

Report



Cabinet

Part 1

Date: 10 November 2021

Subject Post Brexit Update for Newport City Council

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 The UK-EU trade arrangement has been in place since 31st December 2020. With the impacts of the global restrictions to manage the Covid pandemic and the implementation of the new UK-EU Trade arrangements the UK has seen a number of economic sectors citing these impacts where there have been issues in the availability and cost of goods and materials. The public sector including Newport Council is monitoring closely how wider economic impacts are affecting delivery of services, large scale projects and communities in the short term and the long term.

In June 2021, Newport Council submitted its bids to the Levelling Up Fund and UK Community Renewal Fund to the UK Government. In the Chancellors' budget announcement in October, Newport was unsuccessful with its Levelling Up Fund bid however was successful in securing over £2.8m UK Community Renewal Funding for seven projects in Newport.

Since the deadline (30th June) passed for EU citizens to submit their applications for EU Settled Status Home Office statistics (up to 30th June 2021) indicates 10,990 applications were made by citizens in Newport. 9,680 applications were concluded with 5,410 granted settled status and 3,620 granted pre-settled status. 1,310 applications were awaiting a decision not including applications received after the deadline.

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 Brexit 'Task and Finish' group.

Signed

Background

Since the UK officially left the European Union and the Single Market on 31st December 2020, the UK economy has encountered noticeable demand and supply impacts on certain sectors in the economy. This has also been exacerbated by the global Covid restrictions which have made it difficult for manufacturers to meet increased demand alongside low levels of supply in materials. UK economic analysts and representatives from trade bodies / organisations have reported issues relating to:

- Office for National Statistics reported over 1 million vacancies across the UK. Certain sectors such as logistics (HGV Drivers), social care, construction, farming and hospitality are areas of the economy where there are significant vacancies and have been partially caused by EU Citizens returning back.
- The UK Government has delayed introducing post-Brexit checks on food and farming imports to January 2023.
- Supply issues of specific food and goods from and to Europe are still occurring with demand on materials but also supply issues of materials imported from the EU such as concrete, timber and other products.
- Inflation of costs in household expenditure with rises being seen in fuel, gas and electric (price increases taking place in the autumn) as the economy recovers and demand is outstripping the supply of goods and materials.

In addition to these issues the UK has also seen increases to the wholesale gas price which has had a knock-on effect to energy suppliers and fertilizer produces that generate carbon dioxide as a by-product. This is used towards the food production and storage. Many food producers have raised concerns over their ability to provide certain produce such as meats, salad and other foods. The Council's caterers at schools and homes have already advised the Council of issues around the supply of certain food produce and are working with the providers to source alternative / substitute produce.

Social services have reported increasing costs in the procurement of equipment via Gwent Integrated Community Equipment Service) e.g. disabled aids and hoists etc as result of importing from the EU. For construction projects being delivered by the Council, contractors are noting increases in the cost of materials and ability to source materials from the EU. Businesses have also been reporting recruitment issues in Newport. City Services have also reported issues relating to the availability of drivers which is impacting service delivery.

These risks and issues are being considered as part of the Council's Medium Term Revenue Planning (MTRP) process. The Council's Finance team is working alongside service areas in the monitoring of the Council's in year budgets and will be reporting key risk and issues in their revenue and capital forecast reports to Cabinet. The Council's Revenues team are supporting residents who are struggling to make payments and signposting them to Debt advice agencies such as Citizens Advice bureau. Whilst the Council's Procurement team and services are also supporting local businesses with prompt payments to help local supply chains and revised Contract Standing Orders that enable local suppliers to be selected for lower value contracts without competition from suppliers further afield.

In June 2021, Newport Council submitted two bids for the Levelling Up Fund and UK Community Renewal Fund (UKCRF) to the UK Government. Both Funds support the UK's recovery from Covid but will also replace EU funding. The original timetable from UK Government indicated that local authorities will be notified of the outcome of the process in July / August 2021. In the Chancellor of Exchequer's budget announcement in October, Newport learned that it was unsuccessful with its Levelling Up bid to transform the Northern Gateway area of the city centre.

The Council was also informed of the announcement of the [UK CRF bids](#). Newport submitted eight bids for schemes to support employment, economic growth and future regeneration. We are delighted that seven bids secured over £2.8 million in funding for the City and will benefit the long-term regeneration and opportunities for Newport.

EU Settled Status / Rights of Non UK Citizens

The council recognise that as well as impacting on opportunities to live, work and contribute to life in Newport, the UK's exit from the EU can also have an impact on our communities' sense of belonging and wellbeing. The Council alongside its partners will continue to welcome and value our EU citizens and support them to remain living in the city.

The deadline for EU/EAA citizens to apply for EU Settled Status passed on 30th June 2021. The latest [Home Office statistics](#) covering the period up to 30th June 2021 reported:

- 10,990 applications have been received from EU/EAA citizens in Newport. Polish, Romanian, Slovakian and Czech Republic were the highest applicants.
- 2,370 applications received for under 18s; 2,390 for 18 to 64 year olds and 230 for 65+.
- 9,680 applications have been concluded. Full Settled Status has been granted to 5,410 EU/EAA citizens; Pre-settled status granted to 3,620 citizens and 660 received 'Other' decision.
- 1,310 as at 30th June were still awaiting a decision. This does not include applications received after the deadline.

