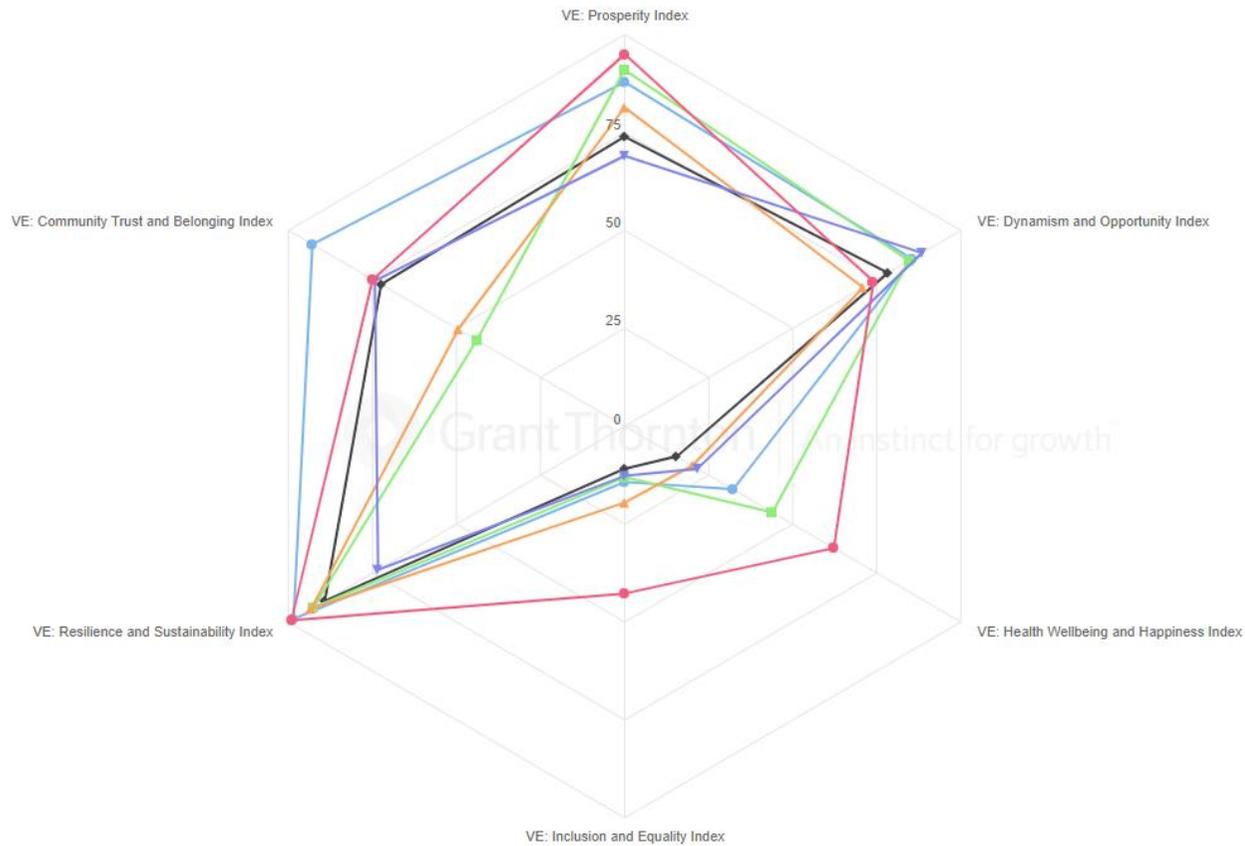
- Overall Bristol performs very well by national standards, ranking in the top 20% of 324 local authorities.
- Bristol has the best performance of all English Core Cities.
- It has top 20% performance on four of the six baskets- Prosperity, Dynamism & Opportunity, Resilience & Sustainability and Community, Trust & Belonging.
- Within the Prosperity basket Bristol performed particularly well on total GVA, ranking 9th highest nationally.
- Within the Dynamism & Opportunity basket it has top 20% performance on the proportion of people qualified to Level 4 and above and employment in higher education.
- Bristol has very weak performance on the Inclusion and Equality basket. This revealed high levels of deprivation, as measured by the Index of Multiple Deprivation, and a large gap between the most and least deprived local area within Bristol.



