Local Government preparedness for Brexit

Purpose of report

For discussion.

Summary

This report sets out the headlines of local government preparedness for Brexit. It reviews the work that was undertaken up to 12 April 2019 and anticipates the key issues following the extension of Article 50 to 31 October.

Recommendations

That the members of the LGA Executive:

* Consider the work below and ensure that we have captured everything that needs to be developed; and
* Consider the work on preparedness and any further communications that the LGA might need to do.

Action

Officers to take forward any actions identified.

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Local Government preparedness for Brexit

Background

1. This report sets out the headlines of local government preparedness for Brexit. It reviews the work that was undertaken up to 12 April 2019 and anticipates the key issues following the extension of Article 50 to 31 October.
2. The report sets out:
	1. Our work to 12 April 2019;
	2. The immediate issues where we need to continue to work with Whitehall up until the UK exits the EU or to the end of any transition period;
	3. Our longer-term ambition.

Our work to 12 April 2019

1. Up to mid-April 2019, the emphasis of our work was to support councils to prepare for a ‘No Deal’ scenario. One of the principal concerns of the sector was the plethora of advice and communications from Whitehall departments. The lack of focus and co-ordination hampered preparation in local places and required the LGA to work closely with the Ministry for Housing, Communities and Local Government (MHCLG) to help co-ordinate Whitehall advice to councils. MHCLG and councils formed a helpful and productive partnership. Through the work of the EU Exit Local Government Delivery Board and the returns of councils through the nine regional Chief Executive co-ordinators, greater co-ordination across Whitehall was achieved. It should be noted that MHCLG co-ordination of Government communications provided wider lessons for the working of Government and will be as important in the coming months.
2. Whilst co-ordination was improved, the LGA was clear that significant gaps in information and major risks for delivery remained. We had a particular concern about the work at ports with Department for Transport (DfT). The LGA played a key role, and continues to do so in ensuring such concerns were clearly registered with Government.
3. The recent [Housing, Communities and Local Government Select Committee’s report](https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/493/49302.htm) noted the improved work between MHCLG and councils. The Select Committee noted that councils were as prepared as they could be for Brexit, given the gaps in information and the uncertain outcomes of national debate.

Our current work

1. Councils were required to prepare for and delivery European Parliamentary elections at very short notice. The LGA worked with councils to ensure that the Cabinet Office was fully informed about the resources needed and the risks associated with organising elections at speed. We made the following statement to the press on 23 May:

*Councils are hugely experienced at running elections and have worked tirelessly around-the-clock to get everything in place for these EU elections at short notice. The fact that these elections appear to mainly be going smoothly is testament to their incredible hard-work and expertise.”*

1. The wider work of preparing for Brexit continues with Whitehall. Whilst planning for ‘No Deal’ is no longer an immediate issue, intense planning for a ‘No Deal’ scenario may reoccur after the summer recess as we approach the new October deadline. As such, the LGA and councils have been pressing Whitehall to use the coming months to resolve some of the outstanding front-line issues which remained unresolved at the April deadline. These include:
	1. Capacity at ports of entry, especially work with the DfT;
	2. Preparedness and capacity of regulatory services, including the progress of the statutory instruments which affects the legal basis for a number of councils’ regulatory services powers as they are currently based in EU law not UK statute;
	3. Councils’ own capacity and resources to manage such a significant change programme in addition to existing local services and demands.
2. A major risk being raised by councils is the lack of progress on the UK Shared Prosperity Fund (UKSPF). We are still awaiting the formal consultation on the UK replacement for EU funding, with the later Spending Review to detail quantum. EU funding provided a seven year funding programme. A particular concern is that the Spending Review may be unable to commit to seven year funding period. Thus councils would lose the ability to make long term plans. There is now an urgency to develop the detail of the UKSPF.
3. We are also raising broader issues where we need to work with Government to address the opportunities and risks associated with the impact of Brexit at the local level. These include:
	1. Community cohesion: Councils continue to monitor community cohesion closely;
	2. EU Settlement scheme: Councils want to ensure the effectiveness of the scheme to support local residents and to secure key public workers.
	3. Local economies: Business readiness for the risk and opportunities of Brexit (especially SMEs) is a continued concern. We are discussing with MHCLG and the Department for Business, Energy and Industrial Strategy the range of local economic levers that might be needed to ensure opportunities and risks are managed effectively.

Our longer term ambition

1. The new Brexit timeline does give us the opportunity to refresh the debate on the longer-term work that we developed and articulated in last year’s conference report. It was difficult of have these debates whilst Whitehall was prioritising ‘No Deal’ planning. We have the opportunity to revive this debate at LGA Conference:
	1. Devolution: Brexit cannot result in a centralisation of power in Whitehall, Holyrood, Cardiff Bay nor Stormont. The LGA has suggested an English Devolution Bill and for councils to be offered powers as devolved to the Scottish Parliament. This was discussed at the HCLG Select Committee and the Secretary of State said that whilst he was not convinced about the need for primary legislation, he welcomed the opening of a debate.
	2. Reform of EU laws: The LGA has advocated a review of EU laws. Some needed to be kept and strengthened (e.g. food hygiene) and some needed to be reviewed to allow local flexibilities (e.g. procurement and state aid).
	3. Local authority rights to influence future laws: a successor to the Committee of Regions and a legacy arrangement in Brussels.
	4. Trade: Councils can add value to new trade negotiations through their economic development work.

**Wales**

1. We continue to develop our work on Brexit in partnership with the Welsh Local Government Association, Convention of Scottish Local Authorities and Northern Ireland Local Government Association, ensuring a united UK local government voice in the debate.