

Report

Cabinet



Part 1

Date: 16 November 2022

Subject Newport City Council response to external pressures impacting Council services

Purpose To present an update to Cabinet on Newport City Council's response to external factors impacting on delivery of Council services.

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Summary Since the last Cabinet report in September, the cost of living crisis has continued to impact households and businesses across Wales and Newport. With inflation expected to rise to over 10% by the end of the calendar year. Additionally, interest rates are also expected to increase to over 6% to mitigate the inflationary pressures and stabilise the UK financial markets. These pressures are also having an impact on the Council and the services it delivers, similar to other Councils in Wales.

In response, Newport Council has established a task and finish group to examine how the Council can utilise its resources and work with our key partners to support the city's most vulnerable and disadvantaged households and businesses. To date the Council has helped households, businesses and organisations such as Community Food Organisations. The Council is also hosting several events to provide support, advice and guidance to residents.

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 Executive Board and Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Executive Board
- Corporate Management Team

Signed

Background

Over the last 18 months, communities across Newport are facing unprecedented financial pressures resulting from inflationary increases of energy, food, mortgage and rent, and other household costs. In addition to this, public sector including Newport City Council, businesses, charities and not for profit organisations are also experiencing increasing costs and are having to make difficult decisions in relation to the services provided and passing on these costs to the customer. It is anticipated that the coming winter could see further challenges and impacts on communities and businesses which could further exacerbate existing issues. This report provides an overview of the current wider economic impact at UK and Welsh levels since the last report presented at Cabinet in October 2022.

With the increasing demand on services and inflationary impacts on costs, the Council is anticipating further pressures on budgets and resources over 2022/23. The inflationary impacts are also impacting on the Council's capital programme and projects. These were recently reported to Cabinet, with a current forecast revenue budget overspend reported and slippage and funding shortfalls on capital projects. The inflationary pressures are also coming through into the Council's Medium Term Financial Plan and the 2023/24 budget in particular, similar to other Councils. Work is currently underway to plan how the most important services will be delivered with Newport City Council facing a budget gap of £33m. Further information on the Council's finance position will be published separately and a more detailed report on the Council's revenue and capital position will be reported separately to Cabinet in December.

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 due to other financial pressures such as mortgages, rent, energy and other everyday costs. 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.

Cost of Living Impacts in Wales and the UK

As the UK emerged into the post pandemic situation, a series of global and UK events have impacted on the supply and demand of commodities, energy, fuel and food. At the end of September 2022, the inflation rate was at 10.1% ([ONS 2022](#)) and the Gross Domestic Product to June 2022 was at 0.2%. The inflationary rate has been largely caused by the increasing costs of gas and electric due to increased demand to use alternative global gas supplies from Russian sources. Additionally, this is impacting manufacturing processes and increasing the costs to produce goods and deliver services. In response to the increase in costs, the UK Government announced in September an energy price guarantee for two years and non-domestic customers for the next six months (subject to further review). In addition to this, the households will receive £400 off their bills and there is additional support for customers eligible for Winter Fuel Payments (further information below).

In the last two months, the Bank of England (BOE) has been increasing the bank base rate which currently stands at 2.25% (October 2022). At the time of this report, the financial stability of the UK economy was at a difficult position and it was being predicted that interest rates will have to increase faster than anticipated (up to 6%) and monetary interventions to stabilise the economic markets. For households with a mortgage, this saw many mortgage products being removed and new products at higher rates and those not on fixed rates or variable rates are seeing their mortgage payments significantly increase.

Welsh Government, Newport City Council and Partners Response.

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.

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 which ended in September 2022. For businesses, the council is be 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.

In October and November, Newport Council alongside other public sector organisations such as DWP, Registered Social Landlords, not for profit organisations, charities and other organisations are hosting several events to residents providing cost of living advice and support.

In October, GAVO delivered a Development Day with Community Food Organisations in Newport. The event provided advice, guidance and support to organisations on how to be more sustainable to support their communities. This event was held on the back of the launch of the Newport Council's and GAVO's Community Food Organisation grant scheme to help with ongoing costs and increased demands on their services.

In October, an event was held Pill Mill where 13 partners offered advice, support and guidance to 112 customers including energy costs, council tax, debt management, budgeting, mental health support. A second [cost of living event](#) was held on 3rd November at Newport Riverfront theatre with over 200 people attending. Although led by NCC, this was supported by several partners supporting residents with advice, support and guidance. A Cost of Living Summit was also held by the Leader at the start of November, with community and organisation leaders invited to share their knowledge and experiences. Collaborating together, further action is going to be taken by the Council and partners to support communities over the winter period.

Newport City Council is also collaborating on many other projects, activities and support for communities including:

- Period dignity and period poverty by making free menstrual products to all girls and women. This includes distribution across community centres, food banks and third sector partners.
- Flying Start expansion into additional geographical areas high in deprivation including Well-being camps over half term, youth services and healthy eating initiatives.
- Free school meals to all pupils in reception, year 1 and 2, and school uniform cost support for families.
- Developing arrangements to provide Warm Places for residents in Newport during the winter period.
- Economic Development projects including New Skills, DWP Restart Programme and Newport Youth Academy supporting residents with training, skills and employment.
- Families First collaborating with Citizens Advice Bureau to support families with disabilities to access benefits, reducing impacts of poverty.
- Schools offering breakfast clubs and free music sessions to children through Gwent Music.

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 10th 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 only 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.

We are also monitoring potential impacts as a result of issues with asylum assessment and contingency accommodation within South East England, which will have potential impacts across current dispersal areas.

We are 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.

Risks

Newport Council will be reviewing the Council's Corporate and service area risks as part of the new Corporate Plan.

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?
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 refugees to settle in Newport.	4	2	See this Report on the Council's response to re-settlement programmes.	Corporate Management Team, Head of Housing and Communities, Director of Social Services
Balancing the Council's Medium Term Finance Plan	4	4	See this report on the MTFP work and statement. Also Council's Finance updates and Corporate Risk Register.	Corporate Management Team / Finance

* 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 Medium Term Financial Plan (MTFP) and the work on this is in progress as part of the usual budget timetable.

Budget managers and Heads of Service 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 using existing resources to support families through 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 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 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 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: 10 November 2022