

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	10th December 2018
Title:	Brexit: the potential impact on the County Council's resources and services
Report From:	Chief Executive

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1. Recommendations:

- 1.1. To note the high-level findings from the scoping exercise on the potential impact Brexit may have on the County Council's resources and services.
- 1.2. To endorse the County Council's current activities in relation to Brexit, including contingency planning for a 'no deal' scenario.
- 1.3. To agree proposed future actions to strengthen Hampshire's resilience to any risks associated with Brexit, in collaboration with public and private sector partners, to help ensure the county's continued economic prosperity.

2. Executive Summary

2.1. The purpose of this report is to:

- provide an update on current and planned activities by the County Council in response to the evolving Brexit landscape;
- report on headline findings from the scoping exercise to assess the potential scale of impact that Brexit could have on the County Council's resources and services, and the subsequent steps being undertaken;
- identify areas of national policy development which the County Council, working through the Local Government Association and other strategic bodies, may wish to inform.

2.2. The report provides an overview of the **potential scope and depth of impact** the UK's exit from the EU (Brexit) could have on the County Council following an early scoping exercise. That provided a **snap shot in time** of the position within an uncertain and fast-moving landscape. That process primarily focussed on the potential impact to the **County Council's own resources and services**, as opposed to the wider affects it could have on the county of Hampshire.

- 2.3. However, the County Council is mindful of the strong interdependencies between the organisation and the local economy. A downturn in the national economy that might be triggered by a 'no deal scenario' or a 'hard Brexit' would have unwanted consequences for both the business community and the public sector. Therefore, additional separate work will be undertaken by the County Council, with local partners, to help support Hampshire's wider preparations for Brexit and beyond.
- 2.4. Due to the complex and evolving landscape, the County Council's scoping exercise was in effect a 'snap shot' in time, which **focused on the most relevant issues to the County Council**. The topics considered, and which are summarised in this report, are as follows:
- a. Potential impact on the County Council's workforce
 - b. EU settlement scheme and future immigration
 - c. Border changes – potential impact on port health, traffic management and transport infrastructure
 - d. Border changes – potential impact on Trading Standards
 - e. Border changes – wider implications for imports and exports
 - f. Current EU funding
 - g. Future EU funding and replacement funds
- 2.5. Given the high degree of uncertainty over whether a deal would be secured and approved before 29th March 2019, and without having clarity over what the future arrangements would be, it was **not feasible for the County Council to produce a detailed risk assessment**, nor to draw conclusions about the likely impact of Brexit.
- 2.6. However, the high-level scoping exercise has provided a basis for the County Council to undertake **more in-depth assessments as the landscape becomes clearer**. It has also helped highlight those areas where attention is needed to ensure the County Council is as resilient as possible to the potential risks associated with a no deal scenario.
- 2.7. Findings from the scoping exercise suggest that, post Brexit, there may be **more risks in the short to medium term**. The potential opportunities for local government, such as securing a more favourable legislative framework, and opportunities for the wider economy, for example realising benefits from new trade deals, are more likely to be delivered over the medium to longer term.
- 2.8. An **adverse impact on the national economy** could have serious consequences for the County Council, including even higher demand for its services and further reductions in its funding.
- 2.9. In addition to any negative macroeconomic impacts, the most pressing concerns for the County Council relate to the impact a 'no deal' scenario could have on **border operations**, including resource pressures for **Trading Standards**, and consequences for Hampshire's **transport network**, with the risk of serious congestion on routes to and from the Port of Portsmouth particularly if, as part of national contingency plans, traffic is diverted away from the Port of Dover to other roll-on/roll-off ports, including to the Port of Portsmouth.

- 2.10. Whilst the number of non-UK EU staff employed by the County Council is, in overall terms, low there is a risk that Brexit could increase the **challenges of retaining and recruiting staff shortage occupations**. For example, it may become harder to retain and recruit non-professionally qualified domiciliary care workers due to changes in settled status and the UK's immigration policy, both of which have yet to be clarified by the Government. Brexit also poses a risk to the **construction industry**, particularly in the South East where it employs a high number of non-UK EU workers, and therefore could affect the County Council's Capital Programme.
- 2.11. With less than five months until Brexit, the **pace of change is accelerating**, with several policy announcements due. With so much political uncertainty at the time of writing, it is important for the County Council to continue to **monitor developments and assess implications** of any changes for its resources and services.
- 2.12. Looking beyond March 2019, the County Council will want to continue working with local and regional partners, and through the Local Government Association and the County Council's Network, **to inform the Government's policy and legislative framework**.
- 2.13. The County Council will also wish to keep abreast of developments within Europe through its established mechanisms, including membership of the Assembly of European Regions (AER), to ensure Hampshire is well-placed to maximise any opportunities that may arise.

