

# Report

## Cabinet

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### Part 1

Date: 12 October 2022

**Subject** Newport City Council response to external pressures impacting communities, businesses, and Council services

**Purpose** To present an update to Cabinet on Newport City Council's response to external factors impacting on communities, businesses, and Council services.

**Author** Chief Executive  
Head of People, Policy and Transformation

**Ward** All

**Summary** Over the last three years, public services, charities, not for profit and the private sector have faced unprecedented challenges and opportunities as a result of Brexit, Covid pandemic, and now the cost-of-living crisis and the Ukrainian conflict.

Since July 2022, the Council is continuing to respond to the impacts which the cost-of-living crisis is having on households, businesses and council services. With inflation and cost of living expected to increase further over the autumn and winter the Council will continue to lead and administer schemes to provide financial support and services during this challenging period.

Newport Council is also having to respond to the Ukrainian conflict supporting Ukrainian families to settle in Newport through the UK Government Homes for Ukraine scheme. This is in addition to existing resettlement and community services provided for refugees, Asylum seeker schemes which all place demands on our Council services.

**Proposal** Cabinet to consider the contents of the report on the Council's activity to respond to the external factors on Newport's communities, businesses and council services.

**Action by** Corporate Management Team

**Timetable** Immediate

This report was prepared after consultation with:

- Corporate Management Team

**Signed**

## Background

Over the last three years Newport City Council and its partners have been responding to the global issues such as Brexit, the Covid pandemic, the Ukrainian conflict and the cost-of-living crisis that have and are continuing to impact communities and businesses across the City. As a public body, Newport City Council is responsible for providing many statutory and non-statutory services that support vulnerable and disadvantaged residents as well as enabling the city's economy to thrive. During this period of time, we have and continue to see demand on the Council's services increase as more residents and businesses have needed public sector support.

This report provides an overview of how the Council's services are supporting residents and businesses with the cost-of-living crisis, the Ukrainian refugee support and other community activities.

### **Cost of Living Welsh Government and Newport City Council Response.**

Over the last two years, there have been several global economic impacts due to Covid and the recent Ukrainian conflict which has affected global supply of food, energy (gas and electric) and fuel. These issues are impacting residents and businesses as inflation rates rose by 8.6% in the 12 months to August 2022. For many low to middle income households, the rise in costs are forcing families to choose between heating their homes or eating as incomes are unable to meet the rising energy and food prices.

The Bank of England has increased interest rates to 2.25% to try and tackle inflation making borrowing more expensive. On top of the increase of food and general cost of living, it is suggested the cap on energy bills is set to rise further in 2023, meaning a difficult winter ahead for households struggling with the rise of the cost-of-living.

A task and finish group has been established by the Council to deliver a co-ordinated response to the cost of living crisis in Newport and to develop long term solutions in partnership with third sector organisations to support the most vulnerable and disadvantaged communities. Below, is an overview of services and activities being delivered by Newport Council and partners to support communities.

The Welsh Government has a dedicated link for households to see if they are entitled to additional financial help, see link [here](#). The Welsh Government has launched the '[Claim what's yours](#)' initiative where people may be unaware they may be entitled to benefits to provide additional support they need.

Earlier this year, Welsh Government announced a £150 cost of living payment on [Council Tax](#) costs for households living in bands A to D. Newport City Council are encouraging as many households as possible to claim the payment. For businesses, the council is using its [discretionary powers](#) to support businesses in the city centre in addition to the rate relief from [Welsh Government](#).

In addition to the funds made available to residents of properties in council tax A to D, Welsh Government has made a further £1,249,653 available to Newport City Council which is to be distributed to residents by way of a discretionary scheme, along with £253,210 to cover administration of both schemes. The Council is free to distribute the discretionary fund in any way that it feels is appropriate under the broad remit of alleviating the impact of the increase in the cost of living. Further information is provided in a separate report.

Applications for the 22/23 Winter Fuel Support Scheme are now open.. We are automatically issuing a post office voucher to the value of £200 which can be exchanged for a cash payment to everyone in receipt of Council Tax Reduction. Applications can be made by those in receipt of a qualifying benefit who we are unable to identify as being eligible, and we have an online form with paper forms available on request.

We are working with partners to deliver collaborative events in the coming months. To provide advice and support to residents.

From September 2022, Newport City Council will be offering free school meals to all pupils in Reception, Year 1 and Year 2 in local authority-maintained schools. Due to Welsh Government funding, local authorities across Wales are extending the availability of free school meals. In the bid to tackle food poverty, the aim is that every primary school pupil will be able to have a free school meal by 2024. Further information can be found through the link [here](#). The Council also offers the Pupil Development Grant (PDG) to help fund a child's school uniform and equipment. Further information can be found [here](#).