Vibrant Economy Profile* – Statistical Nearest Neighbours

Top 5 Nearest Neighbours

- Bristol, City of
- ◆ Newcastle upon Tyne
- Leeds
- ★ Brent
- ▼ Sheffield
- Milton Keynes



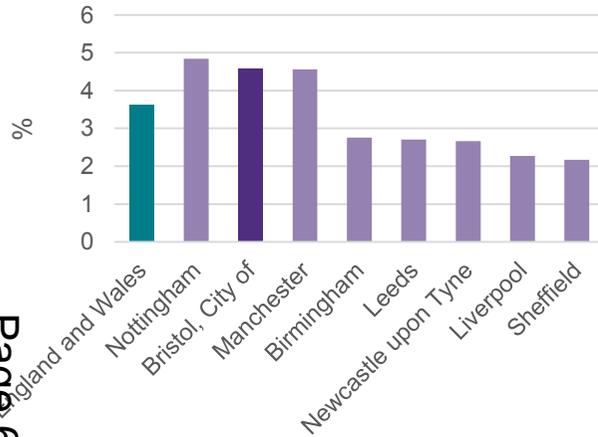
*The larger the shape, the greater the vibrancy



Bristol. People

EU residents

Proportion of population that were born in the EU



Employment rate

UK born residents

South West: 74.3%
National: 71.8%

Bristol
70.8%

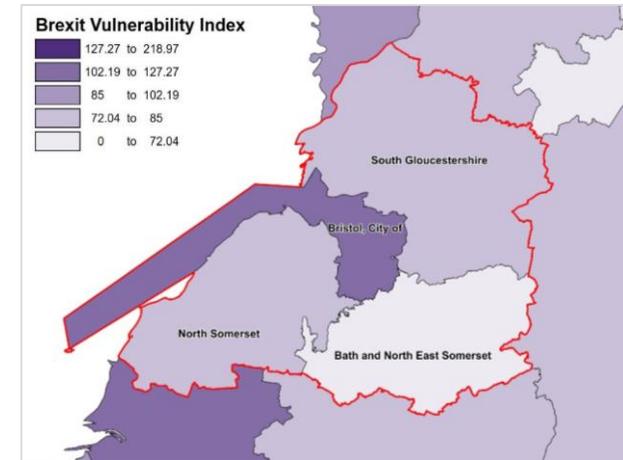
EU born residents

South West: 79.5%
National: 77.0%

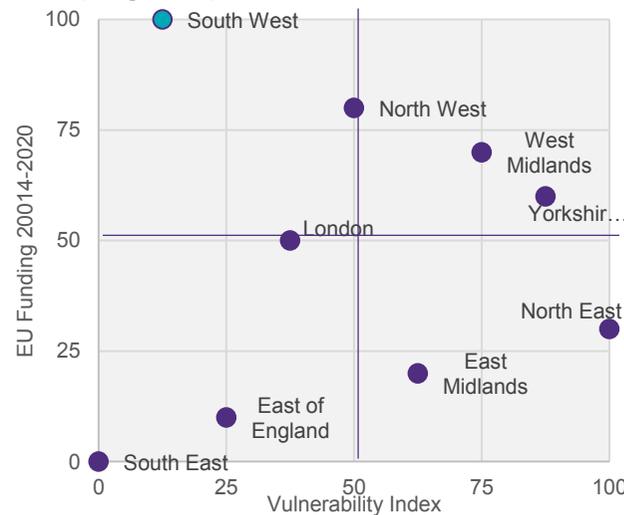
Bristol
77.3%

Community Vulnerability Index

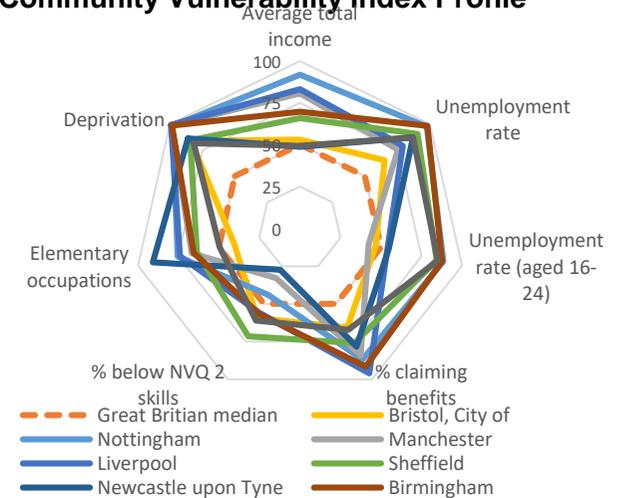
Vulnerability Index score (Eng = 100)



Community Vulnerability vs. Funding (Regional)



Community Vulnerability Index Profile*



*The larger the shape, the greater the vulnerability

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Key questions to consider:

- Given the high number and proportion of residents from the EU, what could restrictions on free movement of people mean for Bristol?
- How will existing EU residents be retained?
- How could you prioritise interventions to mitigate the most vulnerable places?
- The SW is a major beneficiary of EU funding, with Cornwall most notably benefiting. What will removal of these funds mean for Bristol? (*Horizon 2020 grants*)

