



BREXIT:

Risk register and
mitigation plan for
social care providers

V O D G

INTRODUCTION

The UK Government has triggered Article 50 (of the Lisbon Treaty) which has started the formal process of leaving the EU. There now follows a period of two years during which the details of the our exit will be negotiated.

Uncertainty creates and exacerbates risks and the future political, economic and social landscape looks unclear. This situation is set to continue for some time to come. It is also unknown how much of the UK's ambitions will ultimately emerge from the negotiations.

Many critical policy decisions remain open and groups, including VODG, are seeking to influence the Government. Individual social care providers can support such lobbying by their trade associations and can provide valuable information to strengthen their arguments. Not all outcomes mean enhanced risk but inevitably this is the focus of any risk register.

This resource has been developed to support social care providers to identify and consider the risks and opportunities.

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The primary responsibility of social care providers is to deliver high quality, safe and sustainable care and support to people with physical and learning disabilities. They have to do this in the face of myriad uncertainties, including those resulting from Brexit. The following risk framework takes the key Brexit risks which are likely to impact on VODG members, some of which can, at least partially, be mitigated by those providers. It suggests a means of quantifying the likelihood and potential impact of those risks and some possible actions to mitigate them. However it should be noted that:

- Individual providers may wish to review these risks and suggested mitigations with their own boards and executive teams and to tailor them to their own particular circumstances, such as client groups served, geographical areas of operation and degree of exposure to the public finances. **Accordingly, the framework below includes one “example” answer (in red) to help those completing the register for their own organisation.**
- Providers with existing risk registers may wish to integrate these Brexit-related risks into those registers in order to build up a comprehensive overview of all their risks. It is also difficult in many cases to separate the effects of Brexit from other external risks.
- Providers with limited capacity to undertake risk assessments and to draw up risk registers may wish to use this document as a starting point to keep track of Brexit-related risks and as a template to develop a broader risk register.
- Like all risks, those linked to Brexit need to be kept under close review and updated as more information about the likely outcome of the Brexit negotiations becomes available. To give one example, many commentators have suggested that the relatively benign short-term economic effects felt so far might not last into the medium and longer-term.

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BREXIT-RELATED RISK REGISTER AND MITIGATION PLAN

In this risk register, each risk is given a score based on the **likelihood** of it occurring (from **1: very unlikely** to **5: highly likely**) and the **impact** should it occur (from **1: low impact** to **5: high impact**). The two scores are then multiplied together to give a combined total risk score. It is for the organisation completing the risk register to decide whether to include all risks or only those risks, e.g. those scoring 9 or above, considered sufficiently significant to warrant inclusion and to be subject to specific mitigating actions and regular monitoring.

The risk score is shown in column one. A directional arrow indicates whether the risk has - or appears -

increased ↑

reduced ↓

or unchanged =

The four key domains into which this risk register is divided are:

WIDER ECONOMIC AND POLITICAL ISSUES

WORKFORCE

FUNDING, COMMISSIONING AND INVESTMENT

HUMAN RIGHTS AND COMMUNITY COHESION

Individual organisations may wish to use the outline set out below to populate their own risk registers. They will wish to consider possible mitigating actions as well as who should carry primary responsibility for such actions and the timescales.

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EXAMPLE ANSWER

	RISK	CONSEQUENCE	ACTION TO MITIGATE	BY WHOM	BY WHEN	STATUS
E1:	Loss of morale amongst non-UK, especially EU, staff. 20 ↑	Increased turnover. Poor quality of care. Declining morale across all staff groups, including UK staff.	Staff surveys. Exit interviews. Staff briefings and communications, emphasising value of all staff. Revisit “people strategy”, e.g. to place more stress on personal development. Clarify the existing rights of EU staff.	HR Director. Communications Director. Senior Management Team.	Ongoing. Next series of briefing meetings – June - August 2017.	Briefing meetings currently being planned. Article from CEO in next edition of Staff Bulletin. HR Director convening senior group to review people strategy.

