

Report

Cabinet

Part 1

Date: 16 October 2019

Subject **Newport City Council Brexit Preparations Update**

Purpose To present an update to Cabinet on the Brexit preparations that Newport City Council has taken since the last Cabinet Report in July 2019.

Author Director of Place
Head of People and Business Change

Ward All

Summary Following the UK Government's decision to trigger Article 50 to inform the EU that UK was leaving in 2 years, public sector bodies including Newport City Council have been making preparations based upon whether there will be a transition period or a 'No Deal' exit. Newport Council has established a Task & Finish Group of senior officers across all service areas to identify and make preparations to ensure critical services and activities have the necessary resilience and resources in place.

Following Parliament reconvening in September 2019, the risk of the UK leaving on 31st October with or without a deal has increased significantly. Consequently the preparation work being undertaken by the Civil Service, Welsh Government, public sector bodies including Newport City Council has also increased. The Council's Task & Finish group has re-examined the key risk areas in the Council to ensure that service areas have the necessary mechanisms in place with mechanisms to escalate any significant issues that could affect the delivery of their services.

Proposal Cabinet is asked to consider the contents of the report and note the Council's Brexit preparations.

Action by Senior Leadership Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team
- Internal Brexit 'task and finish' officer group

Signed

Background

In 2016, the UK public voted to leave the EU. Following the vote, the UK Government notified the EU that it was leaving and triggered Article 50. By triggering Article 50, the UK Government and EU had two years to negotiate and agree a withdrawal process from EU arrangements. The initial deadline date was set as 29th March 2019 but was extended to 31st October 2019. Following the UK Parliament reconvening in September 2019, the risk of the UK leaving on the 31st October 2019 with or without a deal has increased significantly.

As with many other public, private and not for profit organisations, Newport City Council undertakes many activities where there is a potential impact as a result of leaving the EU. As a port city Newport receives and sends goods to and from the EU and also has over 3,000 (4.76% of Newport's population) people from the EU living in the city. Newport also has many EU based companies e.g. Airbus or Small to Medium sized companies that trade with the EU and could be impacted by any withdrawal arrangement.

To enable the Council to make preparations, advice and guidance was provided by the Welsh Local Government Association (WLGA) and Welsh Government. Using their toolkit we established a Task & Finish Group in 2018 which is made up of senior officers across the eight service areas and representatives from our critical service providers such as the Shared Resource Service (SRS) and Newport Live. In line with the toolkit we have focused our preparations on three aspects:

1. **Your Organisation** (Priorities / People / Finance & Funding);
2. **Supplies and Services** (Services, suppliers and supply chain / Core Operations / Legal, Data & Regulatory)
3. **Your Place** (Local Community)

An updated version of the toolkit has also been recently released by WLGA and we are now working through this to support the preparations for 31st October 2019.

Whilst service areas have made preparations to minimise the impact of leaving the EU, there are many activities and services where there are still unknown factors and where the Council will have limited control in the short, medium and long term. Where we encounter these unknown situations Newport Council will have to manage these as they arise and escalate as necessary additional support, advice and guidance to the Welsh Government, UK Government and the WLGA to manage these situations.

In September 2019 the Council's Task & Finish group reviewed the current issues and this is summarised in Appendix 1 of this report. With the 31st October deadline, additional factors such as the threat of winter weather events now need to be taken into consideration with any of our planning activities. With regard to the key critical areas of the Council the following areas were highlighted as being impacted:

- **Food and medical supplies** – Social Services and School contractors have provided assurance with the food supplies but have indicated that there may be produce where availability may be restricted and price rises could be encountered. Social Services are also working closely with the Health Authority to ensure medical supplies are available for homes and individuals.
- **Stability of social care providers and homes** – small to medium sized social care providers and homes are already vulnerable and have less tolerances to significant changes to costs e.g. energy supplies, food, and workforce. The Council's Social Services Commissioning team and Finance Service are already closely monitoring the situation and are seeking assurances from providers to ensure necessary preparations are being made.
- **ICT costs / cyber security / data protection**
 - The Council's ICT contractor Shared Resource Service (SRS) have indicated that there could be impacts on the availability and cost of ICT hardware and equipment which is sourced outside of the UK.
 - SRS has also indicated that there is likely to be an increase in cyber-attacks on public sector bodies. Security such as firewalls and disaster recovery arrangements are in place and being reviewed by SRS.

