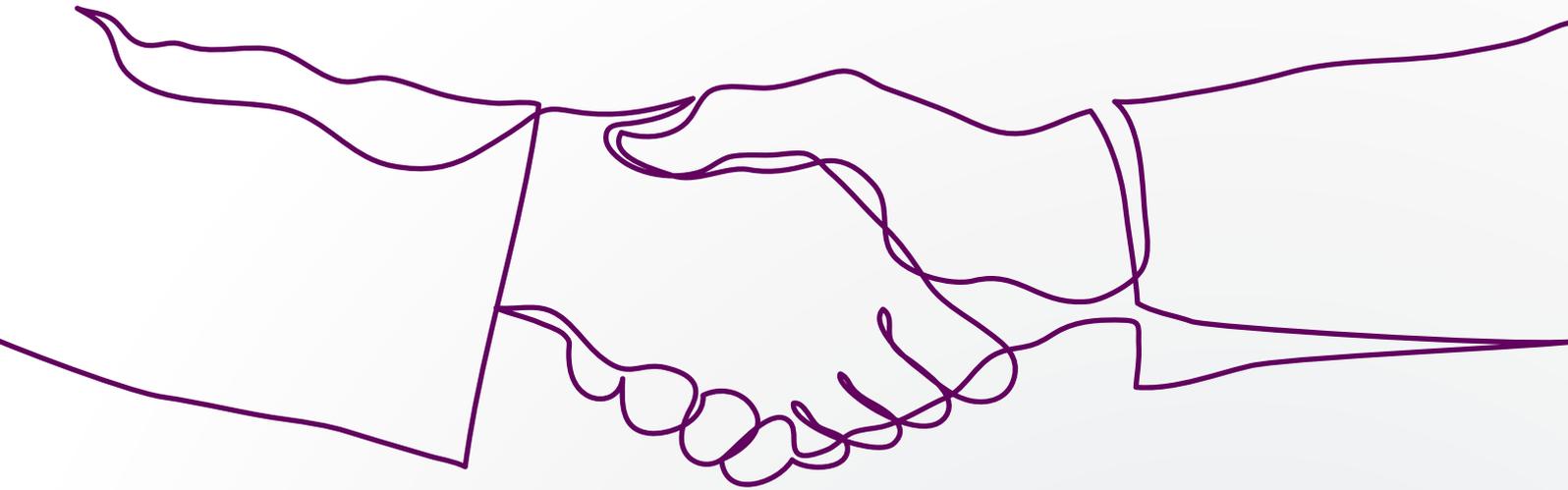


# Brexit

Moving the conversation on



## **This paper is the very start of our campaign ahead of the Spending Review.**

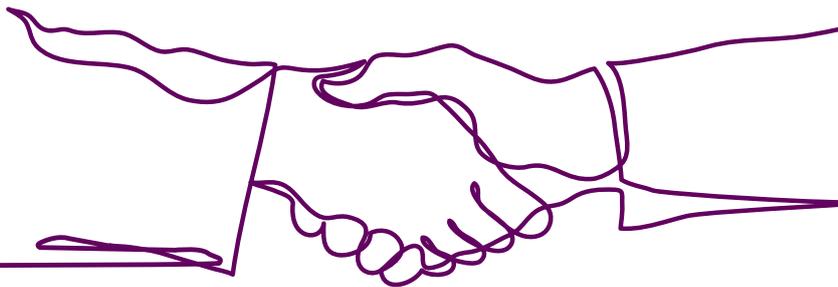
We have published a series of papers, commissioned by LGA boards, which start the new thinking around building the case for long term, sustained investment in local government as well as laying out the positive outcomes this would deliver for the country:

- local government funding
- housing, planning and homelessness
- improving schools
- Brexit
- the future of non-metropolitan England
- a sustainable adult social care and support system for the long term.

Over the coming months, we will be seeking your thoughts and evidence to further strengthen the rallying call to Government.

Find out more at [www.local.gov.uk/moving-the-conversation-on](http://www.local.gov.uk/moving-the-conversation-on)

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**The Government must engage with the expertise of local government to ensure we get these crucial negotiations right for local communities.**

# Foreword

**It is now over two years since the referendum of June 2016 and the decision to leave the European Union (EU). By the time the LGA Conference meets next year in 2019, we will no longer be members of the EU.**

We are currently in the process of negotiating our exit from the EU and refining the deal which will help shape the UK's own future.

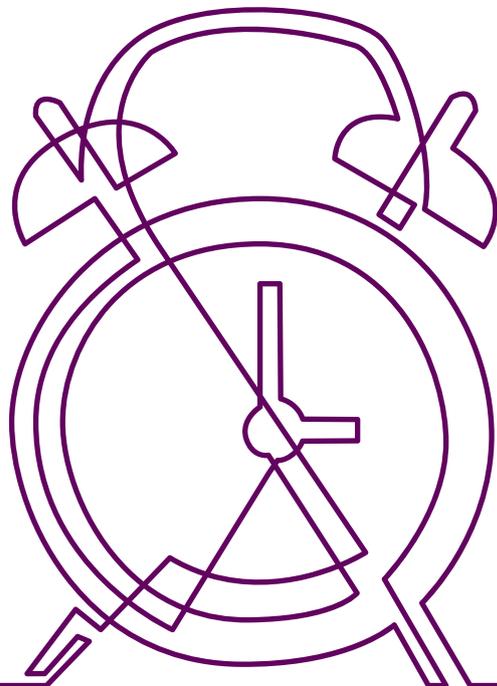
The LGA took a position of neutrality during the referendum campaign. Our membership reflected the nation, with distinct and different views on EU membership.

However, immediately after the result was known, we set out the risks and opportunities for local government and, more importantly, for the diverse communities that they represent.

Our local roots told us that expectations in local communities differed across the country and that Brexit would affect places differently. The ultimate outcome will be judged on the everyday impact – the day-to-day that is grounded in local places.

We anticipated that there would be many major studies setting out a national perspective or advocating new national policies. We recognised early on that most observers would focus on the national picture, and so the onus was on us to ensure that local voices were heard in the heart of Whitehall and Westminster.

We called for a seat at the negotiating table for local government. We were concerned that UK negotiations centralised in Westminster, Holyrood, Stormont and Cardiff Bay could not reflect the needs of our diverse local communities.



The reality of the negotiations has meant that we have had to proactively create our own platforms to ensure councils' influence.