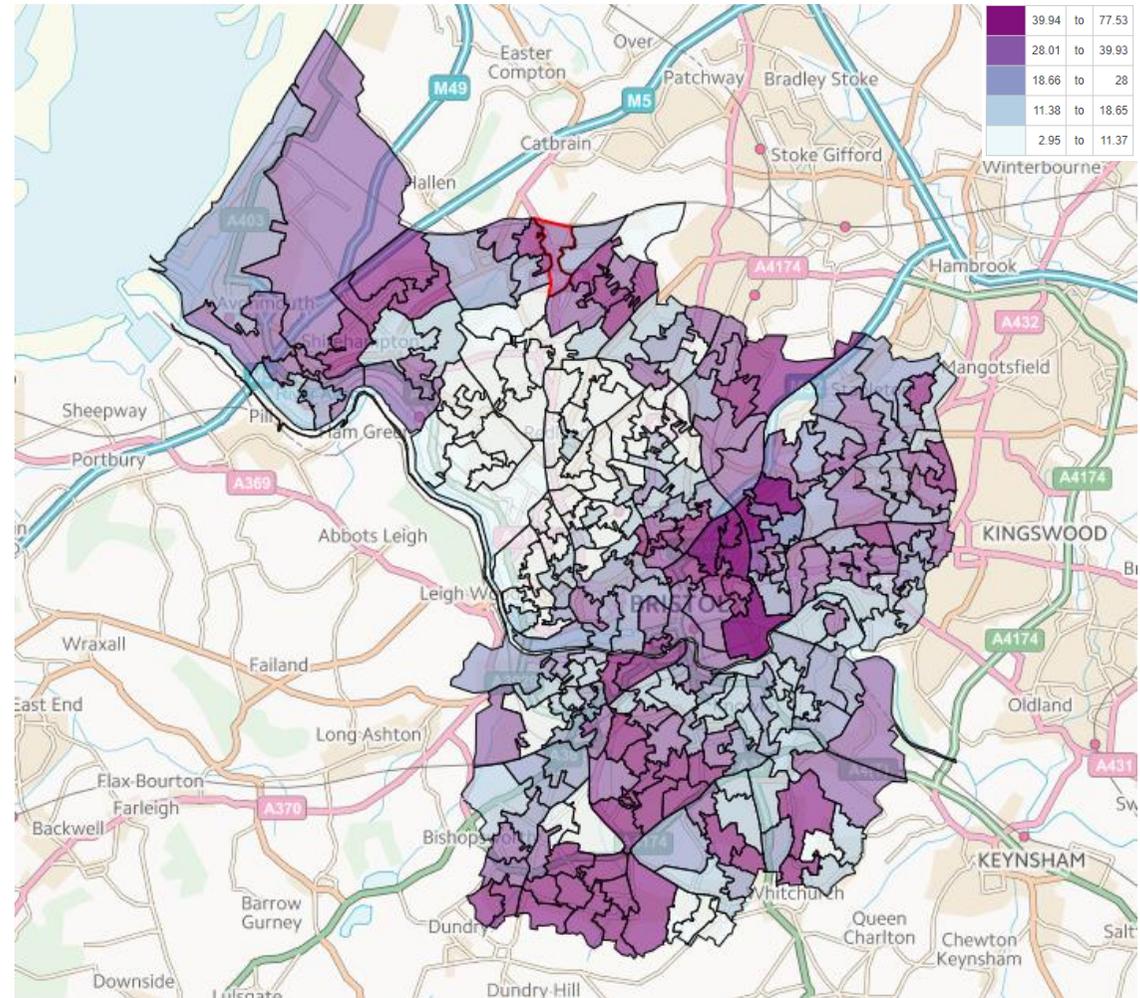


Bristol. Focus – Deprivation

Deprivation across Bristol

- One of the least deprived of Core Cities (just behind Leeds)
- High inequality with ‘hotspots’ of deprivation (gap of 32,085 ranks)
- 16% of resident (69,000) live in the bottom 10% most deprived parts of England

Overall Index of Multiple Deprivation- LSOA level



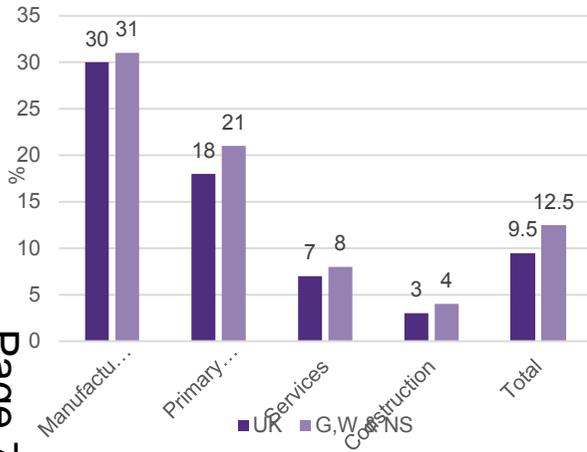
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Bristol rank	LSOA Name	Ward	IMD Rank where 1 is most deprived
1	Bishopport Avenue	Whitchurch Park	65
2	Hareclive Road	Whitchurch Park	67
3	Fulford Road North	Hartcliffe	200
4	Bishopport Avenue East	Whitchurch Park	232
5	Inns Court	Filwood	245
6	Easton Road	Lawrence Hill	251
7	Broadway	Filwood	340
8	Ilminster Avenue West	Filwood	367
9	Southmead Central	Southmead	368
10	Whitchurch Lane	Hartcliffe	518

