

# Report



## Cabinet

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### Part 1

Date: 12 February 2020

**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 October 2019.

**Author** Director of Place  
Head of People and Business Change

**Ward** All

**Summary** In 2016 the UK voted to leave the EU in a national referendum. Over the last 3 years the UK Government negotiated a Withdrawal Agreement which was not able to be passed by Parliament and resulted in a general election in December 2019. The general election on 12<sup>th</sup> December 2019 resulted in a majority government being formed in parliament which has now given it a commanding majority to pass the Withdrawal Agreement by 31<sup>st</sup> January 2020.

Over the last 2 years, public sector bodies including Newport City Council, businesses and charities across the UK have been making preparations to mitigate the risks of leaving the EU whether it is on a No Deal exit or a deal being made with the EU. Newport City Council established a Brexit Task & Finish group to ensure service areas have the necessary mechanisms to monitor and where necessary manage the issues and/or risks that may arise as a result of Brexit.

**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:

- Heads of Service and officer 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 29<sup>th</sup> March 2019 but was extended to 31<sup>st</sup> October 2019. A further extension was granted on October 28<sup>th</sup> 2019, therefore the current deadline for the UK to leave the EU is 31<sup>st</sup> January 2020. The latest version of the Withdrawal Agreement Bill (WAB) was approved by MPs on 9<sup>th</sup> January 2020 and European Parliament on 29<sup>th</sup> January 2020. Following the UK leaving on 31<sup>st</sup> January, the UK will formally enter into a transition period with the EU to negotiate a trade deal and a future relationship with the EU. As it stands based upon the Agreement and information from the Financial Times (18<sup>th</sup> December 2019) the timescale of negotiations is:

- **31<sup>st</sup> January 2020 (Brexit Day)** – the UK and EU formally ratifies the Withdrawal Agreement Bill enabling the UK to formally exit the EU. The UK will enter into a transition period in which it will negotiate the UK-EU future relationship and trade arrangements. These negotiations will also encompass areas including law enforcement, defence, data sharing, security, supplies of electricity and gas, migration and tariff-free trade arrangements.
- **1<sup>st</sup> July 2020** – A summit is expected to take place in June 2020 for the UK-EU to assess the progress of talks and the 1<sup>st</sup> July 2020 is the deadline which the UK can request an extension of its transition period beyond 2020. The final date to which the UK can extend the transition to is 31<sup>st</sup> December 2022.
- **November 2020** – EU expects that a trade deal is negotiated, checked and presented to the European Parliament for it to be ratified by the end of the year.
- **31<sup>st</sup> December 2020** – If a trade deal has not been agreed and in place, the UK would have to fall back on World Trade Organisation terms which would essentially result in a ‘No-deal Brexit’.

The negotiations for establishing a new future relationship and a trade deal by the end of this calendar year will need to be monitored closely and require the Council to ensure it is fully prepared for different scenarios. The Council will continue to have a Brexit risk and will be monitored every quarter with reports being submitted to Cabinet and Audit Committee.

Newport City Council and other public, private and not for profit organisations have been making preparations to examine the risks and opportunities of leaving the EU and the necessary mitigations to reduce any impacts on Council services, residents and businesses in the city. Newport is a port city which receives and sends goods to and from the EU. The City is also home to many large organisations such as Airbus and other small to medium sized companies which trade with the EU. The longer term impacts for these businesses is still unknown and will depend upon the trade deal that is agreed with the EU. Newport is estimated to have 6,000 EU citizens (ONS, Annual Population Survey 2019) living in the city. Many businesses in Newport will also have EU citizens working for them that are from other local authorities in the South Wales and West region.

The Council’s Brexit Task & Finish group has been making preparations using the Welsh Local Government Association (WLGA) toolkit. The Brexit Task & Finish group consists of senior officers across the 8 service areas and representatives from critical service providers such as the Shared Resource Service (SRS) and Newport Live. The Council’s preparations focused on 3 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)

Following the Task & Finish Group’s last meeting in January 2020, the current situation is summarised in Appendix 1 of this report. The updates that have taken place since the last Cabinet Report in October 2019 are highlighted below:

- **Food Poverty Grant** – WLGA has granted additional funding of £80,315 (£24,657 revenue / £55,658 capital) in November 2019 to enable local authorities to tackle food poverty that may be caused as a result of Brexit. The funding must be spent by October 2020 and contribute towards activities in the City that support the tackling of potential food poverty. The Connected Communities team (Policy, Partnership and Involvement) will be leading on this work and discussions have been held with service areas, third sector organisations to identify potential activities and schemes that may benefit from this funding. The £24k revenue funding is looking to be used in Regeneration Investment and Housing through the Hub model to target areas of need. It is proposed that capital funding be offered to third sector organisations (Food banks, community activities etc.) which they will be able to bid for. Finalisation of the process will be discussed with the Brexit Task & Finish group and the relevant Cabinet Members.
- **Homelessness Prevention Grant Programme** – WLGA has submitted a bid of £250k to tackle homelessness amongst migrant communities in Wales via the EU Transition fund. This equates to £45k for Newport City Council and must be utilised in the 2019/20 financial year. In Newport 7,113 people were registered as homeless of which 8% (566 individuals) are recorded as being EU nationals. The project has identified 3 areas which the funding can be spent contributing towards. These are: No Recourse to Public Funds (NRPF) training and guidance; developing a Welcome to Newport App to provide Migrants with access to information about Newport and maintaining a secure tenancy; and Homeless Information Cards to provide Homeless migrants with information around local services and how to access these. Discussions are also ongoing with the voluntary and housing sector to establish whether they would be able to utilise some of the funding to enhance advice services in relation to homelessness.
- **EU Settled Status Scheme / Community Cohesion**
  - Newport Council has made arrangements with Registrars and now provide an ID checking service for EU Settled Status applicants who are unable to access the EUSS Android app. This arrangement was reported to the Cabinet Member for Licensing and Regulation in November 2019.
  - Home Office figures (September 2019) show that 2,290 EUSS applications had been concluded for EU residents in Newport.
  - 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.
  - The Council are co-ordinating a weekly drop in provision for EU Nationals in partnership with all voluntary sector services funded to support applications to the EUSS
- **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 will continue to closely monitor the situation and is seeking assurances from providers to ensure necessary preparations are being made.
- **ICT costs / cyber security / data protection**
  - Leaving the EU on 31<sup>st</sup> January is unlikely to have an impact on supplies and availability of ICT equipment.
  - The Council's ICT contractor Shared Resource Service (SRS) will continue to monitor the situation relating to cyber security and any impacts relating to future legislative and regulatory arrangements with the EU.
- **Civil Contingencies** continue to monitor risks relevant to Brexit through the Gwent Local Resilience Forum and Welsh Government and ensure that business continuity arrangements are in place for any Brexit related disruption.
- **Businesses trading with the EU** – The small to medium sized business community will need to ensure that the necessary preparations are made for mitigating any future UK-EU trade agreement. The Council's Economic Development team have been raising awareness to businesses in Newport on signposting them to relevant Welsh Government and UK Government websites. Funding has also been allocated to support the officers in training and delivering an event to local businesses in the next couple of months.

Throughout this process the Council has been undertaking communication activities with Councillors, staff and members of the public. In September 2019 we issued guidance to Councillors on where to signpost residents and businesses if they were approached in their ward. This was followed up by a presentation to Councillors at the start of October 2019. We will continue to provide all stakeholders with the necessary bulletins and information on the situation throughout 2020 alongside regular Cabinet Reports in relation to the overall Brexit situations and Council preparations.

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.

### 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 3 2019/20 Brexit was assessed with a risk score of 12 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	3	See Report.	Senior Leadership Team / Corporate Management Team

### Links to Council Policies and Priorities

Corporate Plan  
Risk Management Strategy

### 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

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 Monitoring Officer**

There are no specific legal issues arising from the Report, which provides an update for Cabinet regarding the Council's Brexit preparations. The risks associated with a "no deal" Brexit have abated, following the Parliamentary General Election and the initial approval of the Withdrawal Bill by Parliament. Subject to the withdrawal being ratified on 31<sup>st</sup> January, then there will be a further period of trade negotiations up to the end of December 2020. Any legal implications for existing contracts for supplies, services and care provision, data security matters and any regulatory enforcement issues, particularly in relation to port health, will be addressed once the consequences of any trade agreement become clearer. In the meantime, the Registration Service will continue 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 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**

Cabinet Member Report - European Union Settlement Status - Document Identity Verification Service – November 2019

Corporate Risk Register to Cabinet 20<sup>th</sup> December 2019

Welsh Government website '[Preparing Wales to leave the EU](#)'

