

Report



Cabinet

Part 1

Date: 8 September 2021

Subject Post Brexit Update for Newport City Council

Purpose To present an update to Cabinet on post Brexit arrangements and their impact on Newport Council services and Newport's communities and economy.

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Head of People and Business Change

Ward All

Summary The UK-EU trade arrangement has been in place for 9 months. With the impacts of the global restrictions to manage the Covid pandemic and the implementation of the new UK-EU Trade arrangements the UK has seen a number of economic sectors citing these impacts where there have been issues in the availability and cost of goods and materials. The public sector including Newport Council is monitoring closely how wider economic impacts are affecting delivery of services, large scale projects and communities in the short term and also the long term.

It has been over two months since the deadline (30th June) passed for EU citizens to submit their applications for EU Settled Status. As of 31st July 2021, there had been over 2.85 million people granted Settled Status and 2.33 million granted pre-settled status in the UK (Figures not yet available for Newport). 270,000 applications that have either been refused, withdrawn or invalid with a further 58,200 received since the deadline passed.

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

Action by Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Heads of Service and Brexit 'Task and Finish' group.

Signed

Background

Since the UK officially left the European Union and the Single Market on 31st December 2020, the UK economy has encountered noticeable demand and supply impacts on certain sectors in the economy. This has also been exacerbated by the global Covid restrictions which have made it difficult for manufacturers to meet increased demand alongside low levels of supply in materials. UK economic analysts and representatives from trade bodies / organisations have reported issues relating to:

- Labour supply in certain sectors of the economy such as logistics (HGV drivers), construction and farming labour.
- Supply issues of specific food products from and to Europe.
- Construction industry reporting increased demand on materials but also supply issues of materials imported from the EU such as concrete, timber and other products.
- Inflation of costs in household expenditure with rises being seen in fuel, gas and electric (price increases taking place in the autumn) as the economy recovers and demand is outstripping the supply of goods and materials.

As part of the Council's monthly forecasting and analysis of its budget these external factors are being monitored to identify and mitigate any unforeseen costs. Additionally, Council frontline services in Community Regeneration, social services and housing alongside the third sector organisations are also helping families and communities that require additional support and guidance with their finances.

EU Settled Status / Rights of Non UK Citizens

The council recognise that as well as impacting on opportunities to live, work and contribute to life in Newport, the UK's exit from the EU can also have an impact on our communities' sense of belonging and wellbeing. The Council alongside its partners will continue to welcome and value our EU citizens and support them to remain living in the city.

The deadline for EU/EAA citizens to apply for EU Settled Status passed on 30th June 2021. The [UK Government](#) as of 31st July 2021, reported:

- 6.07 million applications were received and 5.59 million applications concluded by 31st July. 98,600 applications were received from Wales.
- 2.85 million were granted settled status and 2.33 million granted pre-settled status.
- 80,800 applications received were withdrawn or void outcome, 79,800 were invalid and 109,400 were refused across the UK.
- Since the deadline 58,200 applications have been received although it is not known how many of these have been concluded to date.

At the end of April, the Home Office reported a total of 305,000 cases which were still pending a decision. With applications taking around 2-3 months to process, there will be a significant number of people still awaiting an outcome.

For applicants that applied before the deadline but have not received an outcome, existing rights and entitlements are protected pending the outcome of their application, providing that they had a right to reside in the UK on December 31st 2020 and they have obtained a Certificate of Application. EU citizens who were resident in the UK after the 31st December but haven't made an application no longer have their rights protected, including the right to live, work, study and access benefits and services in the UK. If an EU citizen is identified by someone in Immigration Control who may be eligible for the EUSS, they will be given 28 days to make a late application.

The Home Office continue to receive late applications from any EU citizen who has 'reasonable grounds' for missing the deadline. Reasonable grounds include a serious medical condition, where a parent or guardian has failed to apply on behalf of a child, or where a person is isolated or digitally excluded and has not been able to access the application system.

It is unclear how many people in Newport have missed the application deadline or have failed to secure their status. However, it is anticipated that the number of families and individuals presenting as needing support to due restrictions of their rights and entitlements will increase over the coming months. The council have established a multi-disciplinary hardship solutions group to respond to this demand, as well as other cases where people have no recourse to public funds due to precarious migration status (for example, asylum seekers who have received a negative decision on their claim).

Financial Summary (Capital and Revenue)

As part of the Council's financial monitoring, the Council's Finance team are monitoring any impacts on budgets due to Covid-19 and Brexit.

Risks

The Council's Brexit risk is recorded on the Council's Corporate Risk Register which is presented to Cabinet and Audit Committee every quarter. The Quarter one risk score is detailed below:

Risk Title / Description	Risk Impact score of Risk if it occurs* (1-5)	Risk Probability of risk occurring (1-5)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Brexit	4	2	See Report	Head of People & Business Change

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan
Strategic Recovery Aims

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 Brexit is still uncertain, however, there are indications that there could be an impact on prices and supply of goods that may further impact on both capital and revenue budgets. Budget / Service managers, with finance team colleagues, will continue to monitor these on a regular basis and any issues arising will be highlighted through the regular monitoring and budget setting processes.

