

# Report

## Cabinet

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### Part 1

Date: 7 July 2021

**Subject** Post Brexit Update for Newport

**Purpose** To present an update to Cabinet on post Brexit arrangements and their impact on Newport Council services, and Newport's communities and economy.

**Author** Chief Executive  
Head of People and Business Change

**Ward** All

**Summary** Since the last report to Cabinet on 16<sup>th</sup> June 2021, the UK / EU trade arrangement has been in place for over 6 months. There are ongoing issues between the UK Government and EU around the implementation of the new arrangements and there remain many uncertainties on the medium to long term impacts for the economy in Newport and Wales.

The deadline for EU citizens to apply for EU Settled Status has now passed (30<sup>th</sup> June). The Council and its partners in the run up to the deadline have been promoting, encouraging and supporting residents to apply before the deadline.

In March, the UK Government announced two subsidy schemes (Levelling up Fund and Community Renewal Fund) that will replace EU Structural Funding many areas in South East Wales including Newport benefited from. Applications have been submitted to UK Government and are outlined in the report.

**Proposal** Cabinet is asked to consider the contents of the report and note the Council's Brexit response.

**Action by** Corporate Management Team

**Timetable** Immediate

This report was prepared after consultation with:

- Heads of Service and officer Brexit 'Task and Finish' group

**Signed**

## Background

The UK officially left the European Union and the Single Market on 31<sup>st</sup> December 2020. The UK and EU have agreed a trade arrangement that will prevent tariffs being imposed on EU and UK goods. But the new regulations now require businesses that trade with the EU to complete a number of forms and documents in order to continue to meet the new arrangements. Over the last couple of months, there has been increasing tensions between the UK and EU over the Northern Ireland arrangements and whilst it is not directly impacting Wales, the uncertainty could impact on trade routes between Ireland and Welsh ports. There have also been reports in the labour market of certain sectors such as the hospitality and HGV driver sectors being unable to replace and find new staff. EU citizens leaving the UK and/or moving into different sectors have been sighted as some of the factors for this shortage.

Despite these issues, the UK Government has continued to set up trade agreements with Norway, Iceland and Australia as some of the examples. Whilst this does not fully absorb the losses from leaving the EU Single Market, it does provide some assurances over future arrangements. In addition to this there has been an increase in the global demand for certain products and materials such as micro-processors, construction materials e.g. cement, bricks, timber and steel being in short supply. This is having an impact on prices which are increasing due to these supply issues. It is still uncertain if these price increase will remain in place in the medium to long term if they return back to pre-pandemic prices. For the Council this could impact on the delivery and cost of major capital projects and other technology related projects. The Council's finance and project teams will be monitoring these closely over the next year.

### UK Government Levelling UP and Community Renewal Funds

As reported in June's Cabinet meeting, EU structural funding will be phased out over the next couple of years. In its place the UK Government will introduce a UK Shared Prosperity Fund in 2022. There are still many unknowns as to whether this new Prosperity Fund will replicate, improve or provide more funding into South East Wales and Newport than its EU predecessor and the Council will have to await further information to be provided by the UK Government on the Fund.

In the meantime, for 2021/22, the UK Government announced the Levelling Up Fund and the UK Community Renewal Fund (pre-cursor to the UK Shared Prosperity Fund). For both schemes, the Council had until the 18<sup>th</sup> June to submit their applications to the funding. Below is a summary of what the Council submitted:

#### 1. [Levelling Up Fund](#)

As part of the £4.8 billion Levelling Up Fund, Newport Council was able to apply for up to £20 million of capital funding into regeneration and cultural investment schemes and up to £50 million for transport investments. In support of the Council's City Centre Master Plan which was adopted in 2019, the Council submitted an application on the improvements to the public realm around the train station extending to the High Street, Bridge Street and parts of Upper Dock Street. This includes greening these areas and encouraging new development that will boost confidence in Newport as a place to live, work and visit.

As this is a competitive process, it is not guaranteed that Newport Council will be successful in obtaining the funding and will have to await the final decision from UK Government.

