

Table 1: key impacts of \BREXIT on East Herts

Issue	Details	Possible impacts on East Herts
<p>The economy</p>	<p>Defaulting to WTO rules for trading with the EU means defaulting to standard schedule of tariffs for goods and services. Although the average tariff is low (1.5% - 4% depending on how you measure it) there are variations (eg. 10% on cars and 35% for agricultural products) indicating the impact would be more acute in different sectors. In terms of trade with countries outside of the EU these are all currently defined through specific trade deals between that country/ trading bloc and the EU (some of which are under WTO rules and some are specific bilateral agreements on specific goods or services). LEP Study report indicates exposure of East Herts businesses is second worst in county (GVA per head reduction of between 1.5% to 2.8%). Bank of England Brexit and bank stress test report also indicates a possible reduction in commercial property prices nationally of 27% to 48%. The</p>	<p>Reduction in business rate income in the event of businesses closing/ relocating. Unable to model reduction in registrations and subsequent loss of income directly as we don't know fully what the exposure of East Herts businesses to the EU is however a 5% reduction is modelled below. Given the diverse business profile in terms of sectors and spread across micro and small businesses (around 10,000 businesses in the district, 96% of which are 0-9 employees) this may mitigate exposure however there may be disproportionate effects with some of our larger businesses (eg. GSK). Given East Herts retains 40% of the business rate income in the district a loss could be significant. Any shortfall would have to be made up through reductions in expenditure or increases in income from other sources. Last year East Herts collected around £44m in business rates across the whole district and retained 40% of this. A 5% reduction in business rate collection could mean a reduction of £2.2m in income to the council (however please note that due to adjustments and other reductions in terms of how business rates' are allocated the figure would be lower than this). The LEP report can be found via the link below however has a number of caveats attached – the contraction in GVA is based on statistical analysis of previous economic downturns and makes use of very small margins to draw conclusions. The LEP have been concerned with productivity in Hertfordshire's economy and this remains an issue nationally regardless of Brexit.</p> <p>https://www.hertfordshirelep.com/media/6882/brexit-hertfordshire-2018.pdf</p>

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	<p>general narrative is that defaulting to WTO rules would cause considerable economic slowdown and the government has been strong on rhetoric regarding using any transition period to get trade deals in place. However there are a range of views some of which are more positive about the impact. This includes the ability to introduce a 'preferential' tariff and quota rates at zero between the UK and EU for a limited period. See: https://brexitcentral.com/managed-no-deal-wto-option-using-article-24-gatt-can-avoid-raising-tariffs-quotas/</p>	<p>View of local businesses (canvassed through the Launchpad) are more optimistic about future prospects however uncertainty (eg. Around value of the pound, trading arrangements, inward investment) is a major concern. The Herts Growth Hub is currently developing a landing page for all local businesses to ask any questions/ deal with concerns about Brexit. The pages will be available shortly here: https://www.hertsgrowthhub.com/</p>
	<p>Weaker pound affects supply chains and imports for council related goods and services</p>	<p>Bank of England forecasting around different leave scenarios illustrates decrease in national GDP could be between 3% - 8%, unemployment could increase 5.75% - 7.5%. Residential property prices could reduce by 14% - 30%. Unable to model GDP affect on East Herts but unemployment could rise from 2.7% - 5.2% if we apply national assumptions. Could result in increased demand for council services such as benefits/ universal credit, housing advice and temporary accommodation services https://www.bankofengland.co.uk/-/media/boe/files/report/2018/eu-withdrawal-scenarios-and-monetary-and-financial-stability.pdf?la=en&hash=B5F6EDCDF90DCC10286FC0BC599D94CAB8735DFB</p>
		<p>Most IT related hardware is traded in dollars and the weaker pound is expected to increase costs. Shared IT service with Stevenage estimates a 15% increase in hardware should the pound's value continue to decline</p> <p>Council suppliers going out of business or having to renegotiate contracts due to increased costs and/or regulatory changes. Some major contracts (eg. Urbaser) are foreign owned and this may affect future costs.</p>