In partnership with the local government associations of Wales (WLGA), Scotland (COSLA) and Northern Ireland (NILGA), we have worked as a unique alliance of local communities across the UK and held regular meetings with the Department for Exiting the EU (DEXEU) and other ministries. This close relationship of ongoing engagement will need to continue throughout the transition period and into the post-Brexit period to ensure the best possible outcome for local communities.

Through our campaigning work, Select Committee evidence and meetings with departments across Whitehall, the big issues for councils and their communities have been placed on the record.

We have developed a database of evidence that captures the differing risks and opportunities for local communities arising from Brexit.

These have been supplied by councils and their partners from all parts of the country and we have regularly shared it with Government. We have also analysed legal implications and opportunities in a number of key areas for councils. We have regularly fed this evidence into relevant Whitehall departments.

In this report we offer clear options to both mitigate risks and capitalise on opportunities which may arise from Brexit. The Government must redouble its efforts to work with local areas and engage with the expertise of local government to ensure that Whitehall gets these crucial negotiations right for local communities.

**Councillor Kevin Bentley**  
Chairman, Brexit Taskforce

# Introduction

**It is currently expected that at October's European Summit EU leaders will complete the negotiations for the UK's exit from the EU. Efforts can then focus on the future UK-EU cooperation and trading relationship. As such, the summer of 2018 is a good time to reflect on the evidence that we have provided to national government and to make final recommendations on what would be a 'good deal' for our diverse local communities.**

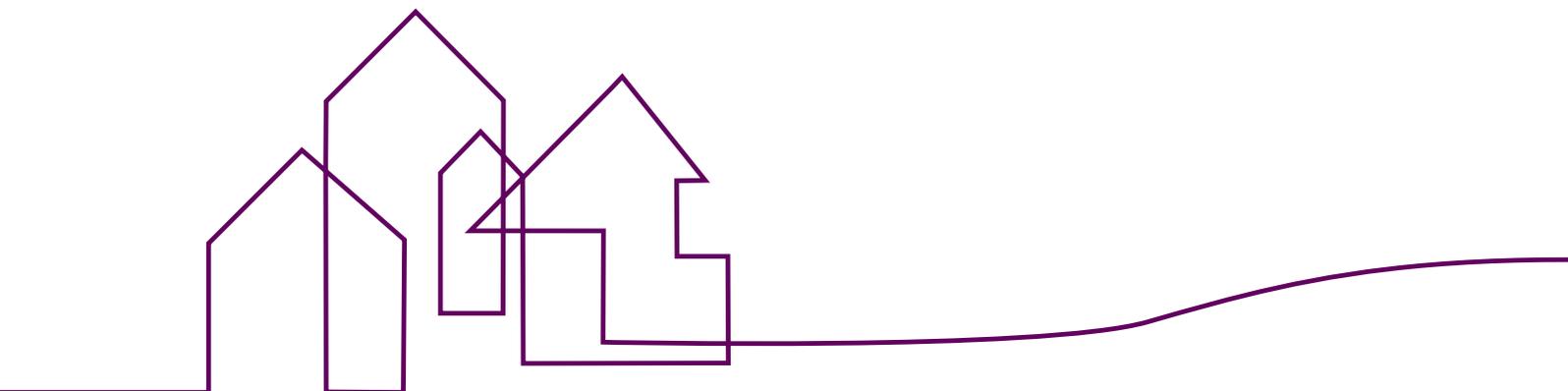
In this publication we:

- put forward our advice and recommendations to UK and EU negotiators
- set out how the final exit treaty could deal effectively with the differing risks and opportunities for local communities across the UK
- set out the risks and opportunities that should be addressed under different scenarios on exit, including no deal
- identify some important milestones to judge the impact of Brexit on local communities.

This publication is an important reminder to our negotiators that the consequences of Brexit differ between local communities across the whole of the UK. It offers tangible ideas to mitigate the risks and develop the opportunities for local residents. We also include a map of the critical legislative issues that will affect local areas, including new legislation that must be introduced, along with existing laws that must be kept in the new system.

Brexit will ultimately be judged as a success or failure by localities: real people in real communities. Both EU and UK negotiators face a huge risk if such diversity is ignored.

The final EU/UK deal must reflect local difference if the agreement is to be sustainable, and we have developed concrete solutions to this challenge.



# Devolution to local communities

## **Brexit provides the opportunity for a new local/central settlement in a post-Brexit UK, ensuring that powers from Europe are devolved beyond Whitehall, Cardiff Bay, Stormont and Holyrood to local communities.**

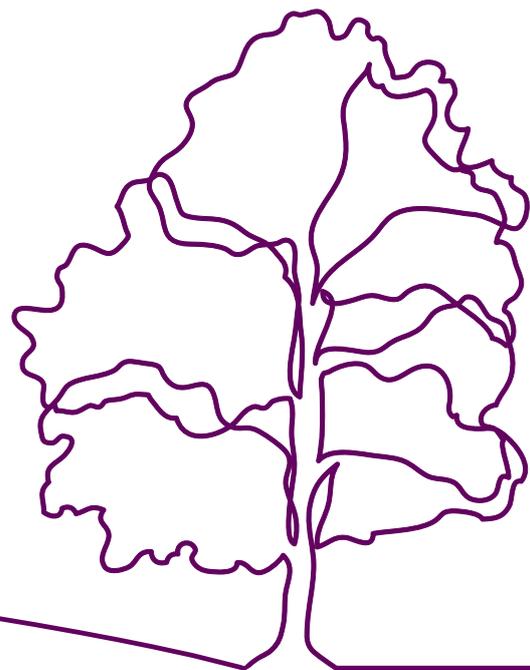
Brexit means that policy and decision-making in Britain will have to undergo a fundamental change. The scale of the Brexit project, and once we leave the EU the speed at which these changes will have to be made, means that Whitehall is likely to continue to work through departmental silos, and hold power centrally.

This means the onus is on local government to suggest alternatives.

### **Local democracy**

Local authorities in the UK hold legal rights and responsibilities in the EU law and policy-making process. These have helped national politicians make better legislation as draft laws that affect local communities are tested with councils to see whether they would work at the front line of delivery.

Through these powers, we have helped to make sure law-making was improved. For example, the European Commission proposed to put a legal duty on all councils to renew 3 per cent of all municipal buildings annually to new energy efficiency standards. Through councils' intervention and evidence showing that they would have had to divert resources from other essential services such as adult social care, a compromise was found which excluded municipal buildings from the directive. While we favour high standards, only councils' intervention ensured that the new law was deliverable at the front line, and without placing an excessive burden on other services the taxpayer relies on.