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WORKFORCE

CONTEXT:

Some 90,000 non-UK EU nationals currently work in social care in England, around 7% of the total workforce. In some places the proportion of EU nationals in the social care workforce is much higher: 12% in London, 10% in the South East and up to 25% in some areas. Given rising demand and the need to expand the social care workforce in future, these proportions are very significant. Loss of non-UK EU nationals would severely impact some providers' ability to deliver sustainable services and future immigration policy is unlikely to encourage immigration by unskilled workers.



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WORKFORCE

	RISK	CONSEQUENCE	ACTION TO MITIGATE	BY WHOM	BY WHEN	STATUS
W1:	Loss of morale amongst non-UK, especially EU, staff.	Increased turnover. Poor quality of care. Declining morale across all staff groups, including UK staff.	Staff surveys. Exit interviews. Staff briefings and communications, emphasising value of all staff. Revisit "people strategy", e.g. to place more stress on personal development. Clarify the existing rights of EU staff.			
W2:	Return home of non-UK EU nationals, especially as falling value of pound makes remittances home less attractive.	Increased turnover. Poor quality of care and loss of continuity of care. Declining morale across all staff groups, including UK staff.	Staff briefings and communications emphasising value of all staff. Increase recruitment from non-EU countries (but more complex and expensive). Develop apprenticeships, etc, to encourage UK applicants. Explore greater use of volunteers.			
W3:	Fall in recruitment from non-UK EU countries.	Fewer applications for posts. Higher vacancy rates. Declining staff morale. Higher agency costs. Costs of additional recruitment efforts.	Increase recruitment from non-EU countries (but more complex/expensive). Develop apprenticeships, etc, to encourage UK applicants. Explore greater use of volunteers.			
W4:	Particular recruitment and retention difficulties in respect of certain staff groups, e.g. nurses and therapists.	Poorer quality of care. More urgent transfers to NHS services, affecting service users' quality of life. Higher agency costs.	Build stronger links with local NHS, especially community health services and primary care. Recruitment drives in non-EU countries. Consider recruitment and retention bonuses, help with relocation costs, etc. Explore changes in skill mix and greater use of assistive technology.			

FUNDING, COMMISSIONING AND INVESTMENT

CONTEXT:

Social care providers are heavily dependent on public funding, both of social care services through the NHS and local authorities and of welfare payments to the people they support. VODG members are particularly exposed to these funding routes, given that few people with life-long conditions pay for their own care ('self-funders'). All such public spending has been under sustained downward pressure since 2010, with some councils losing around 40% of their central government grant. Further public expenditure cuts associated with economic difficulties caused by Brexit (or other factors) could therefore put severe pressure on social care providers – and on the services they provide.



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FUNDING, COMMISSIONING AND INVESTMENT

	RISK	CONSEQUENCE	ACTION TO MITIGATE	BY WHOM	BY WHEN	STATUS
FC1:	Further cuts in public expenditure – or no reversal of planned cuts to 2020 – place substantial further pressure on the NHS and councils, resulting in demands for lower contract prices, bigger (more institutional) homes and/or reductions in quality.	Price reductions demanded immediately or at contract renewal. Reduction in support hours and of quality of care and support. Loss of community facilities reduces quality of support.	Rigorous assessment of price/ quality offer. Focus on reducing all unnecessary costs, e.g. of back office functions. Explore use of volunteers, assistive technology, etc, to reduce costs. Lobby councils about need to retain community facilities, bus services, etc. Explain impact to families of people being supported.			
FC2:	Securing investments becomes more difficult, including fewer homes being built is a risk to people who rely on social care.	Building projects delayed or deferred. Investment decisions delayed by lenders.	Good communications with potential and actual lenders to reinforce the case for investment. Assessment of whether and where costs might be reduced.			
FC3:	Procurement outside of EU and OJEU framework becomes even more localised. (Although this may also provide some opportunities.)	Providers become more exposed to vagaries of local procurement practice.	Ensure good relationships with commissioners and open dialogue about possible future approaches to commissioning. As necessary, review tendering approach, documentation, etc.			
FC4:	Loss of specific EU funding/grants.	Fewer EU grants for research and development in relation to specific groups of disabled people, new technologies, etc.	Lobby Government via VODG and others to replace EU grant funding lost.			