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	<p>Viability of development schemes is compromised and local planning targets to deliver new homes and jobs not met due to economic downturn (related to land value decreases, increased labour supply costs and increased cost of construction materials)</p>	<p>Economic conditions directly affect investor confidence and construction activity. Introduction of the Housing Delivery Test will link Government funding to housing completions, and any reduction in development activity will directly affect available resources, as well as the wider economic disbenefits of a downturn.</p> <p>In an unstable economically environment it may be challenging for developers to continue delivering construction projects. Currently we are in the process of appointing development partners for Old River Lane and to deliver improvements in Leisure Services</p>
<p>Travel</p>	<p>If the UK were to leave the EU without a deal or if that deal did not contain access to EU Open Skies then this will directly impact Stansted Airport. It could see UK registered airlines blocked from not just EU airports but airports in any of the 155 countries signed up to the complex network of laws, agreements and commitments that make up international air travel regulation. The UK is integrated into this via its role in the EU and would either have to maintain its membership to these via the exit deal or negotiate back in from scratch. Work is in progress on addressing this (eg. The UK</p>	<p>Reduction in activity in Stansted could have a significant impact on Bishop's Stortford. It is estimated that 500 jobs are created for every £1m passenger journeys in Stansted. The airport is a major local employer in the town (1,500 employees in the town and a further 1,000 in the rest of the district). Reductions in flights will have a corresponding reduction in jobs (it should be noted however that the makeup of these jobs will vary in range – from people working in retail units at the airport through to highly specialised engineers and pilots).</p> <p>Plans to develop Bishop's Stortford are relative to its position next to a major international travel hub, if the area around Stansted were to lose that status it could essentially undermine the council's plans for the town's economy and undermine a significant part of the district plan</p> <p>The importance of the aviation industry in and of itself (£60bn per year) and the fact that as a service sector exporter, flights (which transport skilled professionals) are more important than usual to our export capacity mean Open Sky access will be a government priority. Additionally</p>

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	<p>recently agreed an open skies deal with the US to keep transatlantic routes open)</p>	<p>unlike most of our trade with the EU, it is not biased heavily in the EU's favour for negotiations. Nearly half of all flights in UK airspace are by overseas registered airlines as opposed to the 46%/8% split between UK-EU/EU-UK exports.</p> <p>If there is no deal when Britain leaves the EU, UK-made parts for planes will no longer be legally valid and its pilot licenses will be defunct in the eyes of international regulators acting under agreements with the bloc. Consequently, there have been calls for the European Aviation and Safety Agency (EASA) and the UK's Civil Aviation Authority (CAA) to immediately open discussions on a way forward in the event of the breakdown of wider talks in Brussels to protect the £193bn EU aerospace and defence industry.</p> <p>The UK is currently a member of an aviation agreement based on 35 shared pieces of EU legislation, a common regulator in EASA, and a court acting as a referee on the shared rules, the European court of Justice. British ministers have insisted they want the UK to remain in EASA, but there has still been no EU agreement, further alarming the aviation sector and the planned developments for Bishop's Stortford and Stansted, again, disrupting significant parts of the district plan. Stansted Airport has already begun to secure routes outside the EU and Brexit is likely to accelerate MAG's appetite to continue this.</p>
	<p>Imposition of border controls may affect ability to sell recycling products (e.g. plastics) impacting pricing and disposal options</p>	<p>The UK recyclable material processing industry does not have sufficient capacity to absorb all of the dry mixed recyclables the UK collects. This means it is necessary to all allow our private sector partners, subject to regulatory compliance, the freedom to trade dry recyclables on the</p>

