

# Report

## Cabinet

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### Part 1

Date: 15 December 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.

**Author** Chief Executive  
Head of People and Business Change

**Ward** All

**Summary** The UK is approaching nearly one year since it left the European Union and Single Market on 31<sup>st</sup> December 2020. Over the course of the year the UK has seen significant impacts across its economy resulting from entering into a new trade agreement with the EU and also the wider global impacts which has affected trade, employment and cost of living for households. For households in Newport and Wales these impacts are affecting low-income households with the cost of living due to increases in the cost of food, goods and energy prices. The Welsh Government has announced a £51.7m Winter package that will give households on certain benefits a contribution to mitigate some of these costs.

Newport Council continues to face ongoing pressures on the cost of goods and services as increases in costs are being passed onto the consumer. The Council alongside other sectors are also facing pressures on staffing and recruiting staff into key roles especially in Social Services, housing & support and City Services.

Since the deadline passed for EU and EEA citizens to apply for EU Settled Status, the Home Office (31<sup>st</sup> October 2021) has received 6.2m applications and have concluded 5.9m applications. 52% of applications have been granted Settled status with 42% granted Pre-settled Status. The remaining 7% have either been refused, withdrawn or invalid claims. There is no data available for the current status of claims in Newport.

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

**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

The UK is approaching one year since it left the European Union and the Single Market on 31<sup>st</sup> December 2020. The last year has seen some noticeable impacts on the UK and Welsh economy as the UK and EU have implemented the new trading arrangements but also the wider global economic impacts resulting from the Covid pandemic. Throughout the economy there have been impacts on the demand and supply of goods, trade, and staffing in all sectors. The UK has faced challenges with the trading arrangement with the EU over certain goods and services such as fisheries and the Northern Ireland arrangement over the last month has led to uncertainty on both sides of the agreement.

- Vacancies across all sectors continue to increase and remain over one million at the end of October. Construction, manufacturing, accommodation & food service activities are seeing over 70% vacancies.
- The UK Government has delayed introducing post-Brexit checks on food and farming imports to January 2023.
- Supply issues of specific food and goods from and to Europe are still occurring with 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 increased to 3.8% (October '21) 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.

The energy market has seen significant impacts to households as energy companies' business models have struggled to meet the increase in wholesale gas prices. For many households this has meant they have had to transfer to other companies resulting in increases to their energy costs. There is concern that many low income households will struggle with their winter fuel payments as they will also face pressures on food and goods as the Christmas period approaches.

In November, Welsh Government announced £51.7m package to help low-income households meet the pressures on living costs and reduce the impact of the cut to Universal Credit, Working Tax Credit and rising energy prices. Local Authorities in Wales including Newport Council will administer the one-off £100 cash payment to households where a member of the household is in receipt of welfare benefits (Income Support, Income Based Job Seekers Allowance, Income Based Employment & Support Allowance, Universal Credit, Working Tax Credits). Further details on how eligible households can claim will be provided by the Welsh Government and Council.

Across the Council pressures remain with the cost of goods and services in areas such as Social Services, City Services and delivery of key projects. The Council and businesses in Newport are still reporting vacancies especially in Social Care, Drivers, housing & support and other services. The Council's Regeneration team continue to support and promote job opportunities with schemes in place to enable people to re-train, learn new skills and support into the employment market.

These risks and issues are being considered as part of the Council's Medium Term Revenue Planning (MTRP) process. The Council's Finance team is working alongside service areas in the monitoring of the Council's in year budgets and will be reporting key risk and issues in their revenue and capital forecast reports to Cabinet. The Council's Revenues team are supporting residents who are struggling to make payments and signposting them to Debt advice agencies such as Citizens Advice bureau. Whilst the Council's Procurement team and services are also supporting local businesses with prompt payments to help local supply chains and revised Contract Standing Orders that enable local suppliers to be selected for lower value contracts without competition from suppliers further afield.

Newport Council has been liaising with the successful organisations that secured over £2.7m in UK Community Renewal Funding (UKCRF). The Council will be supporting the organisations to commence their projects that will enable them to successfully deliver the projects by 30<sup>th</sup> June 2022.

## **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.

Since the deadline passed for EU.EEA citizens to apply for EU Settled Status, the Home Office (31<sup>st</sup> October 2021) has received 6.2m applications and have concluded 5.9m applications. 52% of applications have been granted Settled status with 42% granted Pre-settled Status. The remaining 7% have either been refused, withdrawn or invalid claims. There is no data available for the current status of claims in Newport.