Such local insight and understanding is critical to the development of successful, effective legislation. The LGA, working with the other three UK associations of local government, has ensured that these rights and responsibilities for local areas will be transferred across to the UK.

Responding to lobbying from the LGA, Ministers have recently updated Parliament on progress towards replicating the consultative arrangements for local government currently provided through the EU Committee of the Regions<sup>1</sup>.

At present, the Government envisages at least twice-yearly meetings between relevant ministers and the four UK associations of local government. The associations would produce written opinions on proposed legislation and policies and the Government would publish a response, with copies of both papers put before Parliament. This will ensure that law-makers in the UK will be provided with formal advice from the LGA on how any new laws will impact at the local level, before they are enacted.

The Government has committed to publishing a written ministerial statement with the details of how these new UK rights and responsibilities for local government will be implemented and these details will be developed with the LGA.

## UK review of EU laws

Ensuring community well-being and safety for all of our residents are key priorities for councils. In many cases the standards and regulations covering local government services in the UK are underpinned by EU laws.

A number of these EU standards (such as food regulation) are critically important to protecting the public. Others (such as the procurement rules governing how councils buy goods and services) can be bureaucratic and do not always encourage the development of local economies. We have reviewed the main EU laws which impact on local government services. As Brexit offers the longer-term opportunity to get rid of, amend or strengthen these laws, we have drawn up a list of those key EU laws which, from a local government perspective, need to be changed, kept or better adapted to local need (see Annex 1).

Two good examples are procurement and food hygiene.

## Procurement

We must take the opportunity to simplify the EU procurement rules which regulate how councils buy goods and services, so that councils can boost local growth and create jobs.<sup>2</sup>

Almost no public contracts end up being awarded to companies in other EU member states.<sup>3</sup> Only 20 per cent of English councils receive EU expressions of interest from companies based in other EU countries.<sup>4</sup>

A 'lighter-touch' system which simplifies these 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 (SMEs).

<sup>1</sup> Debate, House of Lords, 19 March 2018

<sup>2</sup> 'Cut the red tape: Ministers must use Brexit opportunity to 'free' councils by slashing bureaucracy, LGA says', The Telegraph, 17 August 2017

<sup>3</sup> Across Europe, only 1.6 per cent of public contracts are awarded to companies in other member states. See page 3 of Cabinet Office Impact Assessment (2012) of EU Public Procurement Directives

<sup>4</sup> LGA Survey of local authority public procurement managers 2010 (141 responses).



**Local authorities in the UK hold legal rights and responsibilities in the EU law and policy-making process.**

Proposals allowing an element of local job creation and local business support are not about deregulation, which could pose a risk to local communities, or protectionism, but about freeing up businesses to compete in lucrative public sector markets.

## Food hygiene

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On food regulation, such as ensuring that restaurants have good hygiene standards and serve safe food, Brexit is the opportunity to raise standards even further. All food premises in England should be required to display 'Scores on the Doors', for example.<sup>5</sup>

UK food regulation is almost entirely derived from European Directives and laws, and it is important that the protection provided by this framework is maintained. The review of existing legislation arising from the Brexit process provides an opportunity to strengthen the current system of local food regulation and introduce some long-standing LGA policies; notably the mandatory display of Food Hygiene Rating Scheme certificates, and a strengthened, paid-for registration and licensing scheme for all food businesses.

Future legal review of EU laws should prioritise the needs of local communities, addressing the different expectations they have.

The transition period means that most current and new EU laws will continue to apply in the UK until at least the end of 2020. This is very helpful as it means less legal uncertainty for both the public and the private sector. The transition period also offers the opportunity to better prepare for UK reviews of EU laws with any changes coming into effect from 2021.

From 2019/20, we will be negotiating our future trading relationship with the EU and the rest of the world. There are many forms that this can take, from a comprehensive customs union to simply following lighter World Trade Organisation rules. Many of our areas of interest, such as procurement, will be affected by the rules on which the new trading relationships are built. We consider our priorities for reform to be consistent with international practice at a local level. The local freedoms we are seeking should be a key feature of our future trading relationships to help secure new responsibilities for local communities in the UK.

<sup>5</sup> 'Councils: displaying food hygiene ratings must be made mandatory after Brexit', LGA, 2017

## To ensure reviews of EU laws prioritise local communities, the Government must:

### From exit day 30 March 2019:

- Commit to working with the LGA and the other three local government associations on a review of the major EU laws covering local government services to ensure that we have a shared view of priority laws which need to be amended to help create better local choice, more effective economic development and higher standards of public protection.

### From the end of the transition period; from 1 Jan 2021:

- Ensure that the first Queen's Speech after the transition period contains a Bill which ensures, at least, that former EU powers on procurement and state aid rules are reformed to allow better local economic development and that public protection laws (such as food hygiene) are strengthened.

## The 'English' question

There is of course a bigger debate to be started in the longer term about the governance of England. The current devolution settlement in the UK stops at Whitehall, Stormont, Cardiff Bay and Holyrood. While there is a clear case for devolution below the devolved governments, the urgent issue is how local communities in England have a voice in law-making and how they share the same powers as the residents of the other three nations.

During the Committee Stage of the Withdrawal Bill in the House of Lords, Lord Adonis stated:

'One of the very big issues raised by Brexit is that whatever happens over the next year, whether or not we leave – and I hope we do not – Parliament is going to have to address with great seriousness in the coming years the government of England as a nation but also the relationship between this colonial-style government that we have in Westminster and Whitehall and local government across England as a whole.'

**(Hansard, 28 March 2018).**

# 54%

of the UK's imports are from the EU



# 43%

of the UK's exports are to the EU

Brexit offers the opportunity to start to answer the 'English' question. It is not a debate with an easy answer and there will be many views and opinions. However, the devolution deals which are mayoral combined authorities offer a foundation for the powers that should be with every community in England, although the best model for each area will vary. Action must be taken to ensure English communities benefit from the full potential of devolution to connect power to the local level.

**To help address the issue of the governance of England, the Government must:**

#### **In 2020**

- Ensure that an English Devolution Bill is in the first Queen's Speech post Brexit offering the opportunity to enhance the devolved powers of all areas of England – with options for such devolved powers to at least the level of the Scottish Government.

# Supplying skills our local economies need

**Local economies have their own unique mix of public, private and voluntary sector employers, and what makes them tick is the people that work within them.**

As one of the largest employers in a local area, either directly or through commissioned services, ensuring councils continue to deliver high-quality public services is an absolute priority. But as leaders of place, councils also have a unique insight and interest in ensuring that the needs of employers in the wider local economy – both large and small, public and private – are understood, and met. Fundamental to this is a steady supply of skills, including European Economic Area<sup>6</sup> nationals, where appropriate. It is vital to think through these issues in a coordinated, strategic manner, especially as local industrial strategies are already being developed.

