

Local Government Association (LGA)

EU (Withdrawal) Bill

Committee Stage day eight, House of Commons

20 December 2017



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. **The conversion of EU law will therefore have an impact on our most important public services.**
- **Currently 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 consulting those at the frontline of delivery.
- The Prime Minister made a commitment that the same rules will apply on the day after exit as on the day before. Therefore, **a replacement of this formal advisory role is needed so that local government can continue our role in good law-making in the UK once we leave the EU** and to ensure no deficiency in local government powers. To be clear, it is the rights and responsibilities local government currently have that need to be replicated, not the institution of the CoR itself.
- The LGA, together with the local government associations in Wales, Scotland and Northern Ireland – have been in discussion with the UK Government about how this advisory role might be replicated in UK law. Our shared ambition is to replicate the advisory role of local government in the UK post-exit, without creating new bureaucracies. **We wish to continue our constructive discussions with the Government.** Parliament should be advised on progress and we would encourage the Government to update Parliament on progress at Report Stage of the Bill.
- Former EU powers will start to be reviewed after the Bill is passed. **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.

Briefing

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Background

Committee of the Regions

The EU (Withdrawal) Bill will convert 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 on the day the UK leaves the EU.

This legal certainty must be given to councils too. 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.

The CoR was established by the 1992 Maastricht Treaty as an advisory body to the EU institutions.¹ UK local government has actively participated in the work of the CoR and taken a lead role in developing the CoR's positions on a wide range of subjects.

When our membership of the EU ceases, there is currently no agreement to replace or replicate a formal consultation of local government in UK law-making. It is the rights and responsibilities local government currently has that we wish to replicate post-departure, not the institution of the CoR itself. An alternative, more agile 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 have had good advice so that regulations and laws governing local services could be implemented well at the frontline of delivery.

The local government associations of England, Scotland, Wales and Northern Ireland have been discussing with UK Government how the rights and responsibilities might be replicated in the UK without creating additional bureaucracies. Progress is being made and we want to continue to work with DCLG and DExEU to get the details right. An update from the Government at Report Stage on the progress of these discussions would be beneficial.

After the Bill: the future governance of the UK

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".² 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.

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.

¹ The Maastricht Treaty on the European Union, https://europa.eu/european-union/sites/europaeu/files/docs/body/treaty_on_european_union_en.pdf
https://europa.eu/european-union/sites/europaeu/files/docs/body/treaty_on_european_union_en.pdf

² *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>

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.

Why EU withdrawal matters to local government

Workforce

Councils play a leading role in bringing communities together and will be important in tackling challenges such as the retention of skilled workers. Brexit presents the possibility of a direct impact on the local government workforce, with 7 per cent of existing adult social care staff coming from the continuing EU. It also has the potential to impact significantly on the wider national workforce with key sectors such as construction and tourism vulnerable to reductions in the supply of labour from the European Economic Area (EEA).

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.³ Brexit has the potential to make this situation more challenging.

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. 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. Only then will we be able to make the most of valuable public resources and produce the current and future workforce we need.

Funding

LGA research has found that local areas need £8.4 billion (€10.5 billion) of EU funding replaced as part of a locally-led successor to EU regional aid after Brexit. Since the EU referendum, we have repeatedly called for a government commitment to replace vital EU regeneration funding.

The joint UK-EU agreement on phase one of the negotiations signalled the continued participation in the EU Multi-annual Financial Framework. This means that local communities can expect to continue to benefit from EU funds until the end of the current programme in 2020, rather than ending on the date of exit. This is a welcome short-term solution.

It is now essential that this funding to local areas is fully replaced from 2021 as part of a locally-led successor to EU regional aid.⁴ Brexit provides an opportunity for local communities to have greater responsibility in deciding how this funding is spent. We have produced a report 'Beyond Brexit'⁵ which presents an in-depth analysis of a number of options which aim to inform the design and delivery of a UK successor scheme.

³ LGA report – Work Local - <https://www.local.gov.uk/topics/employment-and-skills/work-local>

⁴ LGA Autumn Budget submission 2017
<https://www.local.gov.uk/parliament/briefings-and-responses/lga-autumn-budget-submission-2017>

⁵ LGA Report – Beyond Brexit - <https://www.local.gov.uk/topics/european-and-international/beyond-brexit-future-funding-currently-sourced-eu>

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 3.5 per cent of public contracts (by value)⁶ are awarded to companies in other member states. A lighter-touch system which simplifies this process, 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.

⁶ COM(2017) 572 final, Making Public Procurement work, European Commission, page 4.