3. Contextual information about the evolving Brexit landscape

- 3.1. The County Council is mindful that the impact of Brexit will only start to become clear once the current political process to consider the draft Withdrawal Agreement has been worked through. The full impact is unlikely to be known for several years. Therefore, the County Council continues to closely monitor the evolving landscape and timelines, as set out in appendix one.
- 3.2. Whilst the Government remains confident it will be possible to deliver a smooth exit on 29th March 2019, concerns about a 'no deal scenario' have increased over recent months, primarily due to the Irish backstop issue. If the UK were to leave without an approved deal, there would be no transition / implementation period.
- 3.3. From August, the Government stepped up its contingency planning for a 'no deal' scenario, including issuing over a 100 [technical notices](#). A [summary](#) of those notices, including implications for local authorities has been produced by the LGA. In a recent communication to local authority leaders, the Secretary of State confirmed there would be continued engagement with local authorities on 'no deal' scenario planning, including a series of regional events organised by its Local Government EU Exit Delivery Board.
- 3.4. The high level of uncertainty has been exacerbated by the fact that the negotiations have been carried out under the principle **"that nothing is agreed until everything is agreed"**. The detailed negotiations about the

future relationship are only able to commence once the UK has left the EU. This uncertainty, and the lack of clear information from central government, may account for why most local authorities have not yet undertaken any detailed work to assess the potential impact Brexit could have on their organisations and their local areas.¹

3.5. The complex and rapidly changing landscape could have significant implications for the County Council and the wider sector, for example:

- it is very difficult for the County Council to form a detailed, evidence-based assessment of the potential risks and opportunities of post Brexit arrangements whilst those arrangements have yet to be agreed;
- Brexit is likely to dominate the UK's legislative programme well beyond March 2019 leaving little room (or appetite) for central government to bring forward the type of radical long-term policy developments that may be required by local councils and the wider public sector;
- the possibility of the UK leaving the EU on 29th March without a deal would increase the risk of adverse national macroeconomic impacts and could produce a policy vacuum, both of which could have negative consequences for the County Council;
- even if a deal is approved, next year's Spending Review is unlikely to be based on a robust understanding of the economic implications of Brexit which will take time to emerge, therefore close monitoring will be important to ensure that funding is sufficient to meet any future service and financial pressures²

4. Current and planned activities in response to Brexit

4.1. Despite all the uncertainties the County Council has been undertaking early work with local partners and national agencies to ensure the necessary local contingency plans are put in place. It is also working through its strategic regional and national partnerships to influence and inform the Government's approach to Brexit and the UK's post Brexit policy framework.

4.2. Current and planned activities include:

- Ongoing work with the LGA's Post Brexit Commission³; on the future of non-metropolitan areas, including participation in the Commission's South

¹ The LGC Confidence Survey 2018 found 70% of local authorities had yet to put in place any Brexit preparations.

² The OBR's Fiscal Sustainability [Report](#) (July 2018) concluded that "Brexit is more likely to weaken public finances than strengthen them over the medium term due to its likely effect on the economy and tax revenues.

³ The Commission has highlighted a range of challenges applicable to Hampshire relating to housing, skills, digital connectivity, transport and infrastructure and is keen to avoid powers becoming more centralised after Brexit.

East roadshow on 18th December, having previously helped inform its [interim report](#) (June 2018);

- working through the LGA to influence MHCLG's Local Government [Brexit Delivery Board](#);
- working through CIPFA to advise MHCLG's EU Exit Advisory Board;
- attending DEFRA-led workshops on Environmental Regulations and Trading Standards;
- participating in the Government's Local Authorities and Port Health Authorities Border Planning Group;
- ongoing work through Hampshire and Isle of Wight's Local Resilience Forum (HIOW LRF) to assess risk and develop appropriate local civil contingency plans;
- participating in Enterprise M3 LEP's Brexit Intelligence Gathering meetings which are focused on developing effective mechanisms to communicate relevant advice and support for SME businesses;
- working with the LGA and Portsmouth City Council to run a regional Brexit [sounding board](#) on 7th December;
- hosting a Hampshire-wide event in the New Year to consider the broader implications Brexit could have on the county and what will be required in future to strengthen the region's economic resilience;
- working with Hampshire and Isle of Wight Local Government Association (HIOWLGA) partners to consider Brexit related risks and opportunities that are specific to local government in Hampshire.