Ensuring a steady skills supply is therefore critical to business continuity for the sustainability of essential public services and for local employers to thrive and grow.

Getting the skills supply right for both national and local economies is not a new problem. In fact it is one that successive national administrations have tried to grapple with. Brexit adds an additional challenge, which we are running out of time to resolve.

Notwithstanding Brexit and the potential reduced reliance on EU workers, we face a range of skills challenges which affect people and places in different ways. These include large numbers of adults with poor basic skills and capabilities; shortages of higher-skilled technical and vocational workers; and geographical differences contributing to reduced local growth, poor productivity and low pay in many areas. This is in part due to a centrally controlled skills system.<sup>7</sup> Research for the LGA<sup>8</sup> revealed that 20 employment and skills funding streams are managed by eight departments or agencies, spending more than £10 billion a year (2016/2017).

..

**Ensuring a steady skills supply is critical for sustainable public services and for local employers to thrive.**

<sup>6</sup> European Economic Area: the area including the EU and three EEA/EFTA states (Iceland, Liechtenstein and Norway) which was brought into the single market via the 1992 EEA Agreement

<sup>7</sup> Work Local - our vision for employment and skills, LGA, 2017

<sup>8</sup> Fragmented Funding: Is the Grass Greener? Shared Intelligence, May 2016

Despite this investment, these separate centralised funding programmes often fail to meet local need, address economic and social challenges, or make a decisive impact on outcomes:

- nine million people lack literacy and numeracy skills
- 54 per cent of all young unemployed people do not claim benefits or receive support from Jobcentre Plus demonstrating its services are not reaching those who need it most
- 5.5 million people want a job or more hours.

By 2024 there will be:

- more than four million too few high-skilled people to take up available jobs
- two million too many people with intermediate skills
- six million people too many with low skills<sup>9</sup>

A national skills system simply cannot identify and address the unique challenges and opportunities within and between places.

Councils, looking across their local economies, continue to highlight potential shortages of workers post-Brexit. This is within local government and the wider public sector including social care and health, as well as across local industries such as agriculture, catering, hospitality, construction, retail and tourism. What is crystal clear is that there are considerable local variations within and across places so the effects of Brexit will be very different in different places.

## Construction

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Councils and the wider construction industry have repeatedly emphasised that failure to invest in skills will harm the economy. Previous LGA Skills to Build<sup>10</sup> analysis revealed that while recruitment demand in construction is increasing, related training is falling. A subsequent UK Commission for Employment and Skills (UKCES) survey found that the number of skills shortage vacancies rose from 91,400 in 2011 to 209,500 in 2015, which importantly does not factor in the potential reduced reliance of European Economic Area (EEA) workers subject to the outcome of Brexit negotiations. Meanwhile the Federation of Master Builders Survey<sup>11</sup> revealed a third of SME housebuilders currently employ EU workers, rising to 70 per cent in London and the South East.

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<sup>9</sup> Work Local - our vision for employment and skills, LGA, 2017

<sup>10</sup> House Builders Survey, Federation of Master Builders, 2017

<sup>11</sup> Skills to build Creating the houses and jobs our communities need, LGA, 2015

## Social care

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From cradle to grave, social care will touch all of our lives in some way so its sustainability is critical. Yet it is both underfunded and has long faced significant recruitment and retention challenges, even before the Brexit 'effect'. It is now one of the sectors most vulnerable to changes in migration rules.

Non-UK EU nationals make up 7 per cent of the social care workforce so any reforms will have significant consequences. Importantly there are variations according to place ranging from 13 per cent of the workforce in London to 2 per cent of the workforce in the North East, emphasising the differential impact of Brexit on different places, which is confirmed in our discussions with councils.<sup>12</sup>

## Tourism

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In many parts of the country, including coastal areas, tourism drives the local economy. VisitBritain estimates that three million people across the UK are employed in jobs linked to tourism.<sup>13</sup> The UK hospitality sector is highly reliant on EU nationals, with between 12.3 per cent and 23.7 per cent of the sector's workforce made up of EU workers. KPMG estimates that the hospitality sector currently requires 62,000 EU workers per annum to be able to maintain current activities and to grow.<sup>14</sup>

The draft EU-UK Withdrawal Agreement of March 2018 was an important milestone. As there will likely be a reciprocal agreement<sup>15</sup> between the EU and the UK which allows EU

citizens to reside and work visa-free in the UK until the end of 2020 (and vice-versa), we have some assurance about the supply of workers in key services in the short term.

Of course, the Withdrawal Agreement is draft and is dependent on a final overall deal. In the event that there is 'no deal', which is of course not a preferred option of either the EU or the UK, practicality suggests that emergency decisions to secure the employment rights for non-UK, EU citizens in vital public service jobs after exit day may be required.

There are challenges ahead that we have to tackle as a sector and as a nation.

We need a high-performing and well-coordinated employment and skills system which is responsive to the needs of employers and local areas if we are to address skills gaps and shortages by investing adequately in, and targeting, retraining and upskilling support of the current workforce and ensuring young people are trained for current and future jobs.

Work Local is the LGA's positive proposal for change.<sup>16</sup> Led by combined authorities and groups of councils, in partnership with local stakeholders, Work Local areas will plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support around place for individuals and employers.

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<sup>12</sup> The state of the adult social care sector and workforce in England, Skills for Care, 2017

<sup>13</sup> [www.visitbritain.org/visitor-economy-facts](http://www.visitbritain.org/visitor-economy-facts)

<sup>14</sup> Labour Migration in the hospitality sector, British Hospitality Association, 2017

<sup>15</sup> Draft (EU) Withdrawal Bill, DExEU, 2018

<sup>16</sup> Work Local - our vision for employment and skills, LGA, 2017

## ADULT SOCIAL CARE STAFF IN ENGLAND BY NATIONALITY, 2016/17 – BY ENGLISH REGION <sup>17</sup>

	Total jobs	UK	EEA	non-EEA
<b>England</b>	<b>1,340,000</b>	<b>83%</b>	<b>7%</b>	<b>9%</b>
London	175,000	61%	13%	26%
South East	220,000	77%	11%	12%
East of England	145,000	82%	9%	9%
South West	150,000	86%	9%	6%
West Midlands	140,000	88%	4%	7%
East Midlands	125,000	90%	4%	6%
North West	180,000	93%	3%	4%
Yorkshire and Humber	130,000	93%	3%	4%
North East	75,000	96%	2%	2%

A more coordinated and targeted service would better serve young people and adults who are either unemployed, low skilled, or have complex needs, and support local economic growth by bringing training providers and businesses together.