Any negative financial impact arising from Brexit, whether it be through price increases or funding reductions could present a significant challenge to the Council. There are no specific reserves or contingencies currently that deal exclusively with Brexit but:

- £828k was allocated in the 2021/22 revenue budget for increased adult social care costs in relation to market stability, Covid recovery and Brexit;
- additional funds were set aside from the 20/21 underspend and added to the Council's 'general risk' reserve which could contribute towards this risk, amongst others. Details are included within the 2020/21 revenue budget outturn report.

Officers will continue to explore the possibilities of accessing the various grants that are being made available to public bodies in supporting the potential impact of the new arrangements.

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 specific risks associated with the withdrawal have now been mitigated by the belated trade deal, subject to ratification by the member states. However, despite the agreement regarding no tariffs and quotas on imported and exported goods, there is still remaining uncertainty regarding the impact on other areas, such as services and data security. 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 details of the trade agreement are clarified and implemented in national legislation. Despite the non-imposition of tariffs and quotas, additional port health checks will be required in terms of certifying compliance with new Regulations. Environmental Health officers have now been trained to undertake import and export food health certificate checks, and this will have significant resource implications once the port activity increases. Local business advice and support is also being provided in relation to Brexit compliance. The UK Shared Prosperity Fund and the implementation of the Internal Markets legislation will have implications in terms of public sector contracts and procurement and also equivalent state-aid, fair competition requirements.

Comments of Head of People and Business Change

Since the new trade arrangements have been in place with the EU it has reduce the potential economic and financial risk for many businesses. However, as the report has highlighted it is important that strong and flexible relationships are maintained with our EU counterparts. Whilst much of the issues surrounding the demand and supply of goods / materials remains a global concern, there is no doubt that the impacts of Brexit and the Covid pandemic have influenced the current position.

The Council and its partners have remained committed in the last two years to support EU/EAA citizens to apply and obtain their EUSS before the 30th June deadline. Despite all of our efforts we recognise that not all citizens will be successful and it will be important for Council services and our partners to provide whatever support we can. The Council's Brexit Task and Finish officer group is continuing to monitor the people aspects of support required and regular updates will continue to be provided by finance, regulatory and other supporting services.

Scrutiny Committees

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

Fairness and Equality Impact Assessment:

Not applicable

Wellbeing for Future Generations

There is potential long term impacts of Brexit Trade Negotiations 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.

Consultation

Not Applicable

Background Papers

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

Welsh Local Government Association [‘Brexit Website’](#)

Newport City Council’s [‘Brexit Webpage’](#)

Dated: 1 September 2021

Appendix 1 – Summary of ongoing Council Activity

Theme	Progress of Activity completed by Newport Council to 1 st September 2021
Communications	<ul style="list-style-type: none"> • Further communications being published to support workplaces to manage and support people that haven't applied to or have been unsuccessful with EUSS.
Social Services and Education	<ul style="list-style-type: none"> • Education Welfare Officers and schools were reminding parents to apply to EUSS prior to the deadline. In September Education Welfare Officers will be supporting schools to identify any pupils that have not returned to school as a result of returning back to their home country. • All schools were reminded to inform EU families of the need to apply and offered further support from Newfield's Law who have been commissioned by Welsh Government to work within schools • The council has engaged Newport MIND to support all eligible children who are looked after to apply to the EUSS
Policy and Partnership Team	<ul style="list-style-type: none"> • The Council received additional funding for 2021/22. This funding is being used to support two officers to support Migration work and additional work related to Brexit. • Remaining funding will be used to support services with any Brexit / Covid work in 2021/22.
Local Community (Community Cohesion) <ul style="list-style-type: none"> • EU Settled Status / EU communities • Food Poverty • Homelessness (EU Citizens) • Community cohesion 	<ul style="list-style-type: none"> • Food Poverty work continues, including the distribution of small grants to food projects, and consideration of more sustainable solutions that respond to the root problems associated with food insecurity • The work of our Community Cohesion officers continues to focus on post-Brexit rights and access to key services in the City for EU citizens • Complex migration cases continue to present to the council for support, and this is expected to continue • The council are aware of a growing number of EU and non-EU nationals who are finding themselves with no recourse to public funds as a result of EUSS outcomes, and the hidden demand for support which is at present masked by extended COVID duties which require LAs to house people with no recourse to public funds, as well as the current restrictions on private evictions. • We continue to provide free school meals to any family that is identified as having no recourse to public funds • Hardship Group has been established to consider complex migration cases and develop organisational policy in relation to NRPF • A weekly partnership drop in for EU communities continues to be co-ordinated and supported by the council • A bi-monthly EU Citizens forum continues to bring services providing support to EU citizens to maintain a cohesive response to emerging issues