

# Local Government Association (LGA)

## EU (Withdrawal) Bill

### Second Reading, House of Lords

30 & 31 January 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.
- **Formal advisory role:** 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 Prime Minister has made a commitment that the same rules will apply on the day after exit as on the day before. Therefore, the Government needs to replicate this formal advisory role for local government without recreating the institution of the Committee of the Regions.
- 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, to help continue our role in good law-making and ensure no deficiency in local government powers. We would encourage the Government to update Parliament on the progress of these discussions as soon as possible.
- **Devolution:** 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.
- **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.

#### Background

##### *Local government's formal advisory role*

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.

When our membership of the EU ceases, there is currently no proposal to replace or replicate in UK law or political convention a formal consultation of local government. 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.

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 would encourage the Government to update Parliament on the progress of these discussions as soon as possible.

### *Devolution: 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".<sup>1</sup> 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 the Bill so far has focused on the 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.

## **Why EU withdrawal matters to local government**

### *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. 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

---

<sup>1</sup> *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>

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.<sup>2</sup>

### *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.

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.<sup>3</sup>

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.

### *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. 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-sized enterprises.

---

<sup>2</sup> LGA Autumn Budget submission 2017

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

<sup>3</sup> LGA Work Local, <http://www.local.gov.uk/topics/employment-and-skills/work-local>