- The EU Data Protection law has been adopted into UK law. However, if there is a 'no deal' the UK will be treated as a third country without an adequacy deal. If ICT applications / systems are hosted by an EU country, then appropriate safeguards and measures will need to be put in place between the Council and ICT provider. For systems maintained by SRS checks and appropriate measures are being put in place. However, Education Services with the support of Digital Services are making additional checks with schools to ensure necessary arrangements being made.
- **EU Settled Status Scheme / Community Cohesion**
 - Two Welsh Government funded Community Cohesion Officers have been appointed to cover Monmouthshire and Newport in order to identify and mitigate any community tensions which are related to Brexit. Their initial focus is on ensuring EU citizens have access to information and support regarding the EU Settled Status Scheme. An EU Citizens Support Group has been established and is attended by all services who have been funded by Welsh Government and the Home Office to offer EU support. Schools information sessions are being rolled out across both authority areas, and a weekly multi-agency drop in will shortly commence in Newport.
 - Newport Council is making arrangements with Registrars to provide an ID checking service for EU Settled Status applicants who are unable to access the EUSS android app. It is anticipated that the service will be in place in October/November 2019.
 - Mechanisms are in place for residents to report any hate crime or community tension that are related to Brexit and for these to be escalated to the appropriate authorities.
- **Businesses trading with the EU** – There are concerns that not all small to medium sized businesses are making the necessary preparations for a 'no deal' Brexit scenario. The Council's Economic Development team are raising awareness for businesses to make preparations and signposting them to the UK Government website and events in Wales and the South West.

Civil contingencies arrangements will be commencing in October 2019 with regular updates being provided through the Gwent Local Resilience Forum and Welsh Government. Officers from the Brexit Task & Finish group are supporting this process.

The Council has been undertaking communication activities with the public, Councillors, staff and partners in raising awareness about Brexit preparations. In March 2019 we presented to Councillors an update on Brexit preparations. Further communications have been issued to Councillors in September 2019 providing guidance on where to signpost residents and businesses if they are approached within their ward. This has been followed up by a presentation to Councillors at the start of October 2019.

We have also started to produce regular bulletins to staff and Councillors to provide an update on preparations and advice and guidance. Newport Council also has a webpage on its main website with advice and guidance with links to the Welsh Government and UK Government sites.

The full list of areas being monitored by the Task & Finish group are included in Appendix 1 of this report. The areas covered above and in Appendix 1 are being undertaken within existing resources with grant funding being provided for Community Cohesion officers and a small amount of funding (£45K) to support Brexit related activity.

Financial Summary

The Council's Finance team are monitoring any impacts on budgets through the monthly budget reporting process.

Risks

Brexit is recorded on the Council's Corporate Risk Register which is presented to Cabinet and Audit Committee every quarter. In Quarter 1 2019/20 (June 2019) Brexit was assessed with a risk score of 16 and will continue to remain on the risk register in the foreseeable future.

Risk	Impact of Risk if it occurs* (1-5)	Probability of risk occurring (1-5)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Brexit	4	4	See Report.	Senior Leadership Team / Corporate Management Team

Links to Council Policies and Priorities

Corporate Plan
 Risk Management Strategy
 Civil Contingencies Brexit Specific C3 – command, control and communications – contingency arrangements

Options Available and considered

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio.
2. To request further information or reject the contents of the report

Preferred Option and Why

1. To consider and note the contents of the report and for Cabinet / Cabinet Members to receive updates from officers as part of their portfolio.

Comments of Chief Financial Officer

The financial impact of a no deal Brexit are uncertain, however, there are some early indications that there could be an impact on prices and supply of goods that may further impact on both capital and revenue budgets. The finance team will continue to monitor these on a regular basis and issue arising will be highlighted through the regular monitoring and budget setting route.