Newport Council recognises the work which many community food organisations (food banks, charities and community groups) make to support the most vulnerable residents that are struggling to pay for meals and need additional support to access other services. Earlier this year Newport Council established a partnership arrangement with Gwent Association Voluntary Organisations (GAVO) providing capital funding for community food organisations and can still be accessed [here](#).

As the cost of living crisis is hitting, many organisations are seeing increasing demand on their services but are now struggling to maintain their own costs as these are increasing and donations are reducing. Newport City Council was allocated £55k via Welsh Local Government Association to support community food organisations. In September Newport City Council and GAVO have launched the Community Food Organisation grant of £100k for organisations to claim up to £5k to support their ongoing costs and increase demand. Further information can be found [here](#).

### **Ukrainian Refugee Support**

The ongoing conflict in Ukraine has caused displacement of many tens of thousands of Ukrainian people from their homes. The UK Government continues to encourage Ukrainian nationals to utilise the Family for Ukraine Scheme which encourages individuals to safely join and reunite with family members or extend their stay in the UK. Newport has seen a rise in a number of families arriving in the city through this scheme.

Under the UK Government Homes for Ukraine scheme, the Welsh Government (WG) is a Home for Ukraine super sponsor. As a super sponsor, WG can provide accommodation, support and care in Wales and removes the need for applicants to be matched to a named person before they are cleared to travel to the UK. From 10<sup>th</sup> June, WG paused new visa applications to allow time to refine arrangements in place to support people and ensure all public services (especially local authorities) can continue to deliver high standard support.

To date through the Homes for Ukraine Scheme, 10,627 applications have been submitted with a sponsor in Wales of which 6,039 are via the Welsh Government as a super sponsor. Additionally, 9,282 visas have also been issued where Welsh Government is the super sponsor. In total 4,721 people with sponsors in Wales have arrived in the UK. Through the Homes for Ukraine Scheme, Newport currently has 121 approved applicants of which 90 are in active placements across 46 sponsors.

Newport City council has also become the first Local Authority in Wales to be registered with the Office of Immigration Services Commissioner (OISC) to provide legal immigration advice. The access to this opportunity of free legal immigration advice is based upon eligibility criteria, and all other requests for advice and representation will be considered on a case-by-case basis. The Council's established Operational Response Group who meet on a fortnightly basis co-ordinate Newport Council's approach to welcoming and supporting people arriving in Newport. This group is currently mapping capacity and potential demand across a range of key areas including social care, housing, education and integration support. The Council continues to work closely with partners and other Gwent authorities to ensure a joined up, cohesive approach to Ukrainian resettlement, taking a regional approach wherever possible to maximise efficiency.

### **Asylum Dispersal**

Until recently, Newport was one of the four Local Authority asylum dispersal areas in Wales for people seeking asylum established by the Home Office in 2001. Numbers and profile of people seeking asylum

fluctuate, largely due to the nature of global issues and the speed at which the Home Office processes asylum claims. This year, the Home Office announced the 'Full Dispersal' approach, this will require all Local Authorities to become asylum dispersal areas to spread the burden of people needing to move from hotel accommodation to dispersal accommodation, following the increased arrival of people applying for asylum protection. Newport City Council will work with the regional Strategic Migration Partnership to consider the impact of these plans on the area, as this will result in a change in the population base for Newport as calculations are moved to the 2021 population census as a base.

While asylum dispersal to all Local Authorities in England, Scotland and Wales is likely to more fairly distribute pressure across Local Authorities, it will continue to have a significant impact on Newport City Council and all locally involved service providers and the wellbeing of people seeking asylum with logistical challenges in relation to the significant change in geographical spread and the possible risk of inequity in service provision and access. Despite these challenges moving to an all Authority approach which uses a population base for allocations is favourable to Newport and fairer for our services and communities.

In addition to this scheme we have also been informed of changes to the National Transfer Scheme for Unaccompanied Asylum Seeking Children (UASC). Wales has been included in the mandatory National Transfer Scheme since December 2021. In August the Home Office announced an expansion and speeding up of the National Transfer scheme for all local authorities in the UK, this will result in a further pressure on placements and staffing support for children. The definition for UASC is unchanged and does not include Ukrainian children with the expectation that these children will be supported via the Homes for Ukraine scheme.