5. Initial scoping of the potential impact on the County Council's workforce

5.1. Over recent months the County Council has begun to scope the potential impact Brexit could have on the County Council's workforce. The Employment in Hampshire County Council Committee received a report on 11th July summarising the potential impact Brexit could have on the Council's workforce. That report, [published on Hantsweb](#), concluded there were no immediate significant concerns nor actions needed and highlighted the following points:

- the full impact of Brexit on the labour market will take time to emerge and may change due to a Brexit transition / implementation period;
- the exact number of non-UK EU nationals employed by the County Council was difficult to quantify due to SAP limitations at the time;
- out of the 12,762 staff employed (excluding schools) an estimated 322 staff were non-UK EU citizens;
- migrant workers (both EU and non-EU) were primarily recruited into 'shortage occupations' (including: teachers, nurses, engineers, and low skilled workers such as non-professionally qualified care assistants, cleaners, caterers and waste operators);

- HR would continue to monitor the County Council's workforce demographics and any future changes to UK employment legislation.
- 5.2. The County Council is now collecting nationality data for all new employees in order to enable assessment of the County Council's reliance on EU (and non-EU) candidates and identify where there are recruitment and retention issues.
- 5.3. Despite the uncertainty about the impact Brexit could have on the County Council's ability to retain and recruit staff, the initial scoping suggests that risk to the workforce is, in overall terms, relatively low.
- 5.4. The following observations have been noted:
- the social care sector may be vulnerable to changes in migration rules given that, nationally, 7% of EU nationals make up its workforce. The position in Hampshire is similar, although initial scoping by Adults' Health and Care (February 2018) showed that Hampshire has a higher reliance on migrant non-EU workers (12%) as compared to EU workers (8%);
 - the UK's post Brexit immigration policy is likely to apply equally to all migrant workers and favour high skilled workers. Consequently, the main area of risk to Adults' Health and Care's workforce is likely to be filling non-professionally qualified care worker roles, such as those in domiciliary care and also impact on its extended workforce. However, as there is already an annual 30% churn in the department's workforce, Brexit may simply exacerbate current challenges. Adults' Health and Care are already seeking to exploit technology to help address workforce challenges, whilst improving the efficiency and outcomes of its services.
 - Of greater concern to Adults' Health and Care is the potential impact a 'no deal' or 'hard Brexit' could have on the national economy, and the knock-on affect that would have on local government. An economic downturn could increase budget pressures, add to service costs, and exacerbate the rising demand for services. It might also pose risks to external agencies / providers and other key stakeholders, such as the local voluntary and community sector.
 - The potential impact on the workforce of other services, such as IT and Education Services (e.g. modern language teachers), is currently perceived to be relatively low. For example, Children's Services workforce, particularly children's social care, is a largely skilled sector that is heavily language and culturally specific.
 - Of greater concern to Children's Services is that a 'no deal' scenario, or a 'hard Brexit,' may increase the risk of more unaccompanied asylum-seeking children entering the UK due to a refusal or inability to carry out enough checks at borders and, more generally lead to a rise in demand for its services.
 - Brexit also poses a risk to the UK's construction industry, as it employs a high number of non-UK EU workers, especially in London and the South East. This fact, combined with the risk of an economic downturn post Brexit, may be of concern to the County Council's Property Services and to the Department for Economy, Transport and Environment, as it could have implications on the County Council's Capital Programme, including its

schools and road building programmes. (A report to the Executive Member for Childrens' Services in January 2018 noted there was considerable uncertainty in the market due to Brexit).

6. EU settlement scheme and future immigration

- 6.1. Assuming the draft Withdrawal Agreement is ratified by end of March 2019 there will be a transition period during which time all workers' rights and current settlement status under EU law will be maintained.
- 6.2. The draft Withdrawal Agreement provides scope to make future rights to reside conditional on registration under a national scheme. Therefore, the Home Office has developed an EU Settlement Scheme. It will require all non-UK EU citizens who wish to continue living and working in the UK to register with the scheme for settled status by July 2021. It is the Government's stated default position to grant, rather than refuse, settled status. This [registration scheme](#) is expected to be in full operation by March 2019. As part of an initial pilot, all those working in the NHS or social care will be able to register from 29th November⁴. The County Council has already issued a notice to staff about the scheme and further communications are planned in order to keep staff informed of developments. Additional advice and support will be provided where needed.
- 6.3. The Prime Minister and the Home Secretary have indicated that, in the event of a 'no deal', the Government would protect the rights of EU citizens working in the UK and a formal statement on this matter is expected.
- 6.4. With regard to future immigration, the Government has indicated it is minded to accept the [recommendations](#) from the Migration Advisory Committee (MAC). This would end the preference given to EEA migrant workers and instead establish a new skills-based system open to all. A White Paper on a future immigration policy is expected later this year, with legislation to be brought forward next year.
- 6.5. Despite evidence from the sector, including from the County Council, about the high number of non-UK EU nationals who work in services such as social care, construction and tourism, MAC recommends introducing a policy that prioritises high skilled workers without any explicit work migration route for low-skilled workers, except for seasonal agricultural workers. However, the Secretary of State for Health has indicated that discussions were underway over whether there should be some exceptions in the future immigration policy to ensure a sufficient supply of care workers.
- 6.6. If all the recommendations within MAC's report are adopted, it could lead to pay pressures for low-skilled posts which, up to now have been largely been filled by non-UK EU workers.

