

Local Government Association

European Union (Withdrawal) Bill

Ping Pong, House of Commons

12 June 2018



Key messages

- The European Union (Withdrawal) Bill will convert the entire body of EU law into UK law, with the intention of allowing businesses to continue operating and providing fairness to individuals, knowing the rules have not changed when the UK leaves the EU. This legal certainty must be given to councils too.
- EU laws impact many of the council services that affect people's day-to-day lives, from protecting people from unsafe food when they eat out to regulating how councils buy goods and services.
- **Devolution:** There will be a review of those EU laws that affect local government once the EU (Withdrawal) Bill is passed by Parliament. Brexit should not simply mean a transfer of powers from Brussels to Westminster, Holyrood, Stormont and Cardiff Bay. It must lead to new legislative freedoms and flexibilities for councils so that residents and businesses benefit. Taking decisions over how to run local services closer to where people live is key to improving them and saving money.
- **Local government consultation:** Local government has a formal advisory role in the EU law and policy-making process through its membership of the EU Committee of the Regions (CoR). Formally involving local government in law-making has ensured that EU laws are improved by the experience of those at the frontline of delivery. The LGA, together with the local government associations in Wales, Scotland and Northern Ireland, have been in discussion with the UK Government, who have committed to setting out in a ministerial written statement how this advisory role might be replicated in the UK.
- **EU funding:** Continued participation in the Multi-Annual Financial Framework 2014-20 is welcome as a short-term solution, but it is now essential that this funding to local areas is fully replaced from 2021. A locally-led successor to EU regional aid is needed to stop an £8.4 billion UK-wide funding gap for local communities opening up at this point.
- **Workforce:** Councils play the leading role in bringing communities together and will be important in tackling workforce challenges. 7 per cent of existing adult social care staff come from the continuing EU and 13 per cent of the construction workforce were born outside the UK. Securing a sustainable adult social care workforce and excellent care skills must be a priority for the Government during negotiations and in drafting an Immigration Bill.
- **Customs:** Councils want to continue to play their part in protecting public health through the fulfilment of their port health responsibilities. It is essential that councils are adequately resourced to carry out checks, particularly if there is a significant increase in demand for these following the UK's withdrawal from the Customs Union (or equivalent).
- **Procurement:** Councils currently have to follow EU-wide advertising and award procedures when they buy goods and services. A lighter-touch system which

Briefing

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simplifies this processes, and provides more flexibilities to promote local growth, is vital so that councils can procure to shorter timescales and lower high administration costs for businesses, especially small and medium-sized enterprises.

Background

Devolution

The White Paper *Legislating for the UK's withdrawal from the EU* states that leaving the EU is an opportunity to ensure returning "power sits closer to the people of the UK than ever before".ⁱ It includes a commitment to continue to champion devolution to local government. The UK's exit from the European Union will have a significant impact on local government, creating opportunities to do things differently as well as challenges that need to be addressed.

Much of the debate on Brexit and devolution has focused on the UK's devolved administrations. EU laws impact on many of the council services that affect people's day-to-day lives. These range from deciding how to protect people from being served unsafe food when they eat out to regulating how councils buy goods and services. Local government must play a central role in deciding whether to keep, amend or scrap EU laws once they are converted into domestic law.

Brexit should not simply mean a transfer of powers from Brussels to Westminster, Holyrood, Stormont and Cardiff Bay. It must lead to new legislative freedoms and flexibilities for councils so that residents and businesses benefit. Taking decisions over how to run local services closer to where people live is key to improving them and saving money.

Local government consultation

Currently local government has a formal advisory role in the EU law and policy-making process through its membership of the Committee of the Regions (CoR). EU treaties include other provisions under which local government representative associations must be consulted. When our membership of the EU ceases, an alternative mechanism must be found, with no loss of powers for local government on the day the UK leaves membership of the EU. Local government has used its advisory role diligently, making sure that law-makers had good advice so that regulations and laws governing local services could be implemented well at the frontline of delivery.

The LGA, together with the local government associations in Wales, Scotland and Northern Ireland, have been in discussion with the UK Government, who have committed to setting out in a ministerial written statement how this advisory role might be replicated in the UK.ⁱⁱ

Funding

Continued participation in the Multi-annual Financial Framework 2014-20 was included in the joint UK and European Commission report on phase one negotiations.ⁱⁱⁱ It would include the European Regional Development Fund, the European Social Fund, INTERREG, Leader and almost all other EU funding programmes such as Horizon 2020. This agreement means that local communities will continue to benefit from EU funds until the end of the current programmes in 2021. This is welcome as a short-term solution.

It is now essential that this funding to local areas is fully replaced from 2020 as part of a locally-led successor to EU regional aid. An £8.4 billion UK-wide funding gap for local communities would immediately open up from 2021 unless a viable domestic successor to EU funding is in place.^{iv}

Workforce

Councils play the leading role in bringing communities together and will be important in tackling challenges such as the retention of skilled workers. For example, 7 per cent of existing adult social care staff come from the continuing EU and 13 per cent of the construction workforce were born outside the UK.^v

The UK is already suffering a skills crisis. Forecasts produced for the LGA by the Learning and Work Institute predict that by 2024 a growing skills gap will result in a shortage of 4.2 million skilled people to fill demand – equating to a loss of £90 billion in economic output.^{vi}

Securing a sustainable adult social care workforce must be a priority for the Government during negotiations and in drafting an Immigration Bill. We also urge the Government to work with councils so that the whole skills system can be made coherent for local people and more effective for local businesses.