This would see a reformed system that works better for the economy by responding to local economic needs, better for local people by providing a personalised and joined-up service and better for employers by delivering a one-stop, locally rooted, employer-demand led system. Across a medium sized combined authority, this could each year result in 8,500 people off out-of-work benefits, 6,000 people attaining better skills, additional fiscal benefits of £280 million and a benefit to the economy of £420 million.

Our Work Local approach is now critical as combined authorities, councils and local partners plan how their areas will respond to the challenges and opportunities of Brexit and the Government's Industrial Strategy.<sup>18</sup> It would enable local areas to:

- identify, target and close their skills gap
- ensure apprenticeship provision matches the needs of local employers and residents
- create good employment opportunities across places which residents can enter, retain and progress in.

We continue to call on the Government to embrace this place-based approach. To help take the agenda a step further, we have recently proposed a new partnership between the sector

<sup>17</sup> Calculations based on Skills for Care data, 2017

<sup>18</sup> Work Local - our vision for employment and skills, LGA, 2017

and Department of Education to deliver more effective collaboration on post-16 skills, which is a key recommendation of Work Local.

We rely heavily on non-UK EU citizens to deliver vital services. It will be important that the proposed process to attain 'settled status' after Brexit is as simple as possible and ensures that we do not lose vital workers. However, we recognise that any simple process will result in complexity for some hard-to-reach groups, including those in work and those not in work like children, the elderly and unpaid carers. Councils will need to ensure that all communities feel safe and secure during this period of change and that those entitled to settled status have the support they need to secure their rights. The Home Office will need to work with and compensate councils for the additional work that they will need to do to support their local communities.

Following the implementation period from 2021, Britain will need a new migration policy. The continuity and effectiveness of local public services must be one of the key elements of any new policy; we must be consulted on any major changes in migration policy.

## To achieve a properly skilled Britain, the Government must:

### Immediately

- Signal a commitment to start the process to empower local partners, led by combined authorities and councils, to deliver Work Local. Our proposals published in July 2017 already set out a clear timetable for how this can be achieved.<sup>19</sup>
- Agree to 'Work Local' pathfinders with local government by 2022 through a single set of readiness criteria for future devolution.
- Facilitate a stronger local role in the current system including on apprenticeships, employment support, careers advice, skills.

### By 2020

- Build the capacity and capability for devolution to support Work Local.
- Begin the transfer of funding and powers to local areas, including over apprenticeships, adult skills, employment services, shared prosperity fund and growth hubs.

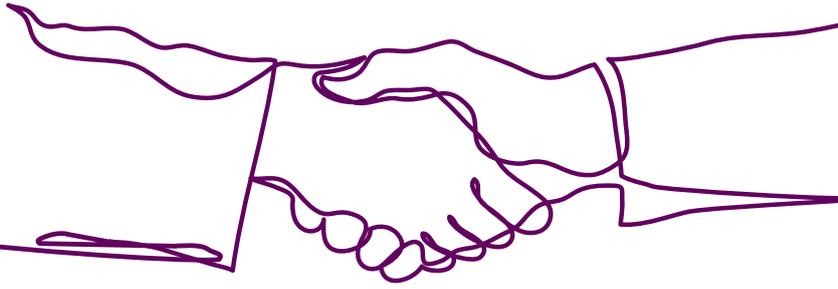
### By 2022

- Roll out the first Work Local pathfinders with Local Labour Market Agreements, full 'one stop' integration, and joint oversight.

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<sup>19</sup> Work Local - our vision for employment and skills, LGA, 2017

# Trade



**If Britain is to seize the opportunities of an open trading relationship with partners across the globe, then it will be vital to recognise and harness the contribution local government can make in helping to secure ambitious new trade deals and in maximising the benefits of inward investment for local communities.**

## Renewing our trading relationships

Fifty four per cent of the UK's imports are from the EU and 43 per cent of the UK's exports are to the EU.<sup>20</sup> Nevertheless, approximately 90 per cent of global economic growth in the next ten to 15 years is expected to be generated outside Europe. If we are to make the most of these new prospects then the depth and diversity of trade and investment links that councils across the country have established with cities all over the world will be an invaluable resource for national government. For example:

- For nearly 30 years **Essex County Council** have run Essex International, establishing links with Jiangsu province in China and setting up an office in Nanjing which has helped cement trading relationships and boosted the east of England economy by £3.48 million annually.

- Since 2014 **Liverpool** has hosted the International Business Festival, one of the world's biggest business festivals. In 2016 this was estimated to have supported 500 UK businesses to secure export sales amounting to £87 million and attracted approximately £22 million of private sector investment.
- **Staffordshire County Council, South Staffordshire District Council** and **Wolverhampton City Council** all worked closely with Jaguar Land Rover to secure a £335 million investment from owners Tata to build low-emission engines at its site in 2011. This secured over 2,000 private sector jobs.

Alongside this international expertise, councils have a pivotal role in driving local economic growth, through investment in infrastructure, housing and skills training. As such, they are keenly aware that any shift in the balance of international trade and investment will require a targeted response at a local level.

The importance of developing a streamlined, placed-based approach is underlined by recent LGA analysis which has revealed over 80 national programmes aimed at promoting trade and investment. This complex and confused institutional landscape leaves national, regional and local agencies struggling to join up across places to present a clear local offer to businesses and investors. Crucially, many of these programmes are held together by a balance of funding streams facing a significant

<sup>20</sup> Statistics on UK-EU trade, House of Commons Library, 2018

degree of uncertainty, such as the Local Growth Fund, the Regional Growth Fund and the European Structural Investment Fund (ESIF).

Local government stands ready to do its part to drive exports, attract inward investment, and support the negotiation of complex trade deals with partners across the world. We call on the Government to take up this offer.

We also expect areas across the country to include ambitious proposals for trade and investment as part of their local industrial strategies. This must be backed by a coordinated response at the national level, with the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS) working with local leaders to devolve power and funding to support a strengthened sub-national approach.

From the first day of the transition period, the UK will be refreshing its trading relationships with the EU and the rest of the world.

Local government has a vital role to play.

We deliver services at ports and airports which ensure that goods are safely imported from abroad. The work of local regulatory services provides assurance about the standards of our products and markets, ensuring that UK goods can have access to overseas markets. Given the opportunity, councils could play a greater role in providing the formal certification that enables local businesses to export specific types of goods abroad.