#### 2. [UK Community Renewal Fund \(precursor to the UK Shared Prosperity Fund\)](#)

The UK Community Renewal Fund (UK CRF) enables local authorities across the UK to bid up to £3 million on a range of projects that will support Investment in Skills, Investment for local businesses, Investment in communities and place and supporting people into employment. The UK Government announced that 100 priority areas most in need based upon their productivity, household income, unemployment, skills and population density. Newport was not identified as one of these priority areas but were able to submit applications by the 18th June 2021.

Eleven applications were received in total focusing on areas of skills, employment, training, research and development and communities / place. Following an assessment of the applications by representatives of Newport Public Service Board, eight were submitted to the UK Government. As this is also a competitive process, it is not guaranteed that these applications will be successful and receive funding for the year.

It is anticipated that Newport Council will be notified later in July the outcome of both funds. If successful Newport Council alongside its partners will support the delivery of these projects in 2021/22.

## **EU Settled Status / Post Brexit Rights for EU Citizens**

The deadline of 30<sup>th</sup> June for EU/EAA citizens to apply for EU Settled Status has now passed. The council remains consistent in its messaging that EU/EAA citizens are encouraged and welcomed to stay in Newport. In the run up to the deadline from April to June, Newport Council alongside its partners, regularly communicated information, guidance and links to residents on where to apply to the scheme. Messages from the Leader and Council were published through its social media, website and other media outlets. A multilingual leaflet drop in early June ensured that every household in Newport received a reminder of the scheme's deadline and encouragement to apply, and a Gwent-wide radio campaign which has run for around a year, came to an end at the end of the month. The council continues to co-ordinate a weekly partnership drop in session which will now move to focussing on ensuring late applications are made, and that people are aware of their rights and entitlements.

Home Office data indicates that the number of EUSS applications made in Newport exceeds the estimated number of EU citizens in the area, however these estimates are accepted as unreliable so it remains unclear how many residents still need to apply. Although late applications may be accepted if deemed legitimate by the Home Office, these are likely to be more complex cases, and the council expects to see an increase in people presenting for support due to hardship as a result of insecure migration status.

Prior to the deadline the Council and partners has noted an increase in the number of people seeking support as a result of having no recourse to public funds due to insecure migration status. This is now likely to increase after the deadline placing more pressure on services and other sectors to provide support. In response the Council has established a multi-disciplinary Hardship Group to both discuss complex cases and work towards the development of a corporate policy to ensure a consistent, effective approach to these emerging issues.

A summary of the Council's ongoing work is outlined below:

**Communication** – As highlighted above, the Council's Communications team has been promoting and encouraging people to apply to EUSS before the deadline. This included a video message from the Leader of the Council, social media communications, and a multi-lingual leaflet drop across all households in Newport. Since the deadline has passed, the Communications team will continue to support Council services to share vital information, advice and guidance to EU citizens in the area.

**Finance and Procurement** – As referred to in the summary above, the Council's Finance and Procurement team are continuing to monitor the wider economic impacts in the supply and costs of certain materials and goods for major programmes and projects. It remains uncertain whether these price increases will be sustained over the course of the year or if they will fall once demand and supply re-balances itself.

Since the new trade arrangements have been in place the Council has not experienced any significant issues in the supply of chain which has impacted on either the delivery of services. However, as highlighted above the recent wider economic and supply issues will be carefully monitored.

Both Finance and Procurement are in regular contact with Audit Wales, Welsh Government and other local authorities / public sector bodies. This sharing of information and data is enabling the Council to

regularly assess and plan to manage any emerging risks and issues that may impact on the delivery of services.

**Regulatory Services and Environmental Health** – The Council’s Regulatory Services have not identified any significant issues for imports and export compliance since the new rules have been in place.

**Social Services Commissioning and Education** – Social Services and Education have not seen any significant issues with supply chains. Service users / pupils identified as requiring EUSS have been supported and directed to all necessary partners / services to assist them in the process.

