

Brexit

Purpose of report

For discussion.

Summary

This paper offers the Leadership Board and the Executive a review of recent LGA work on Brexit and it provides a summary of the Government's announcements on Brexit since the summer.

It asks members to consider the agreed lines and to suggest any new work that needs to be developed.

Recommendation

That the Executive consider the agreed lines on Brexit and suggest any new work which should be developed.

Action

Officers to take any actions as directed by Members.

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Background

1. This paper offers the Leadership Board and the Executive a review of recent LGA work on Brexit and it provides a summary of the Government's announcements on Brexit since the summer.
2. It asks members to consider the agreed lines and to suggest any new work that needs to be developed.

Our "seat around the table"

3. Members will be aware that immediately after the referendum, we called for the voice of local government and their communities to be heard during exit negotiations, with a concern that only the views of Westminster, Holyrood, Cardiff Bay and Stormont were being considered during formal negotiations. In response, the (then) CLG secretary promised a "seat at the table".
4. We have proactively developed a local government position on Brexit which sets out our concerns and the opportunities. These issues have been discussed widely, with the pre-election DEXEU ministerial team, opposition front bench teams and through our press work.
5. In September, the four leaders of the UK local government associations met formally with the new DEXEU ministers at which we reaffirmed our concerns and the opportunities for localities. Ministers have offered to meet the associations on a quarterly basis so that we can make sure that local government voices and views influence discussions. This programme of meetings has established our 'seat around the table'.

Wider Parliamentary influence

6. On October 12, the Chair of the Brexit Task and Finish Group will meet the Chair of the Commons Brexit Select Committee, Hilary Benn MP. This is the opportunity to restate LGA lines and discuss the work of the Select Committee over the coming year.

UK/EU negotiations update

7. To summarise the negotiations, the Government has announced eight Brexit related Bills. Formal UK-EU negotiations have begun in earnest and the Government have published a series of policy papers outlining their vision for Brexit. The detail of policy papers and bills is attached in **Appendix A**.
8. Brexit will occupy more and more of both the Government's and Parliament's time over the coming political year. We have briefed on the EU Withdrawal Bill which recently passed its second reading in the Commons un-amended (our briefing can be

found [here](#)). Further briefings will be developed as the Bill passes through Parliament and as new Bills are introduced.

9. Importantly, the LGA's detailed position on local government and Brexit and allowed us to influence developing debates in both London and Brussels proactively. In this report, we report progress. As this is a very fluid agenda, members are asked to consider our headline issues again and to identify any other issues that need to be addressed.

Securing funding currently sourced from the EU

10. We have been working to highlight the £5.3 billion that was to be received by England from the EU until 2020. We have already had a number of important lobbying successes to ensure that funding for local regeneration continues, including the Chancellor's commitment to replace the funding in some form.
11. Funding from the EU will end at Brexit in 2019. Our concern is to ensure that any future UK fund is local and of at least equal quantum to current EU funds. In July we published a number of [pro-active proposals](#) on behalf of councils, with an additional call in our [2017 Budget submission](#). This received a significant amount of media attention and we intend to capitalise on this momentum in the coming months.
12. In our summer report, we have raised the possibility of interim arrangement immediate after we leave the EU if there is little time to develop a fully shaped UK replacement. Given that this is a possibility, we are now seeking to influence the next generation of EU funding to ensure that it is adaptable to English local economic development (if even, for a short period).

Changing the way the UK makes decisions

13. We have been championing a new constitutional settlement in a post-Brexit UK, ensuring that powers are devolved to local communities and beyond Whitehall, Cardiff Bay, Stormont and Holyrood. We have created a number of work streams to pursue these goals, including;
 - 13.1 Preserving local government's formal role in law-making post-Brexit. Local government currently is formally consulted through the EU parliamentary process (through the Committee of Regions) and we have initiated pro-active discussions with Whitehall about how this role can continue in the UK. This is likely to be a point of debate during the Withdrawal Bills Committee stage. As there has been a promise that there will be no change to any devolution settlement and no change to EU laws, we will be seeking to transfer local government's rights and responsibilities into the UK legal framework.
 - 13.2 Identifying where local government is likely to be affected by secondary legislation created or changed by the Withdrawal Bill, anticipate where UK regulators may gain new powers and ensure that consequences on the front-line are understood.