7. Border changes – initial scoping of potential impact on port health, traffic management, and transport infrastructure

⁴ The Home Office has produced a [toolkit](#) for employers and an LGA briefing note on the subject is expected imminently.

- 7.1. Border changes and post Brexit trade arrangements pose both potential risks and opportunities to Hampshire given the relevance of the Port of Portsmouth, which deals primarily with roll-on/roll-off traffic to and from Europe, and the national economic importance of the International Port of Southampton, which is already the UK's primary port for car exports, with over 90% of exports going to non-EU markets. Looking ahead, the County Council will want to ensure the region's transport infrastructure secures the required investment to support the efficient flow of traffic to and from both ports, as well as to and from Southampton Airport.
- 7.2. The immediate risk posed by a 'no deal' scenario is to the capacity at UK borders to manage customs and regulatory checks and the consequences any delays would have on the wider transport network. There is also concern about post Brexit operations at French ports which could have a knock-on effect – for example, disrupting the flow of traffic to and from the UK or, potentially, leading to an increase in the number of unaccompanied asylum-seeking children arriving at Portsmouth from Caen.
- 7.3. New customs and regulatory checks could not only increase pressure on local authority trading standards but would likely cause delays to the flow of traffic. This raises wider concerns about the capacity of port infrastructure, the impact on the wider transport network, and the infrastructure that could be required to facilitate and service lorry parks.
- 7.4. Hampshire's infrastructure and port operations could also be affected if Kent were to experience disruptions at Eurotunnel and at the Port of Dover which is the UK's largest roll-on/roll-off entry point for HGVs arriving from Europe. Whilst the type and scale of operations at the Port of Dover are different from those at the ports of Portsmouth and Southampton, in the case of a 'no deal' scenario, the Government intends to divert traffic away from Dover to other UK ports, including to the Port of Portsmouth and, potentially, to the Port of Poole.
- 7.5. Even if a deal is approved, Brexit will bring new challenges to the Port of Portsmouth because, unlike the Port of Southampton which regularly deals with non-EU freight, Portsmouth currently manages roll-on/roll-off traffic to and from Europe, which due to EU's freedom of movement, has been able to flow freely with minimal checks. Post Brexit Third Country regulatory and custom checks are likely to be applied, with the full implications yet unknown. Under a 'no deal' scenario it will also have to manage additional volumes of traffic from Dover.
- 7.6. Similarly, under a 'no deal' scenario, all animal exports will have to be checked at a Border Inspection Posts (BIP). At present, one fifth of UK exports go across the Dover Strait to Calais where there is currently no BIP. If animal exports need to be re-routed this would have consequences for UK roads and other ports.
- 7.7. Due to these risks, the Government's Border Delivery Group has been developing contingency plans focussing on ports it considers to be most at risk, including the Port of Portsmouth. The County Council is involved in the 'Local Authorities and Port Health Authorities Border Planning Group' which is a cross departmental group focussed on 'no deal' scenario planning. Its

objective is to ensure the borders work from 'day one' in terms of security, flow of goods and people, and the collection and protection of revenue.

- 7.8. Linked to this, Hampshire and Isle of Wight's Local Resilience Forum (HIOW LRF) has been provided with national contingency planning assumptions which have been underway since July. The County Council's Emergency Planning team have confirmed that the locally identified immediate and emergency impacts of a no deal scenario would be transport disruption, particularly around the Port of Portsmouth. The national planning assumptions are for up to 12 weeks of disruptions to roll-on/roll-off ports, including to the Port of Portsmouth, following a 'no deal' Brexit. It also has given indications that, in a 'no deal' scenario, airlines may not be able to fly to European destinations for up to seven days after Brexit.
- 7.9. The HIOW LRF has undertaken an initial risk assessment. It will continue to refine its assessment as impacts become clearer. Early actions have involved consideration of where lorries may need to be parked should there be significant delays at the Port of Portsmouth. The HIOW LRF continues to liaise closely with Kent's LRF to share intelligence.