Councils work on a daily basis with firms from across the globe and they have developed partnerships with regions and cities in major trading nations. This local work could be a major asset as the nation seeks to refresh our trading relationship with the rest of the world.

## Ports, public health and local regulation

We have highlighted many local services which will be affected by Brexit. Another important example is the work that councils do at ports of entry into the UK.

At airports and seaports, local government is responsible for checking food and feed imports and products of animal origin. This vital work protects the integrity of our food systems and helps to ensure that our residents are safe.

The type and scale of services to be provided by local government after Brexit are dependent on a variety of factors.

The nature of our future trading relationship with the EU is currently unknown, but it could create new demands on council services. The City of London, which provides port health services at a number of ports, estimates that, were imports from the EU subject to the same checks as imports from elsewhere, there could be an increase of up to 25 per cent in the checks that they are required to undertake. This would require substantial new resources.

As the checking of imports is risk-based, our duties at ports – and beyond – are reliant upon UK access to European-wide databases which provide much of the intelligence for assessing risks. Such databases include:

- RASFF – the Rapid Alert System for Food and Feed, which provides notification of products there are problems with
- TRACES – the Trade Control and Expert System, which records the movement of goods across Europe and ensures traceability of products.

Equivalent intelligence-sharing databases exist for other areas of trade, such as RAPEX, which provides product safety alerts for consumer goods.

Without such access due to no longer being an EU member, more checking is inevitable – and valuable protections are weakened. The draft Withdrawal Agreement of March 2018 seems to deny the UK access to these databases from the end of 2020, although access to such essential databases may be defined differently as part of the final deal.

Without substantial extra resources, more checks are likely to lead to delays at ports, particularly where there is limited space to process them. A national decision could of course be taken to keep ports of entry moving quickly to avoid queues, on the assumption that regulatory services inland could assess the risk of goods when they are sold locally. However, local regulatory capacity has reduced by around fifty per cent following cuts to local government funding,<sup>21</sup> and without additional resources will be unable to absorb any additional work arising as a result of EU exit.



<sup>21</sup> Protecting consumers from scams, unfair trading and unsafe goods, NAO, 2016

Local trading standards and environmental health teams operating inland from ports would also be similarly impacted by the loss of intelligence gathered from UK access to key EU databases, reducing their ability to target their work and enforcement activity appropriately. Overall, this would weaken the ability of local regulatory services to protect public health and the interests of the UK's food sector, potentially increasing the risk of a new food scandal.

The planning for future scenarios at a national level is likely to be within the responsibility of several government departments. The Department for Environment, Food and Rural Affairs will be considering how we regulate food, feed and animal origin products at the ports. BEIS will be examining the issue of consumer goods, at ports of entry and inland. The Department for Transport (DfT) will be looking at how to avoid queues at our ports.

At a local level, we will be relying on policy and decision making being consistent across all departments and customised to the experience of individual ports of entry which vary greatly in size and services. To achieve this, the Government must urgently bring those port towns and port health services into the heart of decision making.

Beyond the ports of entry, the Government must recognise the existing constraints on capacity of inland regulatory services and the potential for regulatory requirements to increase if the UK no longer has access to European-wide capability and intelligence about risks to the food and other supply chains. But it should also recognise the opportunity for local regulatory services to play a greater role in providing the export certification required to export certain types of goods (products of animal origin) and the benefits this

could deliver for the economy, by reducing costs and bureaucracy for local businesses.

## To support trade, the Government must:

### Immediately

- Develop a formal partnership with councils and break new ground in renewing our global trading relationships by leveraging the bonds built between nations at all levels.
- Commit to working with councils and across Whitehall to review and strengthen sub-national trade and investment infrastructure, so as to ensure a sustainably funded and locally coherent offer of trade and investment support fit for the challenges of a refreshed and ambitious global trading strategy.

### During the transition period and beyond

- Ensure local government has a meaningful role in the negotiation of new trade deals, working with the DIT to capitalise on established relationships between cities and localities in the UK with those across the globe; promote the interests of key local sectors, particularly SMEs, and inform the potential development of new deals relating to local public services.

### After the transition period

- Ensure that UK access to key intelligence-sharing databases is maintained after EU exit.
- Commit to fully resourcing any additional local regulatory checks arising from EU exit.
- Enable councils to play a greater role in supporting local businesses to export certain types of goods.

# Funding

**The £5.3 billion that local areas in England receive in EU funding (2014-20) is essential to support local regeneration, employment and skills.<sup>22</sup> We have highlighted the impact on communities if this funding is not replaced by a domestic arrangement. The UK replacement should be at least of equal value to the current sum of 2014-20 EU funding.**

## Local regeneration

Brexit is the opportunity for Government and local partners to develop a new way of funding local regeneration schemes, joining up both EU and UK silos of funding. This will help local areas rise to the challenges of post-Brexit Britain.

In July 2017, we published a number of proactive proposals<sup>23</sup> on behalf of councils, with an additional call in our 2017 Budget submission.<sup>24</sup>

The December 2017 agreement between the EU and UK was an important campaigning success. There was an agreement that the UK would continue to participate in EU programmes to the end of the current funding programme, securing local funds to the end of 2020. However, we will continue to press the Government on behalf of the sector to ensure that the Government's replacement for EU funding will be determined locally, better supporting local economies than previously. Considering the short time frame to develop a new funding system the Government should immediately work in partnership with local areas to design it.

We have also advocated in Brussels that the door should remain open to the UK to 'buy into' certain EU programmes which are of value to local areas: Horizon 2020, the Erasmus+ student exchange programme, and programmes which exchange best practices on urban development for example.