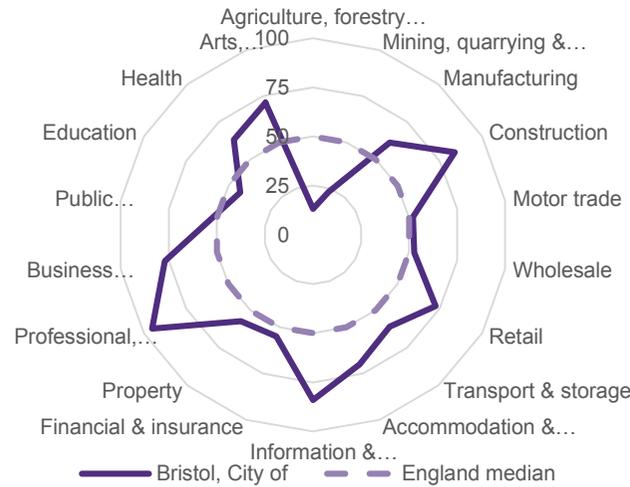


Bristol. Businesses

UK GDP dependent on EU



Business sectors

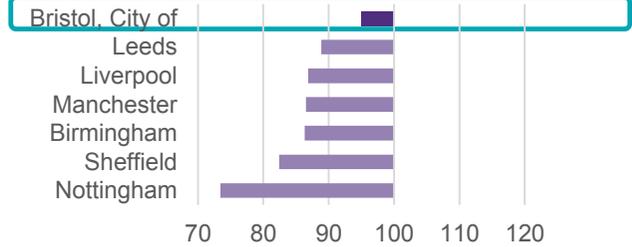


Productivity

GVA per hour worked
Bristol: £31.0
 South West: £29.3
 United Kingdom: £32.6



GVA per hour indices
 (100= national average)



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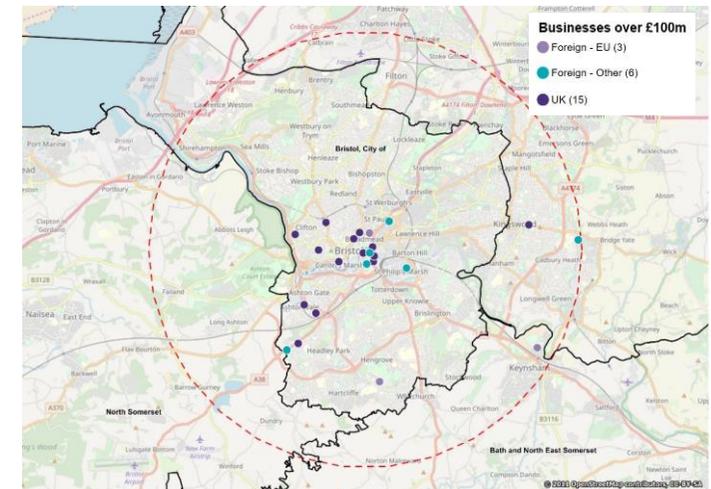
Key questions to consider:

- How could exposed sectors (Manufacturing/Construction) be impacted in Bristol?
- What could be the challenges for the 34 EU head-quartered corporates?
- What are the risk around the 2,639 foreign owned businesses in the area?
- What will the impact be for the 24 businesses that have over £100 million turnover? In particular, how will the 9 foreign owned businesses be impacted?
- How can Bristol increase productivity levels?

Business facts

Companies with either their registered or primary trading address in Bristol & S.G	40,343
Companies owned by foreign corporates or foreign nationals (individuals)	2,639
Companies owned by foreign nationals (individuals) residing either in the UK or overseas	c.2,087
Companies that are UK subsidiaries of a foreign HQ corporate group (i.e. corporates)	c.254
Number of these corporates filing a revenue figure in the UK	105
Number of EU HQ'd corporates filing a revenue figure in the UK	34
Aggregate UK revenues of EU HQ'd corporates	£1.74b n
Aggregate UK revenues of all non-UK HQ'd corporates	£6.37b n

Businesses with over 100 mill turnover





Bristol. Workforce

Skills

"Those with fewer formal qualifications, are more likely to be employed in the most exposed industries"