Welsh Local Government Association '[Brexit Website](#)'

Newport City Council's '[Brexit Webpage](#)'

Dated: February 2020

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

Theme	Progress of Activity completed by Newport Council to 20 <sup>th</sup> January 2020
<b>Your Organisation (Governance)</b>	<p>Mechanisms are in place through the Brexit Task &amp; Finish group, the Corporate Management Team and Civil Contingencies have made 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>
<b>Your Organisation (EU workers in Newport City Council)</b>	<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 we issued guidance and directed staff to the Home Office website. Information sessions are planned for staff over the coming months to support anyone who may need to apply to the EUSS.</p>
<b>Your Organisation (Finance and Funding)</b>	<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>
<b>Supplies and Services</b>	<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>
<b>Supplies and Services (ICT) Security / Data Protection arrangements</b>	<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. The SRS have indicated that it is unlikely that there will be any initial issues with availability of equipment but this will be monitored closely in 2020.</p> <p>Cyber Security threats remain the same and the Council has the necessary Firewalls, security and disaster recovery in place. Legislation and regulation will continue to be monitored in 2020 as the UK negotiates future trade relationships.</p>
<b>Supplies and Services (Social Services)</b>	<p><b>Food and medical supplies</b> – 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><b>Stability of social care providers and homes</b> – small to medium sized social care providers and homes are already vulnerable and have less</p>

Theme	Progress of Activity completed by Newport Council to 20 <sup>th</sup> January 2020
	<p>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 of citizens from the EU, 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>
<b>Supplies and Services (Regulatory Services / Port)</b>	As a port city the Council's Regulatory Services have been liaising with the Association of British Ports and the Gwent Local Resilience Forum (LRF) 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.
<b>Local Community (Civil Contingencies)</b>	As a member of the Gwent 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 its partners.
<b>Local Community (Newport Community)</b> <b>Community Business</b>	The small to medium sized business community will need to ensure that the necessary preparations are made for mitigating any future UK-EU trade agreement. The Council's Economic Development team have been raising awareness to businesses in Newport on signposting them to relevant Welsh Government and UK Government websites. Funding has also been allocated to support the officers in training and delivering an event to local businesses in the next couple of months.
<b>Local Community (Community Cohesion)</b>	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, EU citizens.
<b>Local Community (EU Settled Status)</b>	<p>EU citizens residing in the UK have until June 2021 to apply for EU Settled Status through the Home Office (December 2020 if the UK leaves without a deal). Applications can be made online or through an Android smartphone device. Home Office figures (September 2019) show that 2,290 EUSS applications had been concluded for EU residents in Newport. 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>Newport Registrars are offering an ID verification checking service for EU citizens to access. A Cabinet Member Report was approved in November 2019.</p>
<b>Local Community – (Food Poverty)</b>	WLGA has granted additional funding of £80,315 (£24,657 revenue / £55,658 capital) in November 2019 to enable local authorities to tackle food poverty that may be caused as a result of Brexit. The funding must be spent by October 2020 and contribute towards activities in the City that address potential food poverty.

Theme	Progress of Activity completed by Newport Council to 20 <sup>th</sup> January 2020
	<p>The Connected Communities team (Policy, Partnership and Involvement) will be leading on this work and discussions have been held with service areas and third sector organisations to identify potential activities and schemes that may benefit from this funding. The £24k revenue funding is looking to be used in Regeneration Investment and Housing through the Hub model to target areas of need. It is proposed that the capital funding be offered to third sector organisations (Food banks, community activities etc.) which they will be able to bid for. Finalisation of the process will be discussed with the Brexit Task &amp; Finish group and the relevant Cabinet Members.</p>
<p><b>Local Community (Homelessness)</b></p>	<p>WLGA has submitted a bid of £250k to tackle homelessness amongst the migrant communities in Wales via the EU Transition fund. This equates to £45k for Newport City Council and must be utilised in the 2019/20 financial year. In Newport 7,113 were registered as homeless of which 8% (566 individuals) are recorded as being EU nationals. The project has identified 3 areas where the funding can be spent contributing towards No Recourse to Public Funds (NRPF) training and guidance; a Welcome to Newport App to provide Migrants have access to information about Newport; and Homeless Information Cards to provide Homeless migrants with information around local services and how to access these.</p>
<p><b>Local Community</b></p>	<p>The Council set up <a href="#">a webpage</a> 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 to offer advice and support to parents.</p>