<sup>22</sup> Brexit briefing, LGA, 2016

<sup>23</sup> Beyond Brexit: future of funding currently sourced from the EU, LGA, 2017

<sup>24</sup> Autumn Budget Submission, LGA, 2017

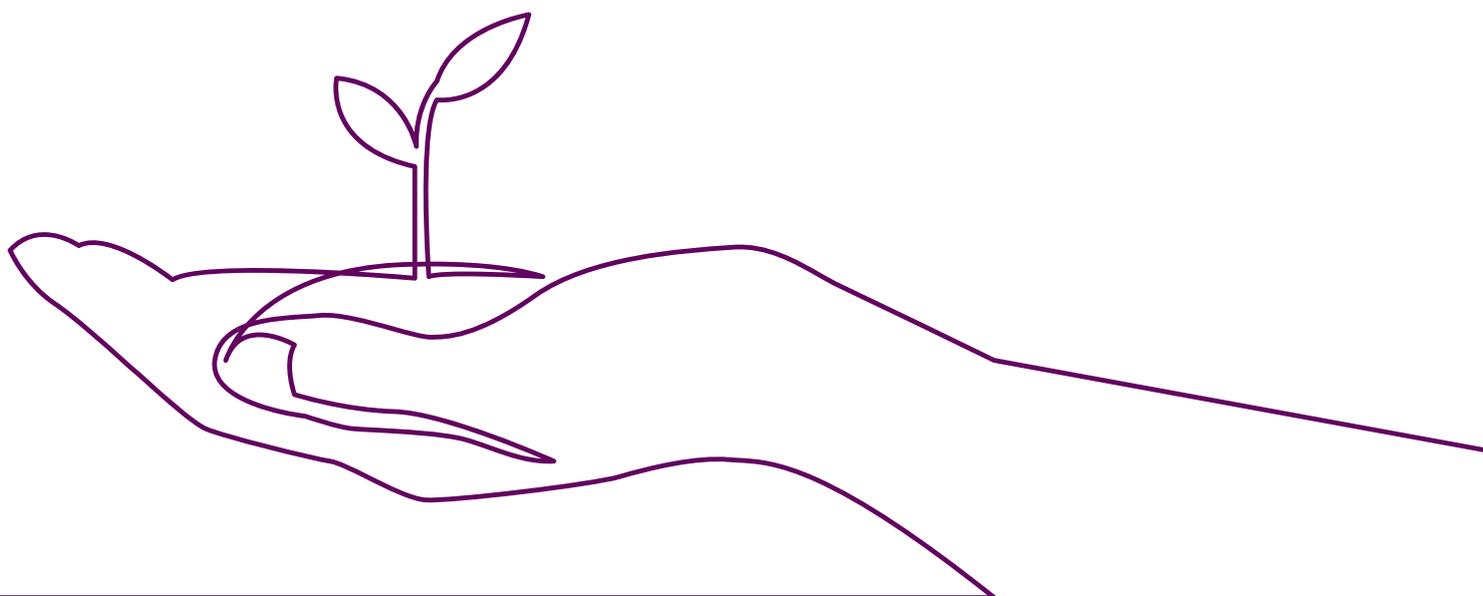
**We will continue to press the Government on behalf of the sector to ensure that the Government's replacement for EU funding will be determined locally.**

## The current funding picture

### A GOVERNMENT ESTIMATE FOR THE REGIONAL BREAKDOWN OF ESI FUNDING FOR 2014-20<sup>25</sup>

Region	Estimated amount
East Midlands	€598 million
East of England	€387 million
London	€762 million
North East	€739 million
North West	€1132 million
South East	€286 million
South West	€1495 million
West Midlands	€909 million
Yorkshire and Humber	€794 million
Total for England	€6937 million

As the table above identifies, there has been significant investment in England and the UK, through both ESIF but also other funding streams.



<sup>25</sup> EU Grants and Loans: Written question – 33071

## OTHER EU FUNDING<sup>26</sup>

Funding Stream	UK Share (unless otherwise stated)
Asylum, Migration and Integration Fund	€370 million (2014-2020)
Competitiveness of enterprise and SMEs (COSME)	€2.3 billion EU wide (2014-2020) €0.97 million (UK share in 2015)
Connecting Europe Facility (CEF)	Share of €33 billion EU wide
Consumer programme 2014-20	€189 million EU wide (2014-2020) €3.02 million (UK share in 2015)
Creative Europe	€1.5 billion EU wide (2014-2020) €32.5 billion (UK share in 2015)
Education, Training, Youth and Sport (Erasmus+)	€14.77 billion EU wide (2014-2020) €57.6 billion (UK share in 2015)
Employment and Social Innovation Programme (EaSI)	€920 million EU wide (2014-2020) €10.39 million (UK share in 2015)
Environment and climate action (LIFE)	€3.4 billion EU wide (2014-2020) €52 million (UK share in 2015)
Europe for Citizens	€185 million EU wide (2014-2020) €21.7 million (UK share)
European Fund for Strategic Investments (EFSI)	Overall budget €33.9 billion from EU/European Investment Bank; €315 billion including investor funding. €7.9 billion in the UK
European Local Energy Assistance (ELENA)	€1.6 billion including investment (EU wide)
EU Programme for Employment and Social Innovation	€919,47 million EU wide (2014-2020) €10.3 million (UK share in 2015)
Horizon 2020	€ 79.4bn EU wide (2014-2020) € 4.98bn UK (2015)
Natura 2000	Share of €3.4 billion LIFE budget
Rights, Equality and Citizenship Programme (REC)	€439 million EU wide (2014-2020) €12.18 million (UK share 2014-2020)
European Maritime Affairs and Fisheries Fund (EMFF)	€7.4 billion EU wide (2014-2020) €7.5 million (UK share in 2015)
European Investment Bank	In 2015, the EIB lent €84.5 billion Between 2011 and 2015, the Bank invested €29 billion in the British Economy
European Agricultural Guarantee Fund (EAGF)/ Common Agricultural Policy (CAP)	Approx. €28 billion in the UK for 2014-20
European Territorial Cooperation programmes	€9.2 billion across the EU, covering 107 programmes. The UK participate in 16 programmes.

<sup>26</sup> A guide to EU funding for councils, LGA, 2015

## What we know about the UK Shared Prosperity Fund (UKSPF)

The Government has shared little detail on what UKSPF will look like and have only committed to hold a consultation by the end of 2018. We are concerned that this provides insufficient time for local areas to manage the new UKSPF process and encourage the Government to begin working in partnership with local areas immediately.

### We therefore call on the Government to achieve the following:

#### By autumn 2018:

- The Government should have completed a full consultation and engagement exercise with all local areas. This will create a robust evidence base to inform the timetable, design and commissioning processes for UKSPF.

#### By the end of 2018:

- The Government should publish a formal response to the consultations.

#### Spring 2019:

- The Government should announce UKSPF allocations for 2021-2028 funding for each area. This should be place-based, shaped to meet local economic needs and at least of the same quantum as previous funding programmes.

#### Spring/summer 2019:

- Local areas can begin developing a local bidding and match funding process to allocate their UKSPF allocations.

#### December 2019:

- End of funding bidding process.

#### January 2020:

- Local areas should have programme management processes in place and can commence commissioning of programmes.

#### September 2020:

Contracts should be in place to deliver UKSPF projects from 1 January 2021.

#### December 2020:

- End of EU funding.

#### January 2021:

- UKSPF projects commence.