Any negative financial impact arising from Brexit, whether it be through increase in prices or reduction in funding will place a significant challenge in setting a balanced budget, in what is already a challenging position.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report, which provides an update for Cabinet regarding the Council's preparations for a no-deal Brexit and the associated risks. Any legal issues in relation to existing contracts for supplies services and care provision and any regulatory enforcement issues, particularly in relation to port health, will be addressed once the Brexit position and the legal consequences becomes clearer. The Registration Service is making arrangements to provide an ID checking service for EU Settled Status applications.

Comments of Head of People and Business Change

As outlined officers in the Council are undertaking actions as best they can to mitigate the short to medium term impacts of Brexit. The Council is collaborating as best it can with other local authorities, WLGA and partners to make the necessary preparations. The report considers the potential for risks and opportunities and local and regional arrangements for monitoring these.

HR implications are as outlined in the report.

Comments of Cabinet Member

The Leader of the Council is briefed on all aspects of risk management within the Council and related Brexit issues and work.

Local issues

Members to be aware the impacts that Brexit can have on our Local Communities and business.

Scrutiny Committees

The Council's Audit Committee receives regular risk register updates on the Council's Risk Register which includes the Brexit Risk.

Equalities Impact Assessment

Not applicable.

Children and Families (Wales) Measure

Not applicable.

Wellbeing of Future Generations (Wales) Act 2015

There are potential long term impacts of Brexit which could affect the future demand on our services to provide the necessary support, advice and guidance. There may also be opportunities that could arise and the Council will need to make preparations to accordingly. In preparation we have been working collaboratively across the Council and with our partners to make sure that our services to prevent any scenario where services are disrupted and to provide resilience across the City and to our local partners. We have also been involving our stakeholders and where necessary providing the necessary advice and guidance to those that need our support. Going forward we will continue to monitor and report where necessary any impacts which Brexit could have on the delivery of our services.

Crime and Disorder Act 1998

Not applicable.

Consultation

Senior Leadership Team
Corporate Management Team
Brexit Task & Finish Group

Background Papers

Corporate Risk Register to Cabinet 19th June 2019
Welsh Government website '[Preparing Wales to leave the EU](#)'
Welsh Local Government Association '[Brexit Website](#)'
Newport City Council's '[Brexit Webpage](#)'

Dated: October 2019

Appendix 1 – Summary actions taken through the Task & Finish Group

Theme	Progress of Activity completed by Newport Council to 30 th September 2019
Your Organisation (Governance)	<p>Mechanisms are in place through the Brexit Task & Finish group, Corporate Management Team and Civil Contingencies arrangements to identify, escalate and report risks and issues in relation to Brexit. Briefings and presentations to Councillors have been made on how to signpost Brexit related queries and there has been increased communications to staff across the Council about Brexit related matters.</p> <p>The Council has a Brexit webpage on its website which also signposts residents and businesses to relevant Welsh Government and UK Government websites.</p>
Your Organisation (EU workers in Newport City Council)	<p>Our HR team analysed the number of staff that originate from the EU. In Newport City Council we confirmed that we have under 100 members of staff from the EU. To support these members of staff as well as other members of staff in Newport we issued guidance and directed staff to the Home Office website.</p>
Your Organisation (Finance and Funding)	<p>Newport City Council will be receiving approximately £6m from EU funding to deliver schemes such as Inspire to Achieve by 2022. The Council has received assurances that the funding will be in place to 2022. But there is no guarantee that this funding will be continuing after 2022 and the Council's Finance team will continue to monitor the situation.</p>
Supplies and Services	<p>The Council's Procurement team have been undertaking a review of the National Procurement Service Frameworks and contracts to gain assurances over critical supplies.</p> <p>Heads of Service and Senior Management Teams have been asked to review and contact their critical service providers and suppliers to ensure business continuity arrangements are in place and to raise any key risks. However, suppliers and providers have indicated that whilst they are making preparations, there remains uncertainty over availability and future prices of goods and supplies.</p> <p>Risk areas have been highlighted by service areas that have undertaken procurement exercises where companies have indicated potential increases to costs and supplies in the event of Brexit. These factors are now having to be considered by service areas and could impact on future budgets and decision making with contract providers who may decide to pass the cost increases onto the Council.</p>
Supplies and Services (ICT) Security / Data Protection arrangements	<p>The Council's ICT provider Shared Resource Service (SRS) have been undertaking a review of the Council's ICT systems and critical applications used. SRS has confirmed that there could be issues with the availability and cost of ICT Hardware.</p> <p>There are also risks to the security of data as previous events have shown an increase in cyber-attacks on public sector bodies. The Council has the necessary Firewalls and security measures in place to mitigate this risk and SRS are reviewing the Council's Disaster Recovery measures.</p> <p>Data Protection has been adopted into UK law. However in the event of a No Deal scenario the UK will be treated as a third country. The impact of this could result in services and/or schools not being able to process or access the data they require to undertake their duties. Guidance has been provided by the Information Commissioner's Office. SRS, Digital Services and Education services are making checks to ensure appropriate arrangements are in place.</p>