WIDER ECONOMIC AND POLITICAL ISSUES

CONTEXT:

As a major public service, social care cannot be insulated from wider economic and political turbulence caused by Brexit. The overall performance of the economy will therefore have a major impact on the availability of public expenditure. Recent OBR forecasts of an increase in Government borrowing of some £59bn caused by the Brexit vote give some indication of possible economic problems ahead. It could reduce the opportunities for borrowing (despite historically low interest rates) and the value of investments made by providers.



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WIDER ECONOMIC AND POLITICAL ISSUES

	RISK	CONSEQUENCE	ACTION TO MITIGATE	BY WHOM	BY WHEN	STATUS
WE1:	Rising inflation erodes pay and living conditions of staff	Pressure for above-inflation pay increases.	Undertake cross-sector benchmarking to keep abreast of pay developments in the sector.			
WE2:	Value of investments made by providers and of other assets, e.g. housing, reduces or fails to increase in line with previous assumptions.	Fall in value of investments and assets impacts on balance sheet.	Review assumptions on income growth of investments and assets. Adjust future budgets in line with revised assumptions.			
WE3:	Shortages of labour in other sectors, e.g. construction, due to Brexit may impact on planned service developments.	Delay in starting construction projects. Higher costs of labour in non-social care sectors.	Review timescales for new projects. Revisit costing assumptions.			
WE4:	Political distraction delays resolution of key social care issues	Failure to resolve key issues such as sleep-in payments and the impact of the national living wage.	Lobby Ministers via VODG. Review policy on sleep-ins.			
WE5:	Risk of (further) pension deficits.	Monitor implications and market trends and consider implications of current strategy.	Finance director to regularly brief and raise with board.			

HUMAN RIGHTS AND COMMUNITY COHESION

CONTEXT:

The austerity regime of the past few years, coupled with attacks on so-called “shirkers”, has led to a harsher climate of opinion for disabled people. There is also a danger that Brexit will result in a reduction in human rights safeguarded by the European Court of Human Rights and the Convention on Human Rights. This will have various consequences, e.g. it is likely to be even harder to close the “disability and employment gap”.



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HUMAN RIGHTS AND COMMUNITY COHESION

	RISK	CONSEQUENCE	ACTION TO MITIGATE	BY WHOM	BY WHEN	STATUS
HR1:	Reduction in human rights legislation protecting disabled people.	Increased discrimination against disabled people. Rise in hate crimes affecting disabled people. Fewer disabled people in employment – or no increase to close the “disability and employment gap”.	Speedy and accurate reporting to police and councils of incidents of discrimination and hate crime. Briefing of staff and people supported about heightened risks in this area. Staff training on how to deal with such incidents.			
HR2:	Harsher climate of opinion in relation to disabled people.	Increased discrimination against disabled people. Rise in hate crimes. Harder to secure community support for new developments, e.g. supported living.	As HR1 plus: Promotional communications about lives of people supported, how they contribute to society, etc. Open days to showcase services to local communities.			



Our first report immediately after the referendum showed how the decision heightens previously established priorities for organisations – funding, workforce, policy and regulation – as well as creating additional concerns such as community cohesion, maintaining rights-based approaches and the risk of distracting attention from domestic policy.



Our second report on the impact for social care provider organisations set out the issues to consider when planning strategy, services and workforce. It examines the ramifications of different visions of Brexit – so called “hard Brexit” and “soft Brexit” – depending on how close a relationship the UK retains with the EU and its access to the single market.



We welcome comments and feedback on this resource and the Brexit-related risks facing social care providers.

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