8. Border changes – initial scoping of potential impact on Trading Standards

- 8.1. Whilst the Government's 'no deal' technical notices acknowledge the resource implications for Trading Standards, they lack the detail required to enable local authorities to undertake robust impact assessments. Trading Standards will need to retain knowledge of the current European requirements and understand any new equivalent UK legislation. Additional training will be required and, in the short-term, could impact on the team's productivity.
- 8.2. Kent County Council believes they may need to recruit an additional 14 officers to respond to the scale of change at the Port of Dover. Unlike local authority Trading Standards, the Food Standards Agency has been given a substantial uplift in funding due to risks associated with Brexit. This uplift will be used to recruit around an extra sixty food fraud officers, duplicating what is already in place at local government level.
- 8.3. Compliance risks may also increase over the medium to longer-term, leading to further service pressures on Trading Standards as businesses potentially struggle in the post Brexit climate. Unless the Government assists in meeting the additional resource pressures, there could be regulatory failures.

9. Border changes – potential wider implications for imports and exports

- 9.1. **Implications for Public Health** - Public Health understand that work is being undertaken at a national level regarding the supply of medicines (NHS England) and vaccines (Public Health England). The Secretary of State has confirmed that under a no-deal scenario hospitals, GPs and community pharmacies in the UK do not need to take steps to stockpile additional drugs or medical devices. Public Health is in close contact with the NHS England and Public Health Executive awaiting further advice and direction.

9.2. Implications for Waste & Resource Management - There has been some concerns expressed about cessation of the Waste Shipment notifications that will require waste exporters to be reapproved in order to ship waste to the EU - a process that normally takes three to six months. Exporters may have to wait until after the UK leaves the EU before they can apply to be reapproved. A three to six-month hiatus in waste exports could mean 1.8 million tonnes of waste stranded in the UK. This is unlikely to impact the County Council's waste management operations as, unlike some of its neighbours who are reliant on EU incineration capacity, the majority of the County Council's residual waste is sent to its own Energy Recovery Facilities. The County Council does not export residual waste to Europe. However, the County Council is working with its waste contractor, Veolia, to ensure that any recyclable materials that are exported, either for processing in the EU or to transit through the EU, would have alternative options under a 'no deal' scenario.

10. Current EU funding

- 10.1. Over the last year the local government sector has stressed the importance of EU funding to the UK, especially the need to protect EU Structural Investment Funds (ESIF) that have been allocated to the UK, through the EU's multi-annual financial framework (MMF) covering the period 2014-2020. Earlier this summer the Government confirmed it will guarantee those funds irrespective of whether or not a deal is secured.
- 10.2. European Structural and Investments Funds (currently worth €17.2bn to the UK), are designed to reduce regional disparities. They include the European Regional Development Fund (ERDF), focused on business support and innovation, and the European Social Fund (ESF), which concentrates on social inclusion. The ERDF and ESF have been value to the County Council, supporting economic growth and inclusive communities.
- 10.3. Structural Funds also include the European Agricultural Fund for Rural Development (EAFRD), which has supported the development of rural areas and reforms within the agricultural sector.
- 10.4. In England Structural Funds are managed on behalf of the EU by Whitehall departments with different regions being allocated different amounts, via the LEPs. For example, Wales receives the largest share of ESF and ERDF funding (approximately €340 million per annum), whereas the South East region receives the least amount (approximately €40 million per year). Despite the regional disadvantage, these funds are still very important for the economic prosperity of Hampshire. During the 2014 – 2020 period the total amount of Structural Funds allocated to the Enterprise M3 LEP was €53.9m, and the total amount allocated to the Solent LEP was €42.9m.
- 10.5. In addition to Structural Funds, the other most significant EU funding channel to the UK is the European Agricultural Guarantee Fund – worth €22.5bn to the UK during this funding period. This is the primary mechanism used for implementing the EU's Common Agricultural Policy (CAP) and involves direct payments and market measures to support the agricultural sector.

- 10.6. It is estimated that the County Council has directly secured around £13m of EU funding over the last 12 years, broken down as follows:
- £6.3m from European Structural Funds (including ESF, EARDF and EAFRD);
 - £5.7m⁵ from Common Agricultural Policy (CAP) funding;
 - £1.3m from Interreg Channel and the 2 Seas programmes.
- 10.7. European Structural Funds have financed some important local projects, such as the LEADER 2014-20 Programme, which supports Hampshire's rural communities, as well as a series of education and training projects targeted at those Not in Education, Employment or Training. European Interreg funding has also supported a variety of projects that have been of benefit to the county. For example, the Eco2mobility scheme which promoted green travel, and the current Step by Step Public Health project that aims to improve mental health support.
- 10.8. European CAP funding plays an important role in enabling the stewardship of Hampshire's countryside. It also supports the 700 plus farms within the county. A farm business survey by Rural Business Research shows that on average Hampshire farms receive £32,082 per annum in Basic Payment Scheme monies. Those same farms, on average, make an annual net profit of £38,402. Therefore, without a replacement to CAP funding the viability of the farms is likely to be put at risk.