Customs

Councils have regulatory responsibilities in relation to a broad range of products arriving in the country at ports of entry. For goods requiring active clearance and notification (for example, animal or plant health products), products originating from within the EU are not routinely subject to import checks, in contrast to goods from third countries. Were this position to change after the UK leaves the EU, it could have a significant impact on the resources required to fulfil these checks.

Case study: Assuming the same level of trading activity as present, the City of London has estimated that in the event of no Customs Union or equivalent membership, their workload could increase by 25 per cent in the port health authorities they manage in the tidal Thames & Medway area.^{vii} This would have significant staffing and training implications and also require additional offices and facilities at wharves and ports which are not currently equipped.

Ports in which the majority of trade is through freight movements from the EU facilitated by roll-on, roll-off ferries, such as Dover or Portsmouth, rely on the rapid movement of freight and passenger traffic, and would experience particular challenges if checks are introduced at the point of entry - assuming it is physically possible for them to do so, which may not be the case. This could therefore cause significant delays and backlogs to ferry traffic, which would have knock on effects for local areas.

Case study: The Port of Dover currently handles £122 billion (17 per cent) of the UK's trade in goods in 2.6 million 'roll-on, roll-off' freight vehicles, alongside 2.4 million tourist vehicles per year.^{viii} Owing to the fact that EU freight vehicle traffic account for 99 per cent of freight vehicle traffic and a lack of physical space caused by the coastal environment, the Port has estimated that even a two-minute increase in the time to check each vehicle would cause 17 miles of queues both sides of the Channel.

Councils want to continue to play their part in protecting public health through the fulfilment of their port health responsibilities. However, if the number of checks required significantly increases following the UK's withdrawal from the Customs Union (or equivalent), it will be critical that they are fully resourced to do this.

Procurement

Councils currently have to follow EU-wide advertising and award procedures when they buy goods and services. The process sometimes sits uneasily with supporting the local economy. The EU process can also take between 3 and 18 months – twice as long as typical private sector procurement.

Almost no public contracts end up being awarded to companies in other EU member states.

Only 20 per cent of English councils receive expressions of interest from companies based in other EU countries. Across Europe, only 1.6 per cent of public contracts are awarded to companies in other member states.^{ix} A lighter-touch system which simplifies this processes, and provides more flexibilities to promote local growth, is vital so that councils can procure to shorter timescales and lower high administration costs for businesses, especially small and medium enterprises.

ⁱ *Legislating for the UK's withdrawal from the EU*, DExEU White Paper

<https://www.gov.uk/government/publications/the-repeal-bill-white-paper/legislating-for-the-united-kingdoms-withdrawal-from-the-european-union>

ⁱⁱ EU (Withdrawal) Bill, House of Lords, 19 March 2018

[https://hansard.parliament.uk/Lords/2018-03-19/debates/47210FF1-A5B4-4CC6-895D-8F4C1838316D/EuropeanUnion\(Withdrawal\)Bill#contribution-3DFA825F-10CB-4835-8EB0-4ED45460D837](https://hansard.parliament.uk/Lords/2018-03-19/debates/47210FF1-A5B4-4CC6-895D-8F4C1838316D/EuropeanUnion(Withdrawal)Bill#contribution-3DFA825F-10CB-4835-8EB0-4ED45460D837)

ⁱⁱⁱ Joint report from the negotiators of the EU and the UK Government on progress during phase 1 of negotiations, 8 December 2017

https://ec.europa.eu/commission/sites/beta-political/files/joint_report.pdf

^{iv} LGA Autumn Budget submission 2017

<https://www.local.gov.uk/parliament/briefings-and-responses/lga-autumn-budget-submission-2017>

^v The King's Fund, Brexit: the implications for health and social care

https://www.kingsfund.org.uk/publications/articles/brexit-implications-health-social-care#footnote2_3buaujlj;

CITB, Migration and Construction

[https://www.citb.co.uk/global/research/citb%20migration%20research%20exec%20summary%20june%202017%20%20single%20pages%20\(2\).pdf](https://www.citb.co.uk/global/research/citb%20migration%20research%20exec%20summary%20june%202017%20%20single%20pages%20(2).pdf)

^{vi} LGA Work Local, <http://www.local.gov.uk/topics/employment-and-skills/work-local>

^{vii} City of London Port Health & Environmental Services Committee report on *the Impact of the UK leaving the EU (Brexit) on Port Health and Public Protection*, 19 September 2017

^{viii} *Port of Dover's written submission to the Public Accounts Select Committee inquiry on the future of customs*, 23 October 2017

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/brexit-and-the-future-of-customs/written/71385.pdf>

^{ix} <https://www.local.gov.uk/about/news/lga-simplify-eu-rules-over-how-councils-buy-goods-and-services-after-brexit>