

Committee(s): Audit and Risk Management	Date(s): 12.03.2019
Subject: CR26 Brexit – Organisational Impact	Public
Report of: Town Clerk & Chief Executive	For Information
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Summary

This report provides Members with an update on Corporate Risk 26, Brexit – Organisational Impact, and an overview of the actions being taken across the City of London Corporation to mitigate this risk.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. Following the referendum on 23 June 2016, in which the decision was taken for the United Kingdom to leave the European Union, the City of London Corporation has undertaken a wide range of work to assess the potential impact of Brexit on the work of the City Corporation, in whatever form this takes, and to identify the mitigating actions that can be taken.
2. The outcome of the Brexit negotiations could impact the work of the City Corporation in a number of ways, including disrupting our ability to deliver or commit to the delivery of services. The possible impacts include disruption to our supply chains and the need to reassess contracts, potentially leading to increased costs and the reprioritisation of resources, disruption to the City Corporation’s income streams and access to funding, and also, limiting our ability to access specialist skills and talent.
3. This report provides Members with an update on recent activity undertaken by the City Corporation to mitigate Corporate Risk 26 – Brexit – Organisational Impact.

Current risk status

4. As shown in Appendix 1, CR 26, under which sits nine departmental Brexit risks, has a current risk rating of Amber with a current risk score of 12. The target risk score for CR 26 is Amber 6.

Current activity

5. A wide range of activity is being undertaken by the City Corporation's departments and institutions to prepare for the UK's departure from the European Union, in whatever form this takes.
6. A Brexit Planning Meeting, chaired by the Town Clerk & Chief Executive, takes place on a weekly basis, attended by chief officers and representatives from key departments and institutions. The purpose of these meetings is predominantly to review the Brexit risks and mitigations, and to provide departments with the opportunity to raise any issues and to share information.
7. Progress is also reported monthly to Summit Group and are a standing agenda item at service committees, providing an opportunity to update Members on the work taking place.
8. To assist departments in managing the risks to services and support the City Corporation in achieving its strategic aims during the period of negotiation and transition to the new operating environment post-Brexit, the decision was taken by Members at the end of last year to create a £2m Brexit Contingency Fund for 2018/19 from which departments can bid. To date, there have been three approved bids. Two from the Communications Team to, firstly, fund a short-term post to assess and mitigate all committee reports and other external committee output for reputational risk relating to Brexit and secondly, for a time-limited advertising campaign in key City newspapers to direct businesses to our website where a dedicated information resource has been created. One bid was also received from the Remembrancer's Office to develop and bring into effect an engagement action plan and to provide for the City Corporation's participation in a cross-sectoral project to enhance the City's soft power potential.
9. The ongoing uncertainty around the form of Brexit limits the detailed planning that can take place, but the City Corporation continues to monitor developments closely in terms of the negotiations, guidance from Government and potential impacts on our communities, and work is being undertaken to understand the extent of the potential impacts. This includes work to look at the extent of EU grants across the Corporation, work by HR to identify any critical roles held by EU employees, as well as the research undertaken by EDO to track the movement of businesses in the City. Research has also been commissioned from external consultants, including the deep dive assessment commissioned by Procurement on the City Corporation's key categories of spend and the independent report on the potential implications of Brexit on animal health and port health.
10. The findings from this work are being used to identify and progress mitigating actions. The Food Standards Agency has approved a bid for additional funding for imported food and feed controls, up to £281k from 2018/19 and a minimum of £125k in 2019/20. An application has also been made to DEFRA for funding for the potential additional workload at the Heathrow Animal Reception Centre. To mitigate the risk of potential loss of qualified staff where there is a scarcity in the UK employment market, such as Official Veterinarians, in house training is ongoing.

11. The City Corporation is also engaging widely with external stakeholders from across Government, local government, City businesses, the emergency services, our suppliers, local communities, among others to share information and ensure effective contingency planning measures are in place.
12. This external engagement includes the Town Clerk attending regular meetings with the GLA, London Resilience, London Councils and the Metropolitan Police, as well as officers attending the City of London Police Brexit Planning Meetings, the Gold Command Meetings and taking part in the London Borough Single Point of Contact teleconferences, coordinated by London Councils. Information is also submitted weekly to London Councils, who are collating information on behalf of MHCLG to identify the risks for London and any emerging trends.
13. In addition, the Town Clerk chairs the London Strategic Coordination Group and the Director of Communications sits on the London Communications Gold Group.

Corporate & Strategic Implications

14. The outcome of the Brexit negotiations presents a risk to the City Corporation's vision of a 'vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK', and our ability to achieve, in particular, the following outcomes:
 - Communities are cohesive and have the facilities they need.
 - We have the world's best legal and regulatory framework and access to global markets.
 - We have access to the skills and talent we need.
 - Our spaces are secure, resilient and well maintained.

Conclusion

15. The outcome of the Brexit negotiations could impact the work of the City of London Corporation in a number of ways, with potential to disrupt the delivery or our ability to commit to the delivery of services. The City Corporation is undertaking all reasonable steps to mitigate these risks, as outlined in Appendix 1, and the potential impact on our services.

Appendices

- Appendix 1 – CR26 Brexit – Organisational Impact, Detailed Risk Report

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