11. Future EU funding and replacement funds

- 11.1. As mentioned above, the Government has agreed to underwrite the full 2014-20 EU programme period and allocation of funds, even if there is a 'no deal' scenario. This means that Whitehall will continue to sign new projects after the EU exit, during 2019 and 2020, up to the value of programme allocations.
- 11.2. LEPs are continuing to issue call windows for ERDF and ESF. Provided projects are contracted by 31st December 2020, the funding will be guaranteed to enable projects to run up to 31st December 2023. Enterprise M3 LEP is currently on track to allocate the remaining sums of ERDF (approximately £12m) and ESF (approximately £2.5m). This is despite national concerns that the Government has been slow to allocate funding after it was recently reported that only 48% of ESF funding for the 2014-20 period has been so far allocated by the DWP.
- 11.3. Looking to the future, it will be important to ensure that the design and allocation of the UK Shared Prosperity Fund (UKSPF) which will replace EU structural funding, is more efficient, fair and transparent than the current EU funding arrangements. Government indications are that it will be targeted at reducing regional disparities. However, it is still unclear how much funding

⁵ This includes Basic Payment Scheme monies received by HCC but excludes monies received by tenanted County Farms estate receives as those payments are claimed for directly by the tenant farmers.

will be made available, how it will be allocated, what activities will be eligible, and who will take decisions over how the funding is spent. Early indications suggest that LEPs or Combined Authorities may have a key role in the allocation of funding. The Government is due to formally consult on the UKSPF before the end of the year.

- 11.4. The LGA has called for this replacement funding to be set in the context of English devolution⁶, having drawn attention to the fact that Greater Manchester already has partially devolved EU funding which is worth £322m. The sector is also anxious to ensure the Government learns from the flaws in the administration and implementation of the current system, which most recognise as unnecessarily complex and bureaucratic.
- 11.5. The County Council may also wish to monitor progress of the Agricultural Bill as it sets out plans to replace CAP funding which, as mentioned above, has contributed significantly to Hampshire's rural communities and is of direct relevance to County farms. The draft legislation aims to give stability to farmers as the UK exits from the Common Agricultural Policy and becomes compliant with the World Trade Organisation Agreement on Agriculture. It also includes measures to change the way farmers and land managers are supported in the longer term.
- 11.6. The Government has pledged to continue to commit the same cash total in funds (some €4bn per year) for farm support across the UK until the end of this Parliament. The Bill is designed to allow government policy to "evolve" in response to "changing environmental priorities and changing social and economic circumstances". The bill makes provision for the Government to provide financial assistance to those managing the land and delivering public benefits, such as air and water quality and public access. It proposes to phase out direct payments over a seven-year agricultural transition period from 2021, bringing an end to direct payments in 2027.

12. Informing national policy development

- 12.1. The LGA's [Brexit Taskforce report](#), (June 2018) set out the key issues for local councils and the future legislative reforms that would help the sector.
- 12.2. Similarly, the LGA's Post Brexit Commission's [interim report](#) on the future of non metropolitan England (June 2018) raised a number of policy issues which the County Council may wish to assist with, in order to inform the Commission's final recommendations next year.
- 12.3. Working through the LGA, and in partnership with others, the County Council may also wish to influence:
 - the development and allocation procedures for the UK Shared Prosperity Fund (UKSPF) to ensure the South East receives its fair share and that county councils, given their democratic mandate and delivery capacity, are given a greater role in the distribution of future local growth funds;

⁶ See the *Moving the Conversation On* [report](#) of the LGA's Brexit Taskforce, chaired by Cllr Kevin Bentley (Essex County Council)

- the Government's approach to enabling the UK will be able to 'buy in' to other EU funding programmes post Brexit, such as Horizon 2020 and the Erasmus student exchange programme, to support local universities and future prosperity;
- future legislative reforms in areas such as State Aid rules following the repatriation of legislation into domestic law;
- the development of a new immigration policy and a future skills policy to support the delivery of an effective local based industrial strategy and Hampshire's continued economic prosperity;
- further devolution post Brexit and to seek greater flexibility over local charging policies and wider fiscal freedoms.⁷

13. Subsequent actions following the initial scoping exercise

- 13.1. Following the initial scoping exercise, a cross departmental officer Brexit Advisory Group is being established to assess developments and inform the County Council's response. It will also advise on what service specific impact assessments may be required and give further attention to 'no deal' scenario planning in order to strengthen Hampshire's resilience against associated risks.
- 13.2. The County Council, in its community leadership role, and in consultation with local business organisations and Whitehall Departments, is developing plans for a whole Hampshire event to be held in the New Year. It aims to bring together local business representatives, colleagues from the wider public sector and Government officials, to discuss the potential risks and opportunities that Brexit poses to the local economy. This event will follow on from a December LGA sounding board, which will be held in Portsmouth. By facilitating the whole Hampshire event, the County Council will provide the county with a platform to discuss its concerns and ambitions and draw attention to actions needed to maintain the county's continued economic prosperity.