The [UK Government](#) as of 31st August 2021 has reported over 108,940 applications were received after 30th June deadline across the UK. 264,650 applications have been concluded. Latest data is not available to the Council to identify the number of EU/EAA citizens living in Newport that are still awaiting a decision, however, third sector partners report that they are still supporting a significant number of people who have not had an outcome.

For applicants that applied before the deadline but have not received an outcome, existing rights and entitlements are protected pending the outcome of their application, providing that they had a right to reside in the UK on December 31st 2020 and they have obtained a Certificate of Application. EU citizens who were resident in the UK after the 31st December but haven't made an application no longer have their rights protected, including the right to live, work, study and access benefits and services in the UK. If an EU citizen is identified by someone in Immigration Control who may be eligible for the EUSS, they will be given 28 days to make a late application. From mid-September DWP also suspended benefits for all EEA citizens who do not apply for EUSS within 28 days of reminder letters.

The Home Office continue to receive late applications from any EU citizen who has 'reasonable grounds' for missing the deadline. Reasonable grounds include a serious medical condition, where a parent or guardian has failed to apply on behalf of a child, or where a person is isolated or digitally excluded and has not been able to access the application system.

It is anticipated that the number of families and individuals presenting as needing support to due restrictions of their rights and entitlements will continue to increase over the coming months. The council have established a multi-disciplinary hardship solutions group to respond to this demand, as well as other cases where people have no recourse to public funds due to precarious migration status (for example, asylum seekers who have received a negative decision on their claim).

Financial Summary (Capital and Revenue)

As part of the Council's financial monitoring process, the Council's Finance team are identifying, monitoring and reporting where appropriate, 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 two risk score is detailed below:

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?
---------------------------------	--	---	---	--

Brexit	4	3	See Report	Head of People & Business Change
--------	---	---	------------	----------------------------------

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan
Strategic Recovery Aims

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 lasting financial impact of Brexit 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. Whilst no significant financial impact has been explicitly reported to date, 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. During the remainder of the year, budget / service managers, with finance team colleagues, will continue to monitor on a regular basis and any issues arising will be highlighted through the regular monitoring processes.

Should there be any impacts, on the in-year revenue budget in particular, it will be necessary to manage these from within existing resources and any overall Council underspend, as there are no specific reserves or contingencies for Brexit, aside from the following:

- £828k was allocated in the 2021/22 revenue budget for increased adult social care costs in relation to market stability, Covid recovery and Brexit;
- additional funds were set aside from the 20/21 underspend and added to the Council's 'general risk' reserve which could 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. In addition, as part of the medium term financial planning process, consideration will be given to any Brexit-related financial pressures that may need to be funded within the Council's budget.

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

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. The Council and its partners remain committed to support EU/EAA citizens as outlined in the Report.

Scrutiny Committees

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

Fairness and Equality Impact Assessment:

Not applicable as this is an information only report

Wellbeing for Future Generations

There is 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.

Consultation

Not Applicable

Background Papers

Welsh Government website '[Preparing Wales to leave the EU](#)'

Welsh Local Government Association '[Brexit Website](#)'

Newport City Council's '[Brexit Webpage](#)'

Dated: 3rd November 2021

Appendix 1 – Summary of ongoing Council Activity

Theme	Progress of Activity completed by Newport Council to 1 st November 2021
Social Services and Education	<ul style="list-style-type: none"> • Education Welfare Officers and schools were reminding parents to apply to EUSS prior to the deadline. In September Education Welfare Officers will be supporting schools to identify any pupils that have not returned to school as a result of returning back to their home country. • 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 • The council has engaged Newport MIND to support all eligible children who are looked after to apply to the EUSS
Policy and Partnership Team	<ul style="list-style-type: none"> • The Council received additional funding for 2021/22. This funding is being used to support two officers to support Migration work and additional work related to Brexit. • Remaining funding will be used to support services with any Brexit / Covid work in 2021/22.
Local Community (Community Cohesion) <ul style="list-style-type: none"> • EU Settled Status / EU communities • Food Poverty • Homelessness (EU Citizens) • Community cohesion 	<ul style="list-style-type: none"> • Food Poverty work continues, including the distribution of small grants to food projects, and consideration of more sustainable solutions that respond to the root problems associated with food insecurity. • Newport Council is making arrangements with GAVO to support further Food Poverty work through the establishment of an officer to co-ordinate and deliver grant funding to organisations across Newport. • The work of our Community Cohesion officers continues to focus on post-Brexit rights and access to key services in the City for EU citizens • Complex migration cases continue to present to the council for support, and this is expected to continue • 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 which is at present masked by extended COVID duties which require LAs to house people with no recourse to public funds, as well as the current restrictions on private evictions. • We continue to provide free school meals to any family that is identified as having no recourse to public funds • Hardship Group has been established to consider complex migration cases and develop organisational policy in relation to NRPF • A weekly partnership drop in for EU communities continues to be co-ordinated and supported by the council • A bi-monthly EU Citizens forum continues to bring services providing support to EU citizens to maintain a cohesive response to emerging issues.