Theme	Progress of Activity completed by Newport Council to 30 th September 2019
Supplies and Services (Social Services)	<p>Food and medical supplies – Social Services contractors have provided assurance with the food supplies but have indicated that there may be produce where availability may be restricted and price rises could be encountered. This could result in alternative menus having to be devised. Social Services are also working closely with the Health Authority to ensure medical supplies are available for homes and individuals.</p> <p>Stability of social care providers and homes – small to medium sized social care providers and homes are already vulnerable and have less tolerances to significant changes to costs e.g. energy supplies, food, and workforce. The Council's Social Services Commissioning team and Finance Service are already closely monitoring the situation and are seeking assurances from providers to ensure necessary preparations are being made.</p> <p>As Newport has a large population from the EU citizens mechanisms are in place and communications issued to identify any children, adults that are in our care to enable them to apply for settled status. Advice and guidance is being provided by the Home Office on how to support this process.</p>
Supplies and Services (Regulatory Services / Port)	<p>As a port city the Council's Regulatory Services have been liaising with the Association of British Ports and the Gwent Local Resilience Forum on managing regulatory checks on exported supplies. Regulatory Services have also completed additional training to enable them to undertake additional checks but confirmed that staff resources may be impacted if they are having to undertake additional Brexit related work.</p>
Local Community (Civil Contingencies)	<p>As a member of the Gwent Local Resilience Forum (LRF) we have established mechanisms to monitor and report on any civil contingencies impacts. The Gwent LRF have reviewed their existing risk register for potential Brexit implications and have also worked with Welsh Government / Central Government with regard to the mitigation of potential new Brexit related risks. The Gwent LRF are continuing to monitor the situation closely with our partners.</p>
Local Community (Community Cohesion)	<p>To support our EU communities we received additional funding from the Welsh Government to employ 2 Cohesion Officers (one based in Newport, one in Monmouthshire, hosted by NCC), based within our Connected Communities Team. These fixed term 2 year posts will focus on mitigating any identified increase in Brexit related community tensions, and supporting communities that are particularly affected, for example, European Economic Active (EAA) citizens.</p>
Local Community (EU Settled Status)	<p>EU citizens residing in the UK have until December 2020 to apply for EU Settled Status through the Home Office. Applications can be made online or through an Android smartphone device. It is recognised that EU residents might not be fully aware of the requirement to apply or might not have access to a smartphone or computer device.</p> <p>In Wales there are currently only 2 local authorities (Caerphilly and Bridgend) that are able to provide an ID Checking service to residents and have asked if other local authorities can implement the process. Newport Council's Registrars using an allocation of the £45k Brexit funding received from the WLGA will make arrangements to have a similar service for Newport residents from October / November 2019.</p>

Theme	Progress of Activity completed by Newport Council to 30 th September 2019
Local Community	<p>The Council set up a webpage on the Newport Council Website to provide advice and guidance to residents and businesses and provided links to the Welsh Government Brexit webpages and Home Office pages. An email address has been set up for community tensions to be reported and monitored, and details of racist incidents are now shared weekly by Gwent Police. An EU forum has been established, bringing service providers who work with EEA citizens together on a regular basis to co-ordinate provision and ensure consistent communications are shared with communities and agencies. Links have been established with those schools that have a high EEA pupil population and drop in sessions are ongoing, offering advice and support to parents.</p>