Institute of Fiscal Studies, 2018

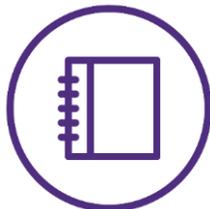


No qualifications

Bristol: 5.1%

South West: 5.0%

England: 7.6%



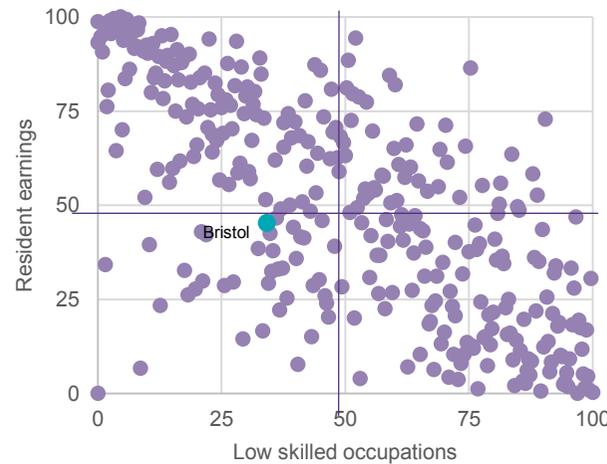
NVQ 1

Bristol: 8.2%

South West: 11.2%

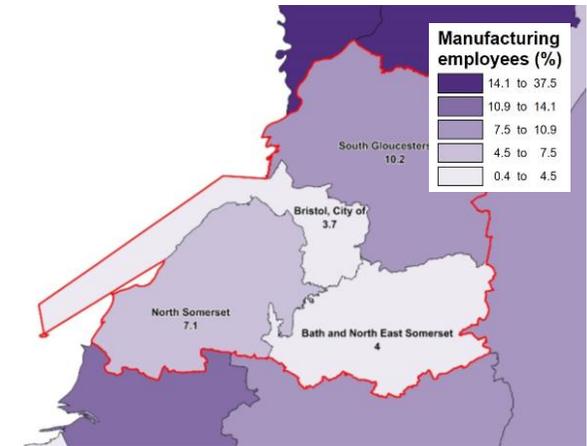
England: 10.9%

Low skills vs resident earnings



Employment in manufacturing (%)

30% of UK manufacturing GDP is reliant on the EU

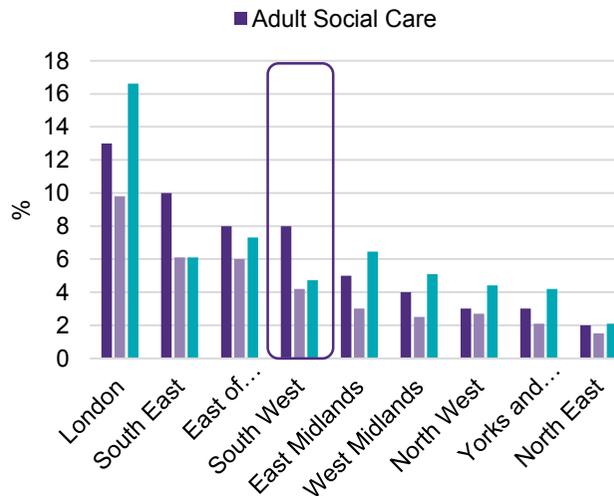


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Key questions to consider:

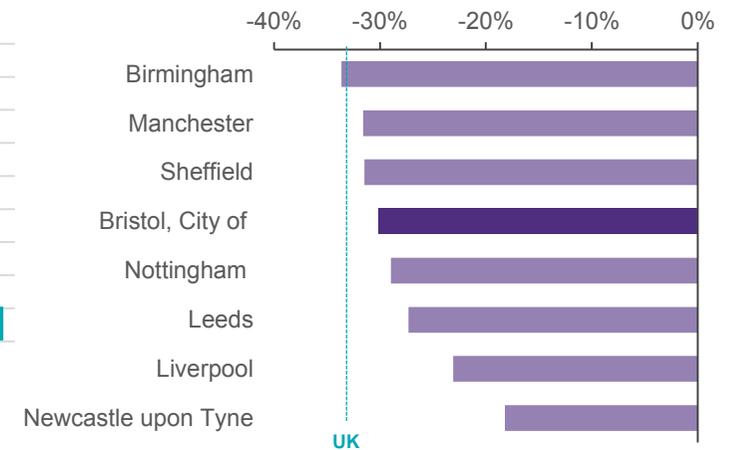
- What will a reduced reliance on EU workers mean for your key sectors?
- How can a steady skills supply be maintained post-Brexit?
- What action can be taken locally to support those residents with the lowest level skills and most at risk as a result of Brexit?
- What steps could be taken to support workers in the most vulnerable sectors e.g. manufacturing?