**Community Cohesion / EUSS** – The Connected Communities Team continue to lead on work relating to EUSS and wider EU citizens rights and entitlements, working closely with a range of voluntary sector partners. With the passing of the deadline, the focus of work will be on raising awareness of the rights of EU citizens living in the UK, both within communities and across service providers and professionals. The Team also work closely with Gwent Police and Welsh Government to monitor any emerging tensions including potential rises in hate crime.

Newport Council has received additional Food Poverty funding for 2021/22 of approximately £120k to provide revenue and capital funding. The Council’s Regeneration team are being consulted to identify potential avenues and activities for the funding to contribute towards addressing food poverty and also bolster existing support and assistance offered around wider issues, including financial, housing, employment and wellbeing advice.

The full list of areas being monitored by the Task & Finish group are included in Appendix 1 of this report. The areas covered above and in Appendix 1 are being undertaken within existing resources.

### Financial Summary

As part of the Council’s financial monitoring, the Council’s Finance team are monitoring any impacts on budgets due to Covid-19 and Brexit.

### Risks

The Council’s Brexit risk is recorded on the Council’s Corporate Risk Register which is presented to Cabinet and Audit Committee every quarter. The Quarter four risk score is detailed below:

Risk	Impact of Risk if it occurs* (1-5)	Probability of risk occurring (1-5)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Brexit	4	2	See Report.	Corporate Management Team and Brexit Task & Finish Group

### Links to Council Policies and Priorities

Corporate Plan  
Strategic Recovery Aims  
Risk Management Strategy

### 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**

The financial impact of Brexit is still uncertain, however, there are indications that there could be an impact on prices and supply of goods that may further impact on both capital and revenue budgets. Budget / Service managers, with finance team colleagues, will continue to monitor these on a regular basis and any issues arising will be highlighted through the regular monitoring and budget setting processes.

Any negative financial impact arising from Brexit, whether it be through price increases or funding reductions could present a significant challenge to the Council. There are no specific reserves or contingencies currently that deal exclusively with Brexit but:

- £828k was allocated in the 2021/22 revenue budget for increased adult social care costs in relation to market stability, Covid recovery and Brexit;
- As part of the considerations of uses for the projected 2020/21 revenue budget underspend and further one-off funding that the 2021/22 new budget will also generate, it is proposed that more funds are put in to a 'general risk' reserve and that would contribute towards this risk, amongst others. Details are included within the 2020/21 revenue budget outturn report.

Officers will continue to explore the possibilities of accessing the various grants that are being made available to public bodies in supporting the potential 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 and also equivalent state-aid, fair competition requirements.

## **Comments of Head of People and Business Change**

Since the new trade arrangements have been in place with the EU it has reduce the potential economic and financial risk for many businesses. However, as the report has highlighted it is important that strong and flexible relationships are maintained with our EU counterparts. Whilst much of the issues surrounding the demand and supply of goods / materials remains a global concern, there is no doubt that the impacts of Brexit and the Covid pandemic have influenced the current position. The Council and its partners have remained committed in the last two years to support EU/EAA citizens to apply and obtain their EUSS before the 30<sup>th</sup> June deadline. Despite all of our efforts we recognise that not all citizens will be successful and it will be important for Council services and our partners to provide whatever support we can. 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.

## **Comments of Cabinet Member**

The Leader of the Council is briefed on all aspects of risk management within the Council and related Brexit issues and work.

## **Local issues**

Members to be aware the impacts that Brexit can have on our Local Communities and business.

## **Scrutiny Committees**

The Council's Audit Committee receives regular risk register updates on the Council's Risk Register which includes the Brexit Risk.

## **Equalities Impact Assessment**

A paper is being prepared for consideration by the Brexit task and finish group which will assess the potential impact on communities post-December, as well as identifying risks associated with the changes to immigration rules.

## **Children and Families (Wales) Measure**

Not applicable.

## **Wellbeing of Future Generations (Wales) Act 2015**

There are potential long term impacts of Brexit 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. Going forward we will continue to monitor and report where necessary any impacts which Brexit could have on the delivery of our services.

## **Crime and Disorder Act 1998**

Not applicable.