We are also aware of people in Newport who have No Recourse to Public Funds (NRPF), these include people seeking asylum, failed asylum seekers and people with discretionary leave to remain in the UK with certain restrictions. Most people with NRPF have the right to work, but are not entitled to claim income related benefits and other support arrangements. Further details can be found on the link [here](#).

The Council is supportive of UK and Welsh Government initiatives to provide sanctuary to refugees that have been displaced as a result of conflict, and the important support for children, however we must also recognise that this places an additional demand on Council services and particularly our private housing stock and social care services.

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

With the increasing demand on services, the Council is anticipating further pressures on budgets and resources over 2022/23. The inflationary impact in the UK is also impacting on costs in revenue and capital delivery in the Council and in the medium term are likely to impact on the Council's finances. As highlighted in the report, Council Tax and Business Rate relief is being provided to help with the cost of living. However, it is anticipated by the Council's Revenue team that the Council will see households and businesses struggle to pay their bills. The Council is encouraging people to contact the Council who can provide help and support for people to pay their bills and try to prevent them from getting into any financial difficulty. A more detailed report on the Council's revenue and capital position are reported separately to Cabinet in September.

### **Risks**

Newport Council will be reviewing the Council's Corporate and service area risks as part of the new Corporate Plan. This will consider the impacts of Post EU arrangements, Ukraine conflict and cost of living.

<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?
Cost of Living impact on Council services	4	4	See report on the Council's response to the cost-of-living crisis.	Corporate Management Team
Supporting Ukrainian refugees to settle in Newport.	4	2	See this Report on the Council's response to the Ukrainian refugee re-settlement programme.	Corporate Management Team.
Changes to the asylum dispersal schemes	4	2	See report on the Council's response to the changes to asylum dispersal schemes.	Head of Housing and Communities, Director of Social Services.

\* Taking account of proposed mitigation measures

## **Links to Council Policies and Priorities**

Corporate Plan

## **Options Available and considered**

1. To consider and note the contents of the report on the Council's response.
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 on the Council's response.

## **Comments of Chief Financial Officer**

As commented in previous reports, the lasting financial impact of Brexit and the Covid pandemic 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. We are beginning to see the impact of rising fuel and material prices whilst 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, will need to be managed from within existing resources, budget contingency where available and appropriate and the use of any grants made available to the Council.

In addition to in-year financial management challenges noted above, there will be impacts on the Council's MTFP and the work on this is in progress.

Budget managers and HoS will be expected to continue to monitor the impact of the external factors included in this report and work with Finance colleagues to escalate any material financial implications and report them where relevant. This will need to also include plans to mitigate any issues, as far as is possible.

## **Comments of Monitoring Officer**

There are no legal issues arising from the report. Any specific legal implications will be addressed as part of the Council's operational responses to the key issues identified in the report.

## **Comments of Head of People, Policy and Transformation**

The Council is supporting the Welsh Government's initiatives to provide sanctuary to refugees that have been displaced as a result of conflict. The delivery of these schemes by Newport Council has been using existing resources to support families to settle in Newport. The cost-of-living crisis is also impacting communities and households as well as Council services. Through the Council's partnership networks such as One Newport, we are working collaboratively to provide support to organisations that have been impacted and to ensure that they are sustainable for the medium to long term. There are HR implications on resources to meet this additional demand on services and the Council is considering these on existing services and resources.

## **Scrutiny Committees**

Not applicable as this an information only report and no decision is required from the Council.

## **Fairness and Equality Impact Assessment:**

Not applicable as this is an information only report and no decision is required from the Council.

## **Wellbeing of Future Generations**

**Long Term** – The short term actions the Council is taking now is considering the longer-term impacts which the cost of living and Ukrainian crisis is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.

**Collaborative** – Newport Council is working collaboratively across the organisation and also our external partners from Aneurin Bevan University Health Board, schools, Welsh Government and other local partners to support cost of living and Ukrainian support.

**Integration** – The actions that the Council and is taking supports the Council's organisational priorities for community cohesion, early intervention and prevention. This also supports the Welsh Government's priority for Wales being a nation of sanctuary.

**Involvement** – We are involving communities and residents who are providing vital front-line support and helping vulnerable / disadvantage households, and refugees. The Council is also providing regular updates and communications to those impacted by the cost-of-living crisis.

**Prevention** - The short term actions the Council is taking now is considering the longer-term impacts which the cost of living and Ukrainian crisis is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.

## **Consultation**

Not Applicable

## **Background Papers**

Not applicable

**Dated: 5 October 2022**