Proportion of workforce from EEA



National Insurance Number (NINo) registrations

29% of reduction in EU registrations between 2016 and 2018 across the UK





Bristol. Sector focus – Adult Social Care

UK overview



Total workforce
1.47 million



Total economic contribution
£38.5 billion



Vacancy rate
8%

UK ASC workforce demographics

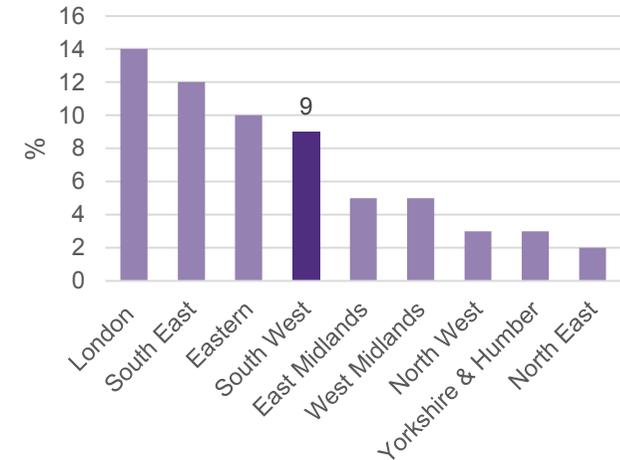


Nationality
EU: 8%
British: 83%
Non-EU: 10%



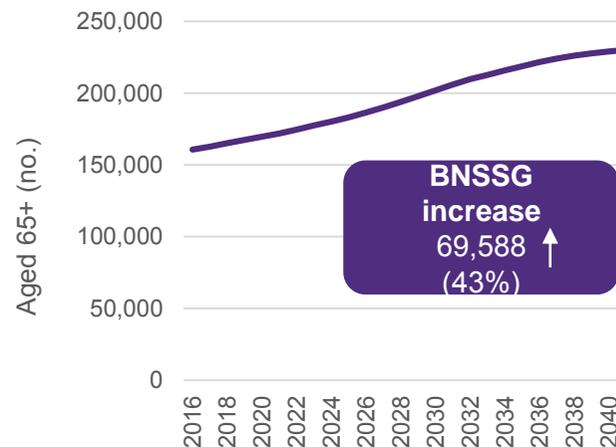
Nationality trends (2012/13- 2017/18)
EU: +3%
British: +1%
Non-EU: -3%

EU adult social care workforce by region (%)



Population projections (2016 – 2041)

52% increase in 65 and over population for England



Bristol, North Somerset & S Gloucestershire STP area (BNSSG) - Social Care

- **23,000 jobs** (10,100 in Bristol)
- **10.9% care worker vacancy rate**
- **37.5% turnover** of care workers
- **19% of care workers non UK born-** with **9% born in EEA (non UK)** - high dependence
- **Care homes with nursing – 18% from EEA (594).**

Key questions to consider:

- How can safeguard supply of health and social care workers needed to continue delivering safe, high quality care?
- How can BNSSG prepare for aging population and the impact this may have on services?



Bristol. Sector focus – Aerospace

UK overview



Total workforce
95,000



Total turnover
£32 billion

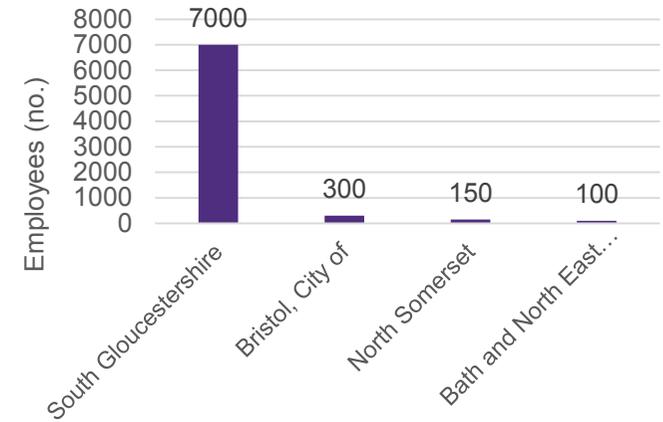


Growth rate
23%

Aerospace employment by region (2017)