⁷ The LGA has argued that Brexit provides the opportunity for a new local/central settlement in a post-Brexit UK, ensuring that powers from Europe are devolved beyond Whitehall to local communities – see https://www.local.gov.uk/sites/default/files/documents/5.39%20Brexit_v06WEB.pdf

CORPORATE OR LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

1.3. The recommendations in this report would not have any direct impact on the equality of protected groups. Any subsequent recommendations that may follow in due course would be subject to the County Council's equality impact assessment procedures.

2. Impact on Crime and Disorder:

2.1. The recommendations are not considered to have any direct impact on crime and disorder although the work of the HIOW LRF with regard to Brexit takes seeks to address various risks, including possible public disorder.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

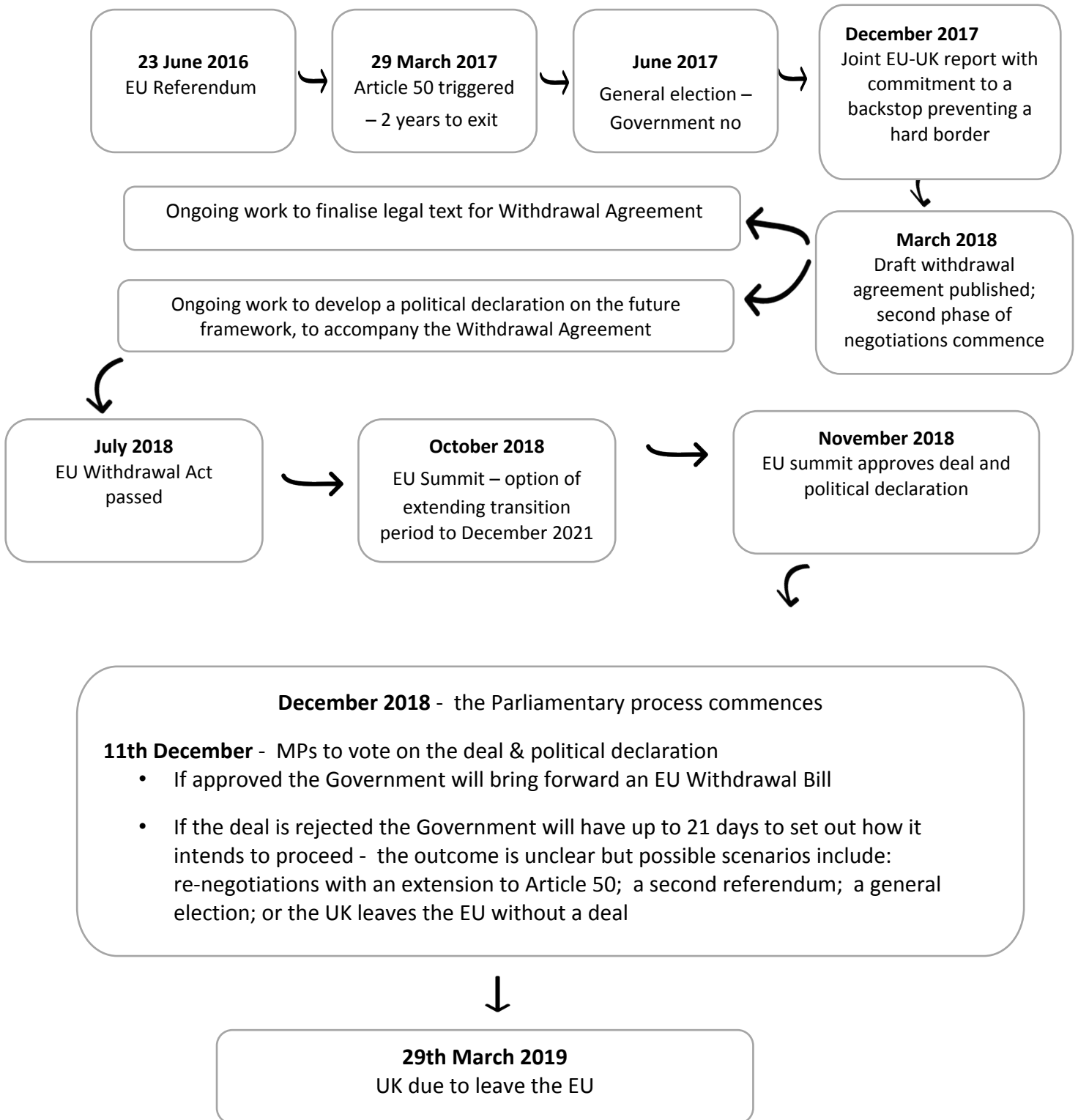
n/a

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer-term impacts?