- 13.3 Identifying how local government continues to influence the European Union in the future, given the likely transition period after we leave the EU when many EU laws (such as waste) may still have an impact on council services.
14. On the latter point, in the absence of MEPs and other UK actors in Brussels, our primary influence over such laws is likely to be the European LGA (CEMR) which is a formal consultee on all laws affecting local government. LGAs in countries such as Norway and Iceland are members of CEMR and it is their most important means of influence at a European level Brussels. Given the likely importance of CEMR's influence to us, Groups leaders have considered this issue and agreed to continue our membership. Also the leadership of EU Committee of Regions (at the LGA conference in July) invited us to think about how we could continue to work as part of the CoR (for example, in an associate status) to influence any EU policy where UK councils continue to have an interest. This could be the development of EU funding schemes which the UK agrees to buy into and which we would want to influence at an early stage of development. Our UK CoR leaders are pursuing these discussions in Brussels.

The return of EU powers

15. We have reviewed all EU laws which impact on local government services and have identified which policy areas are in need of urgent review. We have begun a press campaign on this issues to highlight local government's interest. We have highlighted where there is the opportunity to amend EU laws to help local government better pursue local economic objectives (through procurement reform) and we have highlighted where EU laws help protect the public and where they could now be strengthened (e.g. food hygiene).
- 15.1 [Simpler rules regulating procurement.](#)
- 15.2 [Strengthening food hygiene laws.](#)
16. No reviews will take place until after we exit from the EU (or after any agreed transition period). Our work is to register our interest for such reviews in the longer term and highlight the importance of prioritising reviews that could enhance the rights and responsibilities of local communities, post-Brexit.
17. We have also made a submission to the House of Lords inquiry on the future of competition and state aid policy post-Brexit.

Community cohesion and workforce

18. We have highlighted that councils play a vital role in protecting their communities from harm and after the referendum. We advocated strongly the role that councils were playing to bring divided communities together.
19. We have also established the number of 'continuing EU' workers that deliver vital public services. For example, 7% of English adult care staff are currently (non UK) EU nationals. Our role in analysing the consequences of UK and EU negotiation stances will be very important over the coming months. The LGA has an associate relationship with the Cavendish Coalition which is a group of health and care

employer organisations examining the effects of Brexit; as part of this arrangement we have co-funded a research project on the health and care labour market post-Brexit that is being carried out by the National Institute of Economic and Social Research.

20. In July 2017, the government commissioned the Migration Advisory Committee (MAC) to advise on the economic and social impacts of the UK's exit from the European Union and also on how the UK's immigration system should be aligned with a modern industrial strategy. There has been a [call for evidence](#) with a deadline of late October.
21. This consultation will be an important as the private sector and other part of the public sector will be placing their key concerns about business and public service continuity before Government.
22. Our response will highlight the number of workers from the "Continuing" EU in local government services and in wider local economies. It will also set out how a revived skill system delivered locally could help reskill local residents for the modern economy – based on the LGA report launched at our conference. Our submission will be led by the LGA's Resources Board. We asked councils to provide information and views to develop our response to the MAC enquiry and have received some useful information.

Place based impacts

23. The onus is on the LGA and councils to ensure that the differing place based impacts of Brexit are fed into Whitehall. We have organised a number of local seminars to ensure that such evidence is presented to DExEU. A summary of our discussions was presented to the DCLG Brexit Board to ensure that our evidence was formally registered.
24. The policy papers published by the Government over the summer have started to define the boundaries of the negotiations. For example, there are now some high-level proposals on future customs arrangements, fisheries and agriculture which help define post Brexit UK.
25. Consequently, we will be renewing our call for evidence on a series of specific issues, so that the risk and opportunities to places are placed firmly on the record.