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 31<sup>st</sup> 2020 and they have obtained a Certificate of Application. EU citizens who were resident in the UK after the 31<sup>st</sup> 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. From mid-September DWP also suspended benefits for all EEA citizens who do not apply for EUSS within 28 days of reminder letters.

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 anticipated that the number of families and individuals presenting as needing support to due restrictions of their rights and entitlements will continue to 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).

This period, the council has launched its EU Community Grant Scheme which will support grassroots communities and third sector organisations to address some of the emerging issues affecting citizens in Newport. Funded projects will be focussed on:

- Promoting and encouraging late applications to the EU Settlement Scheme
- Reducing discrimination against or hate speech directed at EU communities
- Promotion of EU rights and responsibilities in Post-Brexit Wales
- Social inclusion and integration
- 'Giving a voice' to EU citizens
- Increasing awareness of EU citizens' rights in service provisions
- Creating a welcoming culture amongst our communities towards EU citizens
- Outlining EU citizens' contributions to Newport/Wales
- Addressing inequalities brought about EU exit

## **Financial Summary (Capital and Revenue)**

As part of the Council's financial monitoring process, the Council's Finance team are identifying, monitoring and reporting where appropriate, 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 two risk score is detailed below:

<b>Risk Title / Description</b>	<b>Risk Impact score of Risk if it occurs* (1-5)</b>	<b>Risk Probability of risk occurring (1-5)</b>	<b>Risk Mitigation Action(s)</b> What is the Council doing or what has it done to avoid the risk or reduce its effect?	<b>Risk Owner</b> Officer(s) responsible for dealing with the risk?
Brexit	4	3	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**

As commented in previous reports, the lasting financial impact of Brexit is still uncertain, however, there are emerging issues, as referenced in this report, which have the potential to impact upon both capital and revenue budgets. Whilst no significant financial impact has been explicitly reported to date, increased costs and delays to schemes have been identified as part of the Capital Programme, which are partly due to increased costs of materials and challenges with the availability of labour. During the remainder of the year, budget / service managers, with finance team colleagues, will continue to monitor on a regular basis and any issues arising will be highlighted through the regular monitoring processes.

Should there be any impacts, on the in-year revenue budget in particular, it will be necessary to manage these from within existing resources and any overall Council underspend, as there are no specific reserves or contingencies for Brexit, aside from the following:

- £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. In addition, as part of the medium term financial planning process, consideration will be given to any Brexit-related financial pressures that may need to be funded within the Council's budget.

It should be noted that both the distribution of the Winter Fuel Payments and oversight of the Community Renewal Fund will place an additional requirement upon the Council in terms of the administration and governance needed. Any financial impact arising directly from this will be identified and monitored, to ensure that the appropriate costs can be recovered from the relevant grant funding source.

### **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**

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. The Council and its partners remain committed to support EU/EAA citizens as outlined in the Report.

## **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 as this is an information only report

## **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: 8 December 2021**

## Appendix 1 – Summary of ongoing Council Activity

Theme	Progress of Activity completed by Newport Council to 1 <sup>st</sup> December 2021
<b>Social Services and Education</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• The council has engaged Newport MIND to support all eligible children who are looked after to apply to the EUSS</li> </ul>
<b>Policy and Partnership Team</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Remaining funding will be used to support services with any Brexit / Covid work in 2021/22.</li> </ul>
<b>Local Community (Community Cohesion)</b> <ul style="list-style-type: none"> <li>• <b>EU Settled Status / EU communities</b></li> <li>• <b>Food Poverty</b></li> <li>• <b>Homelessness (EU Citizens)</b></li> <li>• <b>Community cohesion</b></li> </ul>	<ul style="list-style-type: none"> <li>• The council continues to lead a city-wide food project network and has engaged with a range of foodbanks to assess current and expected demand over the winter period. Foodbanks report an increase in demand as a result of energy price rises and changes to Universal Credit as well as continued challenges associated with the pandemic. The council will continue to work with food-based projects across Newport to review resources and capacity to respond to emerging need.</li> <li>• 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</li> <li>• Complex migration cases continue to present to the council for support, and this is expected to continue</li> <li>• 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.</li> <li>• We continue to provide free school meals to any family that is identified as having no recourse to public funds</li> <li>• Hardship Group has been established to consider complex migration cases and develop organisational policy in relation to NRPF</li> <li>• A weekly partnership drop in for EU communities continues to be co-ordinated and supported by the council</li> <li>• A bi-monthly EU Citizens forum continues to bring services providing support to EU citizens to maintain a cohesive response to emerging issues.</li> <li>• EU Community Grant Scheme launched</li> <li>• EU citizens' rights cards distributed to community venues across Newport</li> </ul>