

Report

Cabinet



Part 1

Date: 9 March 2022

Subject Post EU Transition Update for Newport City Council

Purpose To present an update to Cabinet on developments since the UK left the European Union on Newport Council services and Newport's communities and economy.

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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.

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 last report to Cabinet in February 2022, there continues to be positive and negative impacts on the UK economy following the UK's departure to the EU, the continuing global economic impacts of the Covid pandemic and other global impacts such as the tensions in eastern Europe. For businesses and households in Wales there continues to be increasing costs on the price of goods, services and energy. Despite these challenges the [UK economy](#) continues to grow slowly at 1.0% in the last Gross Domestic Product release between October and December 2021. The key economic facts in March 2022:

- The [inflation rate \(Consumer Price Index\)](#) is at 4.8% at the end of December 2021. The index shows that the inflation rate has increased as a result of rising energy prices, fuel, and food. Businesses are also passing on costs to the consumer in hospitality.
- ONS has published its [average weekly earnings in Great Britain](#) showing that wage growth was continuing to lag behind the rising cost of living
- The [employment rate \(aged 16 to 64 to November 2021\)](#) for Wales is at 74.5% which remains lower than the UK average of 75.5%.
- [Vacancies](#) for November 2021 to January 2022 has seen a slow down across all industry sectors to over 1.298 million with hospitality continuing to experience large number of vacancies.
- The [unemployment rate](#) is 3.1% in comparison to the UK rate of 4.1%. The inactivity rate (16- to 64-year-olds) in Wales (23.1%) remains higher than the UK rate of 21.2%.

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.

Newport Council and its partners are continuing to support households that are struggling to meet the cost of living crisis and further announcements from the Welsh Government will provide households living in bands A to D properties £150 rebate on their Council Tax bills in 2022/23 as well as the £200 discount on energy costs that was announced by the UK Government. Newport Council continues to support the city's foodbanks across the city. Below are some of the services offered by Newport Council and partners found on Newport Council's [website](#). Some of these services include:

- [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.

Since the deadline passed for EU and EEA citizens to apply for EU Settled Status, the Home Office (31st 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.

Newport City Council Brexit Task & Finish Group

At the end of March the Welsh Government Local Association will bring to a close its EU advisory group and Brexit Co-ordinators group as the majority of the work is moving into business as usual. Newport Council's Brexit Task & Finish group has been coordinating the Council's response over the last three years assisting in the delivery of EUSS, supporting service areas to prepare leaving the EU and also examining the impacts of Brexit on Newport's economy, businesses and residents.

The group is considering a number of options on how Newport Council can continue to support EU/EEA residents as well as supporting communities, disadvantaged and vulnerable groups across the city that are now having to manage the cost of living crisis and post EU transition. Funding received from the WLGA that has already been allocated towards initiatives will be continued into 2022/23 but there will not be any additional funding after it has been fully spent.

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.

The latest [Home Office statistics](#) to 31st January 2022 show that a total of 6,441,800 applications have been received. 386,600 applications were received after 30th June 2021 deadline. 6,126,500 applications were concluded with:

- 51% (3.15 million) granted settled status
- 41% (2.5 million) granted pre-settled status
- 4% (0.2 million) refused
- 4% (0.2 million) withdrawn or void

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. 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 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).

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. The team co-ordinate on a weekly multi-agency drop in at Community House, Eton Road, and over the coming months plan to deliver Rights and Entitlements sessions to communities using local schools as a base, and develop an online information session for professionals.

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 has been an indication from both the Welsh Government and the Home Office that funding may be extended to September-December, which is welcomed, however the council recognises that demand for advice services is escalating, cases are increasingly complex, and this is likely to continue post-December.

Concerns continue to be raised through local networks about the vulnerability of EU citizens and their family members, including the risk of exploitation due to restricted rights, discrimination or hardship. The Connected Communities Team has developed a referral pathway for partners and council colleagues to access migration advice from the team and is currently mapping out services which can be accessed for a range of support across the city.

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:

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?
Post EU Transition	4	3	See Report.	Head of People, Policy and Transformation

* 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. Between now and the end of the financial year, any impacts, on the in-year revenue budget in particular, will need to be managed from within existing resources and the overall Council underspend, supplemented by earmarked reserves, if required.

Looking ahead to the next financial year, budget managers will be expected to continue to monitor the impact of leaving the EU and will need to work with Finance colleagues to escalate any material financial implications and report them where relevant. Any material impacts will need to be factored into medium term financial planning and the development of the new capital programme.

The report identifies two specific issues that will need monitoring for their potential impact. The first is the implementation of the Winter Fuel Payments, which will require oversight and administration by Council services, albeit there should be no net cost upon the Council, as this is fully funded by Welsh Government. The second issue is the ending of the grant funding currently being utilised by voluntary sector organisations to support those impacted by the EU exit. Whilst there is the potential for the funding to be extended, it will be important to monitor this situation to ensure there is no financial impact

upon the Council. Linked to this, officers will continue to explore the possibilities of accessing any grant funding that is being made available to public bodies in supporting the 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 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: 28th February 2022

Appendix 1 – Summary of ongoing Council Activity

Theme	Progress of Activity completed by Newport Council to 1 st March 2022
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 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 • 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.
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 2022/23.
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"> • 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. • 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. • 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.

Theme	Progress of Activity completed by Newport Council to 1 st March 2022
	<ul style="list-style-type: none"> • 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. • EU Community Grant Scheme launched and awarded 4 projects with funding • EU citizens' rights cards distributed to community venues across Newport • Rights and entitlements sessions for communities and professionals planned for Spring 2022.