## **Consultation**

Corporate Management Team  
Brexit Task & Finish Group

## **Background Papers**

Welsh Government website '[Preparing Wales to leave the EU](#)'  
Welsh Local Government Association '[Brexit Website](#)'  
Newport City Council's '[Brexit Webpage](#)'

**Dated: 30 June 2021**

## Appendix 1 – Summary actions taken through the Task & Finish Group

Theme	Progress of Activity completed by Newport Council to 1 <sup>st</sup> July 2021
<b>Your Organisation (Communications)</b>	<p>The Council's communication team has been promoting and encouraging people to apply to EUSS before the deadline. This included a video message from the Leader of the Council, social media communications, and a multi-language leaflet drop across all households in Newport. Since the deadline has passed, the Communications team will continue to support Council services to share vital information, advice and guidance to those that have failed to receive Settled Status.</p>
<b>Your Organisation (Finance and Funding)</b>	<p>The Council's Finance and Procurement team are continuing to monitor the wider economic impacts in the supply and costs of certain materials and goods for major programmes and projects. It remains uncertain whether these price increases will be sustained over the course of the year or if they will fall once demand and supply re-balances itself. Grants have been considered and applications submitted /agreed as outlined in the report.</p>
<b>Supplies and Services (including social services and ICT)</b>	<p>Since the new trade arrangements have been in place the Council has not experienced any significant issues in the supply of chain which has impacted on either the delivery of services. However, as highlighted above the recent wider economic and supply issues will be carefully monitored.</p> <p>Both Finance and Procurement are in regular contact with Audit Wales, Welsh Government and other local authorities / public sector bodies. This sharing of information and data is enabling the Council to regularly assess and plan to manage any emerging risks and issues that may impact on the delivery of services.</p>
<b>Supplies and Services (Regulatory Services)</b>	<p>The Council's Regulatory Services have not identified any significant issues for imports and export compliance since the new rules have been in place.</p>
<b>Local Community (Civil Contingencies)</b>	<ul style="list-style-type: none"> <li>• Civil Contingencies and Regulatory Services have not identified any issues with Newport Port.</li> <li>• No issues have been identified since the transition impacting on Civil contingencies in Newport but the team will continue to monitor these.</li> </ul>
<b>Local Community (Community Cohesion)</b> <ul style="list-style-type: none"> <li>• EU Settled Status / EU communities</li> <li>• Food Poverty</li> <li>• Homelessness (EU Citizens)</li> <li>• Community cohesion</li> </ul>	<ul style="list-style-type: none"> <li>• Community Cohesion officers continue to engage with EU Citizens and communities to encourage EUSS applications before June 30<sup>th</sup></li> <li>• Leader's message was published encouraging the uptake of the EU Settled Status application before 30<sup>th</sup> June 2021.</li> <li>• Leaflet produced and distributed in June.</li> <li>• Post Brexit rights webinar has been held in March and further engagement work will be undertaken to both encourage EU Citizens to apply to the scheme and raise awareness of their rights post-June.</li> <li>• Food Poverty work continues and are offering and a number of small grants have been awarded to community-led food projects to Newport Food organisations to support households impacted by Covid and Brexit.</li> <li>• Newport Council will be receiving new funding from April 2021 to support more food poverty work and providing housing / debt advice.</li> <li>• The work of Community Cohesion officers is also focusing on post-Brexit rights and access to key services in the City.</li> <li>• Complex migration cases continue to present to the council for support, and this is expected to continue</li> <li>• 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</li> </ul>

Theme	Progress of Activity completed by Newport Council to 1 <sup>st</sup> July 2021
	<p>which is at present masked by extended COVID duties which require LAs to house people with no recourse to public funds (NRPF), as well as the current restrictions on private evictions.</p> <ul style="list-style-type: none"> <li>• Education have confirmed that children that are in NRPF families will have access to free school meals.</li> <li>• As we move into a period where people are more at risk of having an insecure migration status, or judged as living unlawfully in the UK, these risks will be compounded.</li> <li>• Hardship Group has been established to consider complex cases and develop organisational policy in relation to NRPF</li> <li>• EUSS Applications have been made on behalf of all children who are looked after by the authority</li> <li>• 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</li> </ul>