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		<p>international market in order to achieve the best income streams and / or lowest costs for tax payers. Recent trade restrictions implemented by China on waste and recycle imports has affected UK markets.</p> <p>https://www.gov.uk/government/publications/maintaining-the-continuity-of-waste-shipments-if-theres-no-brexid-deal/maintaining-the-continuity-of-waste-shipments-if-theres-no-brexid-deal</p>
EU funding	<p>EU Structural Funds: The draft Withdrawal Agreement between the UK and the EU published in March 2018 would mean that the UK would continue to participate in the European Regional Development programmes until programmes end in 2023, subject to a final negotiated agreement. This provides certainty to regions and communities, who will continue to receive the same level of funding as they would have if the UK was a member of the EU until the end of the 2014-2020 programme period. In the event of no deal No applications to the fund after March 2019: There will be no gap in funding for regional growth in the event of a no-deal. The Chancellor announced in August and October 2016 that the</p>	<p>Current Rural Development Programme is almost 100% allocated and therefore risk to delivery is relatively small. Other bids (eg. To the ERDF) are in progress and these could be jeopardised in the event of a no deal. At present there has been very little guidance or further information on the UK prosperity fund which will replace EU structural funding</p>

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	<p>government would guarantee certain EU projects agreed before we leave the EU. Including European Regional Development Fund projects, that would have been funded by the EU under the 2014-2020 programme period.</p> <p>UK Managing Authorities would administer the guarantee through existing national and local arrangements though this may be 'modified and simplified'.</p>	
Regulations	<p>Regulation of public procurement will clearly continue to be necessary when we leave the EU to allow councils to continue to demonstrate best value for money and ensure effective and fair competition. These rules will remain in place in the immediate future as they will be transferred over in the Great Repeal Bill 2017.</p> <p>Post Brexit these procurement rules can be amended by Parliament but little has been said of this by the government. It is likely that they will be loosened to allow British companies to be prioritised over foreign firms.</p>	<p>Procurements that are above the limit for European threshold maybe be caught in a transitional period where there is little infrastructure, guidance or procedure to cope with this new Brexit environment.</p>

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	<p>State aid rules may change impacting a variety of existing or future contracts e.g. Housing Development Company</p>	<p>The government has indicated its support for a rigorous state aid system and its intention to transpose the EU state aid rules into domestic legislation even if the UK exits the UK without a withdrawal agreement. The Competition and Markets Authority will take on the role of enforcement and supervision of the state aid regime for the UK - from March 2019 if there is "no deal". If there is a withdrawal agreement the UK will remain in the EU State Aid regime during the implementation period.</p>
	<p>Replacement of EU regulations and regulatory bodies changes and increase Environmental Health inspection burden. Could include enforcement/monitoring of: food labelling, chemicals regulation (currently REACH), animal export/import</p>	<p>Lead agencies are Food Standards Agency/County Council Trading Standards, HSE, Defra. With very few exceptions (eg lack of secondary legislation to control industrial emissions standards) the EU Withdrawal Act 2018 will ensure all existing EU environmental health law continues to operate in UK law, even in a no-deal situation. However, changes to enforcement priorities may ensue in the short to medium term if instability in the financial market causes negative equity in the property market. Also the movement of foodstuffs across borders may result in increased inspection and certification of products for export or import.</p>
<p>Migration</p>	<p>EU workers leave the UK</p>	<p>Impact on East Herts workforce is minimal (only 3 EU nationals are employees). Prevalence of EU nationals in contractor organisations is unknown. Impact will be more significant on partner organisations including health and social care (both HCC and the NHS have highlighted this is a risk). Affect of London may be more significant if EU nationals leave the capital - likely to drive up salaries thus making it harder to recruit locally. Mid year population estimates put the number of EU nationals as resident in East Herts at 4,000 out of a total population of 146,000. It may also be that a drop in population also decreases pressure on council services.</p>

