

# Report

## Cabinet

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### Part 1

Date: 14 December 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.

**Author** Policy and Partnership Manager

**Ward** All

**Summary** The cost-of-living crisis is continuing to adversely affect our residents and businesses across the city as with the rest of the country. Inflation continues to rise further impacting on the council as well as other businesses and residents. The report sets out the range of challenges facing Newport City Council and our residents at this time.

Events and support are being facilitated across the city with partners as there is a clear requirement for a collaborative approach to supporting our residents in these times.

**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

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 winter could see further challenges and impacts on communities and businesses. This report provides an overview of the current wider economic impact at UK and Welsh levels since the last report presented at Cabinet in November 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 the most significant budget pressure in many years. 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 is on the Cabinet agenda.

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.

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### **Cost of Living Impacts in Wales and the UK**

At the end of October 2022, the Office for National Statistics reported the Consumer Prices Index was 11.1% ([ONS 2022](#)). This was attributed to the changes to the cost of domestic energy supplies, rising food and non-alcoholic beverage prices and from items related to recreation and culture. The Gross Domestic Product reported for the period to September 2022 saw a retraction by -0.2% and in the UK Governments Autumn Statement it was acknowledged that the UK was likely to enter into recession over the winter period. The Autumn Statement from the UK Government also acknowledged the Office for Budget Responsibility's assessment that households across the UK will see living standards fall and confirmed that:

- Pensioners and people in receipt of benefits will see a 10.1% rise in weekly payments.
- An additional cost of living payments with £900 for households in receipt of eligible benefits and £300 pensioners.
- UK minimum wage for people over 23 to increase from £9.50 to £10.42 an hour.

The UK Government also confirmed that tax thresholds will be frozen until April 2028, meaning millions will pay more tax and the top 45% of additional rate of income tax will be paid on earnings over £125,140 instead of £150,000. Finally, the UK Government confirmed the household energy price cap has been extended for one year beyond April with typical bills capped at £3,000 a year instead of £2,500.

For Wales, the Welsh Government expected to receive an extra £1.2 billion over two years. However, at the time of the report, Welsh Government's budget has not been published and is expected to be announced on December 13 2022.

At the beginning of November, the Leader of the Council facilitated a cost-of-living summit with key community leaders from across Newport. Discussions focused on how all organisations can work together to support our residents during these difficult times.

An advice, guidance and support event was held at the Riverfront Theatre for residents. This event was well attended with over 200 talk with services. Partners commented on how helpful it was to be able to interact with other agencies. Following the success of this event further events are being planned for the new year with the first in January 2023.

Funding has been confirmed by Welsh Government that will be made available to support the establishment of warm spaces/centres. Newport Community Development Teams are establishing a plan of action that includes how the centres will be supported. Once further detail is received it is hoped this will form the basis of a coordinated offer of warm spaces across the Newport area with support from key partners. A Warm Space has already established at the Gap on Stow Hill and is working well.

Officers from Newport City Council will be supporting the establishment of a regional cost-of-living group to promote local, regional, and national support available to residents and businesses across Gwent.

Previous reports have highlighted Welsh Government support including –

- A dedicated link for households to see if they are entitled to additional financial help, see link [here](#)
- The '[Claim what's yours](#)' initiative to raise awareness of entitlement to benefits to provide additional support they need.
- Cost of living payment on [Council Tax](#) costs for households living in bands A to D which ended in September 2022.
- Newport City Council is be using its [discretionary powers](#) to support businesses in the city centre in addition to the rate relief from [Welsh Government](#).

Applications for the 22/23 Winter Fuel Support Scheme are still open. We are continuing to automatically issue a 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.

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.
- 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.

- Developing arrangements to provide Warm Places for residents in Newport during the winter period.

## **Asylum Dispersal**

Newport has a long history of welcoming people seeking sanctuary and will continue to offer a place of safety for those fleeing conflict and persecution. It is important that immigration, including asylum dispersal is a retained power of the UK Government and the Home Office, with their accommodation provider, are responsible for the procurement and management of all accommodation provided to asylum seekers which includes hotel accommodation in Wales.

The council works with all the agencies involved to ensure the most appropriate assistance is available and that both our communities and those arriving in our city are supported and safe.

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.

We also know that there are 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](#).

Newport City Council is also the first Local Authority in Wales to be registered with the Office of Immigration Services Commissioner (OISC) to provide legal immigration advice which is offered based upon eligibility criteria.

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.

## **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 had 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 122 approved applicants of which 106 are in active placements across 54 sponsors.

The Council's established Operational Response Group meets on a fortnightly basis co-ordinate the approach to welcoming and supporting people arriving in Newport. This includes mapping capacity and potential demand across a range of key areas including social care, housing, education, and integration support. There is currently a particular focus on housing and homelessness prevention as many of the initial 6-month placements are coming to an end. 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.

## Risks

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

| <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><br>What is the Council doing or what has it done to avoid the risk or reduce its effect? | <b>Risk Owner</b><br>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 | 5  | 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

## Welsh Government, Newport City Council and Partners Response.

The Council Cost of Living Task and Finish Group supports the delivery of a co-ordinated response to the cost-of-living crisis in Newport through developing long term solutions with third sector organisations aimed to support our most vulnerable and disadvantaged communities. The need for a coordinated and collaborative response is clear and the following key activities took place during this quarter:

## 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**

The report highlights the various factors which are putting pressure on Council services to help and respond. The report highlights the support which is available. Whilst a significant amount of this specific support is funded from UK Government / WG, the various factors are having significant impacts on the Council's general service 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: 6 December 2022**