

# Report

## Cabinet

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### Part 1

Date: February 2022

**Subject** Post EU Transition (Brexit) Update for Newport City Council

**Purpose** To present an update to Cabinet on the impact of leaving the European Union on Newport Council services and Newport's communities and economy.

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

**Ward** All

**Summary** Since the UK left the European Union in December 2020 the UK and Wales has been adjusting to the trade arrangements and reacting to the wider global economic impacts and Covid restrictions. For businesses and households across Newport and Wales the last year has been very challenging as it has seen the overall cost of living increase. These impacts are affecting low-income households with the cost of living due to increases in the cost of food, goods, and energy prices. In response the Council's Cabinet has committed £100k to support food banks in Newport. The Welsh Government also 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 The remaining 7% have either been refused, withdrawn or invalid claims.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 officer 'Task and Finish' group.

**Signed**

## Background

Since the UK left the European Union in December 2020 the UK and Wales has been adjusting to the trade arrangements and reacting to the wider global economic impacts and Covid restrictions. For businesses in Wales and Newport the last year has been challenging as they have had to operate within the requirements of the Covid restrictions but have seen increasing costs on goods and services delivered. Inevitably, these costs are being passed onto the consumer. For households (especially those on low incomes) across Newport and Wales the cost of living has significantly increased especially with the cost of food, fuel and energy (electricity and gas). The key economic facts in February 2022:

- The [inflation rate \(Consumer Price Index\)](#) rose by 4.8% in the last 12 months in November 2021 and is expected to remain at this rate over the first six months of the year.
- [Pay rolled employment](#) is above pre Covid-19 pandemic levels in all English regions, Scotland, Wales, and Northern Ireland.
- The [employment rate \(aged 16 to 64 to November 2021\)](#) for Wales is at 74.1% which remains lower than the UK average of 75.5%.
- [Vacancies](#) for October to December 2021 rose further to over 1.2 million with hospitality continuing to experience large number of vacancies. Also, the health and social work also reported increases in vacancies which is also being experienced by providers in Newport and Gwent.
- The [unemployment rate](#) is 3.4% in comparison to the UK rate of 4.1%. The inactivity rate (16- to 64-year-olds) in Wales (23.3%) remains higher than the UK rate of 21.3%.

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.

At December's Cabinet meeting, the Council announced an additional £100k to be distributed across the City's foodbanks and groups to help support increasing pressures on some of the city's most vulnerable households. Foodbanks and community groups are now able to apply for this funding using the link [here](#). In addition to this, Newport Council alongside its public sector / not for profit partners have a range of services and support packages in place to support those that may be struggling or need advice and guidance. Below are some of the services offered by Newport Council and partners found on Newport Council's [website](#). Some of these services include:

- [Winter Fuel Support Scheme](#) - to support households with winter fuel bills and applications will be open until midnight on 28<sup>th</sup> February 2022. The Welsh Government has also committed an additional £100 per household to support them during this period.
  - 7,104 applications have been received with 6,253 approved and 642 declined.
- [Covid-19: Self-isolation support scheme](#) – supporting people on low income and cannot work from home who have to self-isolate.
- [Council Tax and Benefits](#) – The team is available to offer support to households and businesses struggling to pay their Council Tax, Non Domestic Rates and also can assist in signposting to other organisations offering money / debt support.
  - Non Domestic Rate Grants have received 630 applications with a 510 paid totalling over £1.3m

## **Position of Non-UK Citizens living in Newport and Wales**

Newport Council recognises the benefits that all of residents that have come to live, work and contribute towards making Newport a multi-cultural place to live. The value that citizens from the EU and the wider world have contributed towards public, private and not for profit organisations has and will continue to be vital for our economic and cultural growth.

For the city's EU citizens and communities, the requirement to obtain EU Settlement Scheme (EUSS) status has been challenging but Newport has seen a high number of residents obtaining either settled or pre-settled status. 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.

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 Department of Work and Pensions also suspended benefits for all EEA citizens who do not apply for EUSS within 28 days of reminder letters.

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 awarded small grants to 4 community projects focussed on supporting EU citizens. Awards made to TGP Cymru, Settled, Newport Mind and the Newport Sudanese Community will continue to support late applications to be made to the EUSS, assist people who are still awaiting the outcome, or appealing decisions against an application, and promote integration and cohesion across local communities.

The council's Connected Communities team continue to support and signpost EU/EAA citizens and their family members to specialist support services that are able to make late applications to the EUSS, challenge negative decisions and provide advice around rights and entitlements.

These services, provided by voluntary sector organisations including CAB, TGP Cymru, Newport Mind, Settled and Newfields Law are funded by the Welsh Government and Home Office until the end of March 2022. There is no indication that services will continue to be funded after this, which presents a significant risk to available support for EU/EAA citizens and is likely to result in an increased demand on local authority resources.

In December, the team also engaged around 200 EU community members through a series of community events for St Nicholas Day. The events celebrated this important calendar date with our Polish, Hungarian Czech and Slovak communities, and provided further opportunity to signpost people to support. A community survey was also launched to explore perceptions of Newport, and Wales, following UK exit from the EU. Key findings included:

- 85% of EU citizens felt happy, or very happy living in Newport
- 35% of EU citizens said things had changed for the worse since Brexit (racism, insecure status, cost of living)
- 65% agreed they felt safe living in Newport
- 49% agreed that they Newport is their home
- 45% agreed that people in Newport are welcoming

The council's hardship solutions group continues to see an increase in referrals for individuals and families who are experiencing significant challenges due to their migration status and limited/lack of access to public funds. Without specialist support to regularise status and ensure support is in place, numbers of people facing hardship will increase, alongside risks of exploitation.

### **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 Post EU Transition risk is recorded on the Council's Corporate Risk Register which is presented to Cabinet and Audit Committee every quarter. The Quarter three 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?
Post EU Transition	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**

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 but this is fully funded through Welsh Government grant so there will be no adverse budgetary impact. In addition to this, an announcement was made at December's Cabinet meeting to contribute £100k to local community food banks and this will be funded through the overall Council underspend currently being forecast in 21/22.

## **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 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 post EU and single market 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. 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: 9<sup>th</sup> February 2022

## Appendix 1 – Summary of ongoing Council Activity

Theme	Progress of Activity completed by Newport Council to 1 <sup>st</sup> February 2022
<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 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> <li>• Maindee Primary School collaborating with Compass to deliver a project supporting Roma children and their families to improve their understanding and knowledge of the Roma community, their history and traditions. This work is also supporting the identification of community leaders and influencers to support this work.</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 has committed £100,000 to support food projects to meet additional demand over the winter months.</li> <li>• The Connected Communities Team worked with local Hungarian, Polish, Czech, and Slovak communities in early December to celebrate St Nicholas Day. Community events across the city reached around 200 families who were signposted to appropriate support and received information on the EUSS. A community survey on perceptions of the city and council services was also distributed.</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> </ul>

<b>Theme</b>	<b>Progress of Activity completed by Newport Council to 1<sup>st</sup> February 2022</b>
	<ul style="list-style-type: none"><li>• Some delays with the construction of Social Housing Grant funded schemes developed in partnership with Housing Associations. Increased labour and material costs impacting the delivery of Disabled Facilities Grant Programme and possible impact on affordable housing in the city.</li><li>• EU Community Grant Scheme launched and awarded 4 projects with funding</li><li>• EU citizens' rights cards distributed to community venues across Newport</li></ul>