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	<p>UK nationals returning to East Herts, potentially increasing service demand (eg. Applications for homeless)</p>	<p>Individuals who have been abroad for a period of time, who are British Nationals have to pass the Habitual Residence Test (HRT) before being assisted as being homeless. In a recent case in Stevenage, a family had to wait 3 months following a 7 year absence. This potentially could be longer depending on the numbers coming through..</p>
		<p>Housing Register demand: The most popular countries for ex-pats are outside of the EU (Australia, Ireland, Canada) however it may be possible that some people return from other popular destinations such as Spain. Those that do come back to East Herts may not meet the local connection and if they have a property abroad they are not able to access the Housing Register. If they have sold the property the equity rule will mean they can't access the register either</p>
	<p>Housing and benefits Brexit will mean changes to the rights of EU nationals already living in the UK and for new arrivals from the EU after the UK leaves. So far, the main changes have been in clarifying the status of EU nationals already in the UK, although details of their entitlements to housing and benefits after 29 March 2019 are still unclear.</p>	<p>From April 2018, local councils have to make sure that free advice and information to prevent homelessness or help the homeless find accommodation is available to anyone in their area. This is for everyone, regardless of immigration status or right to reside. But to get further help, including accommodation or to go on to the council housing register, you must be eligible. The law defines who is and is not eligible, in terms of immigration status and habitual residence. The law is different for people from within the European Economic Area (EEA) and the UK and those from elsewhere. Rules about who can actually apply for a housing allocation in England vary between local authority areas, because councils can set their own local rules about who can apply to be on a housing register or waiting list. But these rules and guidance do not affect homelessness assistance.</p>

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	<p>Introduction of settled status for EU residents already in the UK. Government has introduced a process to enable EU residents and their families who are in the UK to stay provided they meet the settled or pre-settled status. Government has made this available to 3m people in the UK (and recently announced scrapping of the application fees) however it is unclear at this stage how many applications have been made. The main points to note are (1) People who arrive by 29 March 2019 and have been continuously and lawfully living in the UK for 5 years will be able to apply to stay indefinitely by getting 'settled status'. (2) People who arrive by 29 March 2019, but will not have been here lawfully for 5 years when the UK leaves the EU, will not be able to apply to stay until they have reached the 5-year threshold. They can then also apply for settled status. (3) Family members who are living with, or join, EU citizens in the UK by 29 March 2019</p>	<p>If there is no deal the rights of EEA citizens (including those from non-EU countries, like Norway, and from Switzerland) to live and work here – and the legality of landlords housing them, and so on – would broadly continue unless until the UK government or parliament changes the rules. The government has promised a white paper on its post-Brexit immigration policy. This is not due until the autumn. This means that the future rights of EU nationals, who come to the UK after 'Brexit day', are still unclear</p> <p>Although settled status this provides some clarity on eligibility for council support there will be more detail to be worked through in practice (eg. the status of people who apply and appeal/ are unsuccessful etc) https://www.gov.uk/settled-status-eu-citizens-families</p> <p>The council should play in role in supporting EU residents who wish to apply for settled status with the process of doing so. This could take the form of facilitating on-line applications by having drop in sessions or other events.</p>

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	will also be able to apply for settled status after 5 y in UK.	
Data	Legal framework governing transfers of personal data between EU and UK changes, impacting data flow and hosting of cloud services	<p>A No Deal exit breaks the legal framework for cross-border personal data transfer with EU and USA. The UK government has said it's a high priority to replace this post-Brexit, but there are no clear timescales. The EU has a mechanism to allow the flow of personal data to countries outside the EU (an 'adequacy decision'). If the EU does not make a decision regarding the UK at the point of exit we would need to identify a legal basis for data transfers, which is likely to require standard contractual clauses. Primarily this would impact cloud-based systems (eg "traditional" IT systems, free apps, telephony etc) that are hosted abroad. It is unclear which current systems could be impacted.</p> <p>The shared IT service has 52 instances recorded of hosted systems being used in the council. The country of hosting has not been captured as part of the GDPR work, but this acts as a starting point for assessing the impact.</p> <p>https://www.gov.uk/government/publications/data-protection-if-theres-no-brexit-deal/data-protection-if-theres-no-brexit-deal</p>
Democracy	<p>No European Elections and no role for EU Parliament or Commission in UK law post transition period</p> <p>EU nationals not being able to vote, leading to extensive verification process</p>	<p>Reduced workload and cost for electoral services</p> <p>There will be no change to the status of EU Citizens in the UK until 2021. EU citizens are currently eligible to stand in local government elections.</p>

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	on electoral roll, and potential election swing in local elections	The register that will be used for the purpose of nominations at the local elections will be that published on 1 March 2019. The Cabinet Office has stated the government's policy intent that candidates who are validly nominated and elected at or before the 2019 local elections should be able to serve that term of office, notwithstanding any wider changes to voting and candidacy rights in the future.