Region	Employment (no.)	% of regional employment	% of national aerospace employment
East Midlands	19,000	0.9	22.9
South West	17,000	0.7	20.5
North West	15,000	0.5	18.1
Wales	9,000	0.7	10.8
East	7,000	0.3	8.4
South East	7,000	0.2	8.4
West Midlands	4,000	0.2	4.8
Scotland	2,500	0.1	3.0
North East	1,250	0.1	1.5
Yorkshire and The Humber	1,000	0.0	1.2
London	300	0.0	0.4

Aerospace employment by local authority



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Airbus

- Leading manufacture of aircraft, helicopters and defence and space equipment
- Headquarter in Toulouse
- Directly employees 14,000 people across UK
- Employs **3,000** people in its production site in **Filton near Bristol**
- No deal Brexit risk assessment*- production likely to be **'severely disrupted'**
- Unrecoverable delay- **'up to €1 billion weekly loss of turnover'**

*Airbus Brexit- Risk Assessment (June 2018)



Rolls Royce

- 30 sites across UK and employees over 22,000 people
- Significant investment over the past few years
- Filton plant is also a world leader in short take-off/vertical landing (STOVL) engine technology
- Employs **3,000** people at this plant
- Primary supplier of aircraft engines to Airbus
- Plans to **cut 4,600 jobs** across its plants over the next two years.

Sources

Theme	Visual	Source
People	EU residents	Census (2011)
	Employment rate	Census (2011)
	Community Vulnerability Index	Grant Thornton (2017)
Focus - Deprivation	Deprivation map	English Indices of Deprivation, DCLG (2015)
Businesses	UK GDP dependent on EU	Bart Los et al. (March, 2017)
	Business sectors	UK Business Counts, Inter Departmental Business Register (2018)
	Productivity	Nominal (smoothed) GVA (B) per hour worked indices; NUTS 2 and NUTS 3, ONS (2016)
	Business Facts and map	FAME, Bureau Van Dijk (2018)
Workforce	Skills- No quals and NVQ 1	Annual Population Survey (Dec, 2017)
	Low skills vs resident earnings	Annual Population Survey (Dec, 2017); Annual Survey of Hours and Earnings (2017)
	Employment in Manufatucrig	Business Register and Employment Survey (2017)
	National Insurance Number (NINo) registrations	NINo registrations to adult overseas nationals entering the UK by Region / Local Authority and world region - registrations year to June 2018, DWP (June 2018)
Sector focus - Adult Social Care	UK overview	The state of the adult social care sector and workforce in England (Sept, 2018)
	UK ASC workforce demographics	The state of the adult social care sector and workforce in England (Sept, 2018)
	EU adult social care workforce by region	The state of the adult social care sector and workforce in England (Sept, 2018)
	Population projections	Mid-year population projections, ONS (2016)
	BNSSG Social care stats	BNSSG Sustainability and Transformation Plan (October, 2017)
Sector focus - Aerospace	UK overview	Business Population Estimates, BEIS (2017); The aerospace industry: statistics and policy, House of Commons Library (Nov 2017)
	Aerospace employment by region	Business Register and Employment Survey (2017)
	Aerospce employment by local authority	Business Register and Employment Survey (2017)
	Airbus - stats	https://www.airbus.com/company/worldwide-presence/uk.html#Economy ; Brexit Risk Assessment Memorandum (June 2018); The impact of Airbus on the Uk economy, Oxford Economics (June 2017)
	Rolls Royce - stats	Rolls Royce, 2018

