

LGA influence on EU policy developments – 2013 and beyond

Purpose of Report

For discussion and direction.

Summary

The EU matters to local government for two principal reasons. Firstly, legislative decisions made in Brussels affect the day job of councils because they will ultimately be implemented by councils, and secondly councils can access £8 billion worth of EU funds to regenerate their local economies. This report refreshes the LGA approach to EU lobbying, and suggests policy priorities and roles for LGA leaders, its Boards and senior managers, to maximise the impact of the LGA's EU lobbying.

Recommendation

Members are invited to discuss the content of this paper, and make recommendations for refreshing our EU work, suggested in paragraphs 13, 15 and 18, which should take immediate effect.

Action

LGA officers to take forward Member recommendations.

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Why we lobby the European Union

1. EU policy and legislation affects the day-job of councils. Much of our environmental, trading and procurement standards are based on legislation which was drafted by the European Commission rather than in the corridors of Whitehall. Though estimates vary, around half of regulation affecting councils is likely to have originated in Brussels.
2. After the Localism Act, EU laws (and their UK implementing measures) could affect councils in new ways. Fines imposed on the UK by the European Court of Justice for a breach of EU law could be devolved to councils by central government.
3. Consequently the LGA has two legislatures to influence: our own Parliament and Brussels. As a result we need a clear prioritised lobbying programme to identify those EU proposals which will have the greatest impact on councils. This needs to be led at the most appropriate level in the LGA and integrated with our Whitehall work.

LGA lobbying programme

4. The LGA has developed an annual EU lobbying programme for a number of years. Last year, we recorded a number of LGA wins including:
 - 4.1 Removing an obligation in the draft Energy Efficiency Directive on councils to renew 3% of its public buildings every year in line with new EU regulations. This removal was based on an LGA suggested amendment.
 - 4.2 Securing safeguards for councils in the Localism Act and its policy statement to ensure any devolution of EU fines to councils is not without independent due process and parliamentary oversight.
 - 4.3 A new approach to EU funding through:
 - 4.3.1 Amending EU legislation to emphasise the important role of local government in the delivery of EU programmes.
 - 4.3.2 Local government secondees joining the UK negotiating team in Whitehall – a first for EU/UK negotiations.

Refreshing our lobbying from the 2013 EU Work Programme

5. This report refreshes our approach to EU lobbying, and suggests policy priorities and roles for LGA leaders, its Boards and senior managers, to maximise the impact of the LGA's EU lobbying.
6. Such a refresh has to be grounded in issues which will resonate with our membership. Therefore the focus of this paper is the EU's 2013 work programme. Each year the

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<p>Procurement</p> <p>The 2012 legislative programme began a major review of procurement rules. This will continue into 2013. The Improvement Board has been leading lobbying on this issue calling for simpler EU procurement rules. A new reform proposal will be introduced in 2013, <u>E-invoicing in public procurement</u>, the goal is to reduce cost, which councils are likely to support and wish to influence.</p>	<p>Improvement</p>
<p>State-aid</p> <p>On the blockages identified by councils to driving growth was state-aid rules and the delays in EU decisions. Based on pressure for local and central governments (including the LGA), an EU review has been announced: <u>General Block Exemption Regulation</u>: aims to reduce admin burden in state aid and <u>State aid modernisation in key sectors</u>: Will address modernising state aid to help drive local regeneration.</p>	<p>Economy and Transport</p>
<p>Workforce</p> <p>After some months of debate in Brussels, the UK opt-out of the <u>Working Time Directive</u> will be debated. This is a clear priority for councils because of the potential costs without the opt-out. There is a new proposal in the 2013 programmes, <u>Occupational retirement pensions</u>, which may seek to impose new liquidity rules to local government pension schemes.</p>	<p>Workforce Community Safety</p>

Long list of watching briefs

9. The **long-list** will be of other legislative proposals which are likely to impact on councils, but where the timescale is longer-term or the impact is less significant. For the proposals contained in this list, it is proposed where there is a “watching brief” for the LGA Brussels Office and London teams – i.e. we will monitor European parliamentary progress, brief MEPs on key issues and escalate into a pro-active strategy if the impact on councils increases.
 - 9.1 Annual growth survey - *EU projections in growth with possible impact on how EU structural funds are spent.*
 - 9.2 Horizon 2020 programme for research and innovation – *funding opportunities for councils.*
 - 9.3 Reducing the cost of broadband deployment – *possible longer-term impact for localities and rural economies.*
 - 9.4 Adaptation to climate change – *This will be a policy debate setting the scene for future legislation*

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- 9.5 New energy framework to 2030 – *A policy debate setting the scene for future regulation*
 - 9.6 Integration of the Roma – *possible new rules on the integration of Roma families.*
 - 9.7 Future EU ports policy – *This may have a major impact on some councils and watching brief maintained to early warn relevant councils.*
10. Members are invited to discuss the prioritised list and consider whether it contains the most important issues for councils, or whether the items identified for watching brief should be re-prioritised. The full list of legislative proposals from which the short and long list has been developed is attached in **Appendix A** (detailing those proposals where no pro-active LGA work is recommended).

Maximising our lobbying influence

11. On each policy priority, we will develop a customised lobbying strategy. To develop these plans, Members are asked to consider the overall approach to EU lobbying below. The LGA and its member councils have many ways to influence EU policy including through pan-European local government responses and co-ordinated lobbying.