n/a

Appendix One - The evolving landscape

Overview of Brexit Timeline



Detailed Summary of Brexit Timeline

June 2016 - UK vote to leave the EU by 51.9% to 48.1% (the first time a national referendum in the UK had gone against the stated preferred option of the government)

13th July 2016 - Theresa May becomes Prime Minister

29th March 2017 - UK Parliament invokes Article 50 on the Treaty of European Union, triggering the two year withdrawal process

June 2017 - The PM calls a snap General Election (aimed to strengthen her Brexit negotiating hand but the Government's loses its overall majority so establishes a 'confidence and supply' arrangement with the DUP)

December 2017 - Joint EU UK report on an outline for the Withdrawal Agreement, including the agreement that, if necessary, a 'backstop' plan to avoid a hard border between the Republic of Ireland and Northern Ireland would be put in place.

12th January 2018 - PM's speech at Lancaster House in which she set out her 12 priorities for negotiating a Brexit deal with the EU

March 2018 - UK and EU published the draft Withdrawal Agreement – having reached agreement on the terms of a two year implementation / transition period; the financial settlement (£39bn) and citizens rights, including an 'EU settlement status scheme' and for a political declaration on future framework to accompany the Withdrawal Agreement.

March 2018 - PM's speech at Mansion House in which she set out her vision for the UK's future economic partnership with EU

July 2018 - The EU (Withdrawal) Act 2018 received Royal Assent – this ensures the vast majority of EU laws will be transposed into UK law post Brexit. It makes provision for the Government to amend retained EU law post 2020 which opens up possible opportunities to improve regulations that affect local government functions e.g. State Aid and procurement rules

July 2018 – Government's White Paper on the future relationship with the EU, based on controversial Chequers plan (led to two senior Cabinet resignations)

July 2018 - Inaugural meeting of the Brexit Local Government Delivery Board, chaired by James Brokenshire, Secretary of State for HCLG, and attended by the LGA and CCN. (still awaiting second meeting which had been due to be held towards the end of November)

24th July 2018 - White Paper on legislating for the Withdrawal Agreement (EU Withdrawal Agreement) Bill, including all procedures required before ratification

23rd August 2018 - UK publishes the first batch of technical notices to advise businesses on what action they should take to prepare in the event of a 'no deal' scenario. (topics included EU funded programmes, farming, importing and exporting, State Aid, and workers rights but not immigration)

19th /20th Sept - Salzburg EU Summit - EU27 rejected the PM's Chequers proposal and a clear impasse between the UK and EU27 over the Irish border backstop

13th & 24th September –UK publishes more technical notices for preparation in case of a 'no deal' scenario

25th September – Labour Party Conference - the leadership indicates they are likely to vote down any deal negotiated by the PM unless it meets their 'six tests' and, if unable to secure a GE, is likely to back its membership's call for a second referendum

Early October - Conservative Party Conference - considerable pressure on the PM to "chuck Chequers" as the PM pleads to her Party to hold its nerve during the most critical stage of the negotiations, suggesting a good deal would bring an end to austerity

12th October 2018 - final batch of technical notices issued

18 October 2018 - EU Council – no significant progress made but suggestion of extending the proposed transition period was floated.

29th October 2018 - UK Budget Statement - (brought forward to avoid clashing with final stages of the Brexit negotiations)

14th November 2018 - Negotiated deal considered by Theresa May's Cabinet – after five hours collective agreement was reached

15th November 2018 - Two Cabinet resignations, including Brexit Secretary, Dominic Raab, with further government resignations considered likely.

25th November 2018 - EU Summit agree the negotiated deal and political declaration on the future relationship

11th December 2018 - 'meaningful vote' for MPs before legislation can be introduced to give effect to a Withdrawal Agreement and future framework

NB - if Parliament rejects the deal the Government will have up to 21 days to set out how it intends to proceed. The Commons will then have a short period to consider the statement and vote on a motion. The outcome is yet unclear but could include re-negotiations with the EU27, a 2nd referendum, a General Election or result in the UK leaving the EU without a deal.

21st December 2018 – 4th January 2019 - **Parliamentary Recess**

Late 2018/ Early 2019 – EU (Withdrawal Agreement) Bill to be considered by both Houses of Parliament, followed by consideration by the EU Parliament and the EU Council

29th March 2019 - UK is due to leave the EU by 11pm local time.

May 2019 - European Parliamentary Elections

31st December 2020 End of the proposed transition period (unless a single, time limited extension is agreed between the EU and the UK)