

# Report

## Cabinet

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### Part 1

Date: 13 September 2023

**Subject** **Newport City Council response to external pressures impacting Council services.**

**Purpose** To present an update to Cabinet on the external pressures impacting on the delivery of Council services, and a summary of Newport City Council's response.

**Author** Policy and Partnership Manager

**Ward** All Wards

**Summary** This report provides an update on the external pressures facing the council with the cost-of-living crisis continuing to be the main external pressure faced by our residents, communities, and services during this month.

Collaboration and partnership working is key to supporting our citizens and therefore this report provides information on how this way of working is enabling a greater access for our residents to support, advice, and guidance.

**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:

- Head of Prevention and Inclusion
- Head of Housing and Communities
- Deputy Head of Education
- Head of Finance
- Head of Law and Standards
- Head of People, Policy, and Transformation

**Signed**

## Background

This report is presented monthly to Cabinet members to highlight the key pressures facing our communities, businesses, and council services, and to provide an update on how we are working collaboratively with our partners to help support those in need.

The main pressures highlighted in this month's report are related to the ongoing cost-of-living crisis and housing and homelessness.

### Cost of Living Crisis

Despite inflation in the UK dropping for the second month, it remains high overall and above the Bank of England's target rate. There are early reports that as a result, the Bank of England is expected to raise interest rates again next month in an effort to bring inflation down<sup>1</sup>, which could increase monthly costs for those with mortgage and other borrowing costs.

In addition, consumer reports indicate further price rises such as petrol, which may lead to increased household costs for residents.

Members will also be aware that all UK and Welsh Government cost of living related schemes have now ended, and no announcement has been made regarding future schemes for 2023-24 to date.

Officers from across the council and our partner agencies continue to work together to help mitigate the impact locally, and we have been able to fund two dedicated cost of living advisors to coordinate and promote support, advice and guidance with partners and residents across Newport via UK Shared Prosperity Funding and these posts are being recruited to. To raise awareness amongst all officers of the impact of poverty upon children and young people and the support available, colleagues in our education department delivered an awareness session on the impact of poverty as part of staff training day.

Free and low-cost summer events have been supported and facilitated through July and August as an opportunity to engage with families as this has proved to be more useful to residents than dedicated cost of living events and provides further opportunity to disseminate the cost-of-living directory, which is updated monthly, and to provide practical supporting including free period products and pre-loved school uniforms. Events have been scheduled for autumn and winter to ensure residents are able to access support during the colder weather.

Newport City Council provided additional financial and practical support to our communities over the school holidays to help tackle food poverty during the period, working in partnership with GAVO and Newport Live on summer initiatives with free lunches, additional support via foodbanks, and providing supermarket vouchers to approximately 1,000 of our most vulnerable households.

### Homelessness and Financial Resilience

Pressures on housing and homelessness services in the city continue to be very high. This is caused by a range of factors including the impact of the cost-of-living crisis on household finances and high rents within the private rented sectors.

These high rents are in the context of the current maximum amount of Local Housing Allowance (LHA) that can be claimed by residents in private rented accommodation via housing benefit or universal credit (housing costs) being £113.92 per week for a 2 bed roomed house compared to the average market rents of £219 (median) and £310 (mean). Previously the LHA equated to the 30th percentile of the market rent, meaning that 3 in 10 properties would be affordable and accessible for people on low incomes in receipt of benefits, however the LHA rate has been frozen nationally since March 2020 while rent rates in Newport have continued to rise. [Research](#) published by the Bevan Foundation in March 2023 found only 1.2% of the properties advertised were advertised at rents that were at or below LHA

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<sup>1</sup> <https://www.bbc.co.uk/news/live/business-66502810/page/3>

rates, compared to 5.9% in August 2022. None of the properties they researched in Newport were able to be fully covered by the LHA.

The LHA freeze has a dual impact causing landlords to evict people and then preventing people from securing alternative accommodation in the private rented sector. It is a significant contributory cause of the homelessness crisis in Newport, Wales, and the UK more generally.

In addition, there is a continued challenge in the city with developing new housing projects, and the council is working hard in partnership with Housing Associations, through the recently released Welsh Government Transitional Accommodation Program (TACP), to increase its success in preventing homelessness and to maximise the new homes it can provide.

#### Ukrainian Support Scheme

The use of one of Newport's hotels which being used by the Welsh Government "Super Sponsor Scheme" will cease in November 2023. The council's Connected Communities Team is working with residents and colleagues from Welsh Government to identify suitable move on options for these households. Recent additional funding from the Welsh Government has also allowed NCC to continue to provide 2 educational hubs for Ukrainian students.

#### **Risks**

<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 this report on the Council's response to the cost-of-living crisis.	Corporate Management Team
Homelessness and housing concerns across the city.	4	2	See this Report on the Council's response to these issues	Corporate Management Team, Head of Housing and Communities, Director of Social Services

\* Taking account of proposed mitigation measures

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

- Corporate Plan
- Strategic Equalities 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**

The report highlights examples of support which is available to citizens who are struggling with the cost-of-living crisis. Whilst a significant amount of this specific support is funded from UK Government and Welsh Government, certain factors are having an impact on the Council's finances, both in the short term

and across the medium-term. Evidence of this can be seen via the financial pressures upon the Housing & Communities budget, driven by the high levels of homelessness in the city.

Specific examples within the report give rise to potential cost implications. An example of this is the recruitment of two cost of living advisors. Whilst these posts are currently funded via the Shared Prosperity Fund (a UK Government grant funded programme), this funding is time limited, meaning these posts can only be in place whilst that funding is available. Should there be a need or desire to extend these posts beyond that window, the funding will either need to be found from within existing resources or a new pressure will have to be added to the Council's medium term financial plan.

A second example is the Transitional Accommodation Capital Programme. The financial implications of this are not currently clear, and it is assumed that the costs will either be met by partners or via grant funding. Should this not be the case, it is important that the Council is not exposed to additional costs, and where that is the case, appropriate funding for these costs must be identified before anything is committed to.

More generally, and especially in the context of an extremely challenging medium-term horizon, budget managers and Heads of Service will be expected to continue to monitor the impact of the external factors included in this report, especially in areas where grant funding ends, 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**

Both the cost-of-living crisis and the housing situation in Newport continue to affect our residents and staff and this report provides examples of how we are working with partners across the city to provide advice, support, and guidance to those most at need. In line with the WBFG Act there is a focus both on providing short term support and long-term resilience. This can also be seen in our collaboration in increase affordable housing now and thinking longer term.

The council is continuing to consider HR implications for our workforce and working with all service areas closely during this period.

### **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.

#### **• Wellbeing of Future Generation (Wales) Act**

**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 our external public, private, third sector, voluntary, and housing sectors.

**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.

- **Equality Act 2010**

Consideration of protected characteristics as detailed within the Equality Act has informed the activities and support provided.

- **Socio-economic Duty**

The support being provided is fully congruent with the requirements of the socio-economic duty.

- **Welsh Language (Wales) Measure 2011**

All information is provided bilingually.

**Consultation**

Not applicable

**Background Papers**

Monthly reports to Cabinet.

Dated: 5 September 2023