Telling the bigger picture to EU decision makers

12. Whilst we lobby MEPs and key EU officials on individual EU legislative issues, our MEP Vice Presidents suggest the LGA should be more proactive in explaining the wider UK local government picture in Brussels. As much of the legislation passing through the European Parliament each week has an impact on councils, we need to ensure MEPs are briefed on wider local government issues, especially financial pressures. This will ensure the impact of recent UK reforms and the ability of councils to deliver new legislation is more widely understood by key MEPs in Brussels.

13. It is suggested we:

- 13.1 Initiate four-monthly briefings in Brussels of MEP Vice Presidents, UK diplomats and key Commission staff by members of the LGA Leadership Team and directors so senior decision makers in Brussels are aware of the wider pressures on councils.
- 13.2 Provide opportunities for Group Leaders to meet their party's MEPs to brief them and address their group meetings in Brussels and explore links with European Parliament UK office (Smith Square).

Lobbying on individual policy proposals

14. The practice in recent years has been for the relevant LGA Board (eg, the Environment and Housing Board on energy efficiency regulations) to lead the detailed lobbying and policy briefing on EU lobbying priorities within its remit. Board Chairs have actively briefed ministers and MEPs on draft EU proposals and built networks across Whitehall and Brussels on key issues, supported by LGA officers in London and Brussels.

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15. The practice should be continued, but there needs to be an overview of the impact of our work. It is suggested:

- 15.1 The Leadership Team takes an overview of EU lobbying, based on its role in creating the bigger picture for local government in Brussels. A six monthly review is suggested to assess the impact of the LGA lobbying. This should be delivered by the E&I Board and include a review of work being undertaken by Boards, the EU Committee of the Regions and CEMR (the European LGA).

Increased activities in Whitehall

16. The Localism Act and the possibility for EU fines to be devolved creates the need for more systematic local government engagement in Whitehall on EU issues. When negotiating EU proposals and agreeing “UK lines” for Brussels negotiations, ministers need a better appraisal of the impact of individual EU proposals on councils, our ability to deliver new regulation, and any future liability to fines. Given the 2013 EU work programme is the first published since the Localism Act EU fines provisions, a new engagement is required for 2013 and beyond.

17. During negotiations of the Localism Bill, the LGA secured a commitment from Whitehall (Foreign Office and DCLG) for a more systematic approach to understanding the impact of future EU regulation on councils. This has started and is welcome. There was also a commitment from Government to an annual meeting with relevant departments to review the annual EU work programme.

18. Whilst Board Chairs already brief relevant ministers on individual pieces of legislation, further work is required with CLG and FCO to ensure Whitehall is acting consistently on these issues. It is suggested:

- 18.1 We pursue the annual meeting with relevant departmental ministers to review the EU work programmes and its impact on councils.
- 18.2 The Leadership Team and senior managers follow up this annual meeting through their regular meeting with ministers and senior officials. This will ensure wider pressure is applied and our lines get more traction with UK Government on EU proposals.
- 18.3 We work with Lords Vice Presidents on EU scrutiny committees, particularly which are very active on EU issues. To date, the LGA has featured in evidence sessions on EU funding.

Role of the LGA E&I Board, Committee of the Regions and CEMR

19. There is clearly a role for a more detailed scrutiny and coordination of our engagement in Brussels. This is undertaken by the E&I Board which will deliver the report to the Executive and Leadership Team (see 18.1).

20. The E&I Board plays a key role in detailed, Brussels-based lobbying work through our formal representation on the EU’s Committee of the Regions (CoR) and Council of

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European Municipalities and Regions (CEMR – European LGA). The leaders of both delegations report into the Board.

21. The CoR is the formal representative body for local and regional government within the EU and is consulted on any proposal which impact on councils. It has growing political influence in Brussels. The LGA sends a delegation of 16 members to this forum (list attached) and their term of office is from 2010-15. Individual members of COR can open doors of decision makers. They can influence legislation from work in committee and they act as lead members (or rapporteurs) on specific policy debates.
22. One concern raised by members is we do not systematically link lead COR members working on specific issues in Brussels with the relevant LGA Board debates. While there are excellent examples of COR and Board members acting together on strategies (eg, the recent energy efficient proposals), this work needs to be improved.
23. The same is proposed for our work on CEMR (European LGA) which has significant influence given it has early sight of new EU proposals. CEMR is the European “association of associations”, acting as a collective voice of councils and thus it has good access to decision makers. The LGA office in Brussels is part of the CEMR building where we share space with 22 other LGAs. We send a member-level delegation to its bi-annual meetings. Our Brussels staff work with CEMR and lead a number of work streams where we lobby collectively with other LGAs (for example, procurement).
24. As with COR, we have access to an influential organisation and we need to ensure that there are better links between specific policy debates on Boards and the access that CEMR members provide in Brussels.
25. It is suggested the E&I Board takes a formal role in linking the domestic work of Boards with the influence that can be exerted by our member delegates to both COR and CEMR. The current membership of COR is attached at **Appendix B**

Going forward

26. Members are invited to discuss the content of this paper, and make recommendations for refreshing our EU work, which should take immediate effect.