

Perspectives on Leaving the European Union

Purpose

As background to the discussion.

Summary

Since the EU Referendum on 23 June the political landscape has changed more dramatically than at any point in the last 75 years. Since the last meeting of the Councillors' Forum the United Kingdom has voted to leave the European Union, and the country has a new Prime Minister and Cabinet.

Following the events of the last month, the LGA is formulating its strategy for involvement in negotiations for leaving the European Union. We have invited Andrew Carter, Deputy Chief Executive of the Centre for Cities, and Shaun Spiers, Chief Executive of the Campaign to Protect Rural England, to provide both urban and rural perspectives on the opportunities and threats of leaving the European Union and the challenges facing the LGA. The conversation will be chaired by Nick Golding, News Editor of the Local Government Chronicle.

Biographies of the speakers are attached at **Appendix A**.

Recommendation

Members are invited to note the presentation and raise issues on leaving the European Union from a local government perspective.

Action

Officers will take forward actions identified.

Contact officer: Ian Hughes
Position: Head of Policy
Phone no: 020 7664 3101
Email: ian.hughes@local.gov.uk

Perspectives on Leaving the European Union

Background

1. There was a diversity of views among local government about Britain's membership of the European Union (EU). To reflect this, the Local Government Association (LGA) remained neutral during the referendum campaign.
2. Immediately after the referendum result was known, the LGA made a public statement emphasising councils' role in bringing communities together and asking for a guarantee for the £5 billion of local regeneration resources which are currently sourced from the EU. We have been successful in pressing for local government to have a seat at the negotiating table.

Exiting the EU

3. The process for withdrawal is established in Article 50 of the EU Treaty and this has never been tested. The next step for Government is to give the European Council formal notice of UK withdrawal. A two-year timescale for exit negotiations begins at this point. In his resignation speech, the Prime Minister indicated that his successor would initiate such an exit negotiation. By agreement with all Member States, the two year timescale can be extended. During the period of exit, the UK remains a member of the EU, EU regulations apply in the UK, and the UK will continue to send representatives to EU institutions and meetings.
4. There are likely to be three inter-linked, but formally separate, negotiations: the EU exit negotiations, redefining the UK's future relationship with the EU and its member states, and redefining trade relationships with the rest of the world.
5. The EU exit negotiations (Article 50) do not necessarily have to define future relationships with the EU or other nations. Only EU exit negotiations are confined by the two-year deadline. Trade deals in particular typically take many years to complete.

How this affects Councils as providers of services

6. EU regulation impacts on many council services. The regulatory framework for a range of services such as waste, employment, the environment, consumer protection, health and safety and trading standards originates in Brussels, as does the legal framework for public procurement. In the medium term, the UK has choices about how and where future rules are formulated. Substantial new legal arrangements will have to be drafted for public services which have to date been based on EU regulation. Any new framework would be influenced by the exit negotiations which could range from a Norwegian-style model based on a close association with the EU to a more detached Swiss-style model.
7. The LGA is currently mapping out those aspects of local government service delivery that have origins in EU law or regulation. We are focusing on the service area which are most likely to be covered by EU laws: environmental policy, air pollution, energy, waste, workforce and employment, procurement, state aids, regional policy, regulatory services, VAT and data protection. We are asking for your comments on where you would benefit from further focus.

8. Our understanding is that because EU Directives have become enshrined in our law, they could continue to apply even after we leave the EU, unless specifically repealed by the UK Parliament. However EU Regulations will cease to apply. We will be seeking further clarification on this point and will keep you updated.

Future of EU Structural Funds

9. Immediately for councils, there will be a risk to local regeneration funding, worth £5 billion in England (2014-2020). It is important for the Government to guarantee it will protect this vital funding to avoid essential growth-boosting projects stalling and local economies across England being stifled.
10. The LGA has registered this important issue with Ministers and our call has been reported widely by the media. Councils have also asked the LGA to look at how the framework covering state aids for businesses could be developed in future in the absence of EU competition rules.