Trade

26. As the debate on building new trade relationships continues, we have advocated the help and experience that councils can offer through their expertise and international connections. The City Regions and People and Places Board is developing work in this area, particularly in identifying a problem with multiple and overlapping initiatives. We are now looking at an alternative model to offer to Government.

Implications for Wales

27. We are working on Brexit jointly with the Welsh LGA and COSLA and NILGA to ensure that there is a clear UK local government view. Our ministerial talks will be held jointly with the other UK Associations and they sit as advisors on our Task and Finish Group.

Next Steps

28. The Executive are asked to consider the information included in this report, and the LGA's agreed lines on Brexit, and suggest any new work which should be developed.

Appendix A

GOVERNMENT'S DEVELOPING NEGOTIATING POSITION

Over the summer, the Government has announced the Bills that it intends to take through Parliament to facilitate Brexit and it has published a number of position statements which will help establish the UK's negotiating position.

Timeline since the summer

19th June: Rt Hon David Davis MP (Secretary of State for Leaving the European Union) and Michel Barnier (European Chief Negotiator for Brexit) meet to start the first formal round of negotiation talks. The content of the 'first phase' is decided to be citizens' rights, the financial settlement, the Ireland/Northern Ireland border and 'other separation issues'.

26th June: Government begins its publication of a series of papers with a paper on EU nationals potential status in the UK, as well as their vision for UK citizens in Europe.

13th July: EU (Withdrawal) Bill is introduced to the House of Commons.

17th July: the second round of talks between British negotiators and their EU counterparts begin. Discussion over citizens' rights take place but no other major developments occur.

28th August: the third round of Brexit negotiations begin accompanied by the publication of a series of position papers and future partnership papers from the UK. Talks focussed on citizens' rights, the financial settlement and a range of other issues including judicial cooperation and customs arrangements.

11th September: EU (Withdrawal) Bill passes its Second Reading in the Commons unamended. The Bill will now go through the Committee and Report stages and be voted upon at its 3rd reading before entering the Lords.

22nd September: Prime Minister Theresa May makes a major speech on Government policy in Florence, outlining her wish to see a two year transition period during which the UK pays into the EU budget, a new style of trade agreement for the UK & the EU.

28th September: The fourth round of negotiations close with continued discussion on citizens' rights, the financial settlement and Ireland.

Parliamentary Bills of Relevance to Local Government

| Bill | Summary |
|------------------|--|
| Repeal Bill | Repeals our membership of the EU and convert all existing EU law into UK law |
| Trade Bill | Facilitates UK trade deals in future |
| Immigration Bill | Enables a UK immigration policy and ends free movement across the EU. |
| Customs Bill | Ensures that we have a stand-alone customs regime on exit |
| Fisheries Bill | Ensures UK control of waters and quotas. |
| Agriculture Bill | Enables a post-Brexit CAP and agriculture policy. |

Government Papers Published in Advance of Formal Negotiating Rounds to Inform Discussion

These position and policy papers have been published over the summer to inform the UK's initial negotiating position. These are not for consultation – expect in the case of the migration paper where a public consultation has been launched. The following papers are of importance to local government:

| Paper | Summary |
|--|--|
| Safeguarding the position of EU citizens in the UK and UK national abroad | All EU nationals lawfully resident for 5 years will be able to apply for “settled status”. |
| Continuity in the availability of goods for the EU and the UK (position statement) | Seeks a partnership arrangement with the EU for a temporary and long-term customs union. Also seeks the ability for UK trade deals during exit negotiations. |
| Future customs arrangements (Policy paper) | |
| Exchange and protection of personal data | Seeking a post-Brexit deal where there is no substantial regulatory change. |
| Enforcement and disputes resolution | ECJ may have role during a transition period EU citizens in UK only subject to UK law. |

All papers can be found here: <https://www.gov.uk/government/collections/article-50-and-negotiations-with-the-eu#position-papers->