Our role in the negotiation process

11. Given the importance of the EU exit to most aspects of local government service provision, we asserted that local government must have a central role in exit negotiations, and the previous Secretary of State for Communities and Local Government, RT Hon Greg Clark MP, announced at the LGA Annual Conference in Bournemouth that the LGA would be involved in the negotiation process on the terms of the UK's exit.
12. We are seeking to establish some points of principle for local government as the framework for exit negotiation is developed. These could include:
 - 12.1 We would not support a simple transfer of powers from Brussels only to Whitehall.
 - 12.2 The new legal and regulatory framework needs to be based upon the principle of subsidiarity. If services are delivered locally, we should assume that such powers should be framed at that level of government.
 - 12.3 There is an immediate "England and local government" gap in the Government's negotiation plan. This needs to be highlighted and we could volunteer local leaders to be actively involved in formal negotiations as equals to colleagues from the three devolved nations, sitting alongside the national ministers.
 - 12.4 The sheer scale of the negotiations that need to be undertaken by Government calls into question whether it has the capacity and staffing to deliver. The civil service may need to focus on our international trade agreements and we could offer to lead the negotiations where services are delivered locally (for example on economic development and waste).
13. We understand that our call for a role for local government in negotiations has been registered and we are considering the priority issues of most importance to councils. We have agreed to work closely with civil servants in both Brussels and Whitehall over the next few months as exit negotiations are developed.

How this affects Councils as leaders of place

14. Councils, of course, have a much wider role in their communities and local government is going to be central in bringing communities together following this vote. The implications of exit are wide-ranging. Business will want to consider future international trade, universities will want to consider new sources of research funding and farming communities will need a response to promises to replace Common Agricultural Policy receipts with domestic funds. There will also be uncertainty for workers in jobs who were born outside the UK but within the EU and for UK citizens who have retired outside the UK to other EU nations.
15. The LGA has made a public statement emphasising councils' role in bringing communities together. The previous Prime Minister, David Cameron, raised concerns about the rise in hate crimes and "verbal abuse hurled against individuals because they are members of ethnic minorities". The LGA will be bringing together national partners to ensure that we are prepared to support councils as leaders of place and community cohesion. Our website is currently being updated to include examples of good practice from councils around the country.
16. The referendum debate raised many local concerns about jobs, homes and the health service. Devolution deals offer the opportunity for more effective local public services and it will be important that the impetus on the devolution agenda be maintained.
17. This paper does not speculate on the medium and long-term market reactions or long-term trends in the housing market. However, the importance of councils as facilitators of local economic development and coordinators of place is likely to be of greater importance in the future. Councils have raised a number of issues for the LGA and Government departments to consider and we are keen that councils continue to any further raise issues for the LGA to table in discussions with Government.
18. The LGA will want to consider what support councils will need as convenors of place over the next few months as they work with businesses, residents and other parts of the public sector to assess the impact on a whole place. Local government's formal position in the exit negotiations will be key and there may be an important role for the LGA to provide the channel for local concerns to both Government and other national organisations during national negotiations.

Appendix A

Chair: Nick Golding, News Editor Local Government Chronicle



Nick Golding is Editor of Local Government Chronicle. Prior to that, Nick was news editor of LGC's sister publication the Health Service Journal. Nick began his career on local newspapers in Birmingham and north London, and has held various roles including News Editor on LGC between 2005 and 2009. He had a spell as magazine editor on Community Care before moving back to the LGC.

Andrew Carter, Deputy Chief Executive Centre for Cities



Andrew Carter is Deputy Chief Executive of the Centre for Cities and has overall responsibility for the Centre's research and policy programme. Andrew is also Deputy Director of the What Works Centre for Local Economic Growth. He is a regular media contributor and has chaired and spoken at conferences across the UK and Europe on a wide range of urban and Economic issues.

Andrew has over 20 years of experience working on urban economic policy issues for public and private development agencies, consultants and research institutes. He has also spent time in the US as part of the Churchill Foundation's Fellowship Programme reviewing urban economic development policy and practice in American cities including New York, Washington DC, Boston and Chicago.

Shaun Spiers, Chief Executive Campaign to Protect Rural England



Shaun Spiers has been Chief Executive of CPRE since 2004. Previously he was chief executive of ABCUL, the credit union trade association. From 1994 to 1999, he was an MEP for the South East, serving on the European Parliament's Agriculture and Rural Affairs Committee. He is a trustee of Sustain, the alliance for food and farming, and was a founder trustee of Civic Voice.