The Government has not released a detailed timetable or process for the introduction of UKSPF. There is a risk that this uncertainty could have a detrimental impact on job creation, employment support and business development. Local areas need this certainty to rise to the challenges and embrace the opportunities leaving the EU will bring. Areas will receive a financial loss if funding is stopped or paused. Organisations, including the voluntary and community sector, that currently deliver EU funded projects will have to close down if there is not a continuation of funding. Without a replacement funding stream in place and operational by 1 January 2021, local areas will see a massive reduction in resources and their ability to create jobs, support businesses and develop their economies.

## Emergency replacement of EU funds

A 'no deal' scenario is not the preferred option of either the EU or the UK, but it is a possibility. In the event of this scenario an emergency replacement for EU funds will be needed in March 2019 to bridge any funding gap when the current EU funding round ends in December 2020 and prevent negative implications for local economies.

The potential extent of loss for areas can be seen by current local benefits from ESIF programmes for 2014-2020.

Some examples of current funding streams expected to deliver by 2020 include:

- **Leicester** and **Leicestershire**<sup>27</sup> have been allocated €134.6 million as well as obtaining the same in match funding. They are using their funding to support 6,000 businesses, including 1,000 new businesses. This will help create 2,300 new jobs and provide 31,000 people with skills development and employment support.
- **Norfolk** and **Suffolk**,<sup>28</sup> through the New Anglia LEP, were allocated £86 million to deliver support to an estimated 2,000 existing and new businesses, create 1,000 new jobs, support nearly 30,000 people with skills development and employability and support 2,500 young people into education, employment or training.

## UK replacement in the context of English devolution

In some areas, EU funding has already been delegated to localities and forms parts of

devolution deals with government. For example, **Greater Manchester** has a partially devolved EU funding programme already, worth £322 million to the combined authority area. Any central model for a UK replacement would undermine the current devolved model in England. The local funds put Greater Manchester in a position to harness and draw in additional public (£240 million) and private (£70 million) investment as match funding. This is because local businesses and partners understand and can visualise how their investment would be targeted locally.

The Prime Minister has stated that there will be no dilution of the devolution arrangements in the UK as a result of Brexit and we are keen to ensure that the Government sticks to this commitment.<sup>29</sup> Councils and local areas have already demonstrated ambition and innovation in how their allocation of EU funding has been spent, demonstrating why it is essential that the UKSPF needs to be determined at the local level.

## UKSPF should be a fresh start

While we have strongly made the case for there to be a continuation of funding following leaving the EU, we do not want a replication of how EU funding currently operates. The administration and implementation of the ESIF funding streams is unnecessarily complex, bureaucratic and subject to a plethora of rules and eligibility conditions. This has created a system of silos meaning funding has become fragmented and disjointed. This limits the ability of areas to take a joined up, strategic approach to economic development and inclusive growth.

<sup>27</sup> European Structural and Investment Funds Strategy, LLEP, 2014

<sup>28</sup> European Investment Strategy, New Anglia LLEP, 2016

<sup>29</sup> The United Kingdom's exit from, and new partnership with, the European Union, DExEU, 2017

Research by Essex County Council found that had the funding process been fully localised into a single pot, the yield for Essex could have been 10 per cent or £33 to £50 million higher by 2021. This could have supported an extra 117 businesses to improve competitiveness, 60 business start-ups, 155 jobs and 560 people acquire skills for work or improve life chances. Moreover, with a freer hand to target resources to local needs, reflecting the needs expressed in the ESIF plan, an additional 2,100 jobs could have been created and 700 in-work progressions secured through apprenticeships, augmenting the economic impact to Essex by £20 million by 2021.<sup>30</sup>

From our *Fragmented Funding* report,<sup>31</sup> we found through case studies that there were a number of common themes, including:

- the administrative burden and resources requirements associated with bidding into multiple funding pots
- processes had additional complexity in bidding for funds with different, sometimes competing, objectives and criteria
- difficulty of aligning expenditure to deliver projects and programmes when funds have different evaluation and reporting requirements.

The case studies identifying these problems included:<sup>32</sup>

- **Science Central Newcastle:**

Newcastle used European funding to develop Science Central – a new urban quarter attracting leading scientific organisations. In order to draw down various European

funding, they had to get various business plans approved, meaning that the project had to fit the funding rather than the funding source fitting the project's objectives. This has required a significant amount to be spent on human resources in order to deal with the complexity of multiple funding criteria, objectives and outputs. This has also been a disincentive for the private sector.

- **Connected Croydon Programme:**

This is a programme to improve the coordination of public realm projects and transport improvements in Croydon's metropolitan centre and surrounding areas. In applying for funding, it took 18 months and a significant amount of resources to prepare bids, including the different requirements for match funding.

Government must grasp this opportunity to simplify and fully devolve a multi-year fund, to allow strategic management and long term investment decisions in support of inclusive economic growth. The Government should not replicate the current policy silos, duplications, gaps and inconsistencies that exist in the ESIF funding processes. It should also complement any future work on further business rate retention and the national Industrial Strategy.

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<sup>30</sup> Taking back control – Essex's local solution to post Brexit economic growth

<sup>31</sup> *Fragmented Funding*, LGA, 2014

<sup>32</sup> *ibid*

The majority of ESIF funding has been matched against other domestic funding from central government. UKSPF should include this domestic matched funding and the ESIF replacement funding into one place-based flexible fund. This should also include any future regeneration funding, as well as other any European funding that the UK chooses to buy into to support local areas, such as Horizon 2020. Government should consult with local government to prioritise these supplementary EU funding programmes.

We are keen that any future funding arrangement is easier to access and manage. Domestic redesign should include a simplified and more proportionate approach to financial management, to allow for shorter time frames for decision, authorisation and payment.

## The European Investment Bank (EIB)

As members of the EU, the UK has access to the European Investment Bank (EIB), typically financing major infrastructure projects and SME development, through loans, guarantees or equity. As a member of the EIB, the UK has access to low risk and affordable financial products in order to invest in infrastructure benefiting local areas. It is a cheaper long term source of finance than many private equivalents, and the bank is willing to invest in higher risk projects than many commercial lenders, while providing greater protection to the public element of the investment.<sup>33</sup>

From the beginning of the transition period, the UK will not be eligible for EIB products and services reserved for EU members, due to no longer being a Member State of the EU.<sup>34</sup> As part of the draft withdrawal agreement, the UK and the EU have agreed terms for EIB lending undertaken while the UK is still a member of the EIB. Therefore, current lending at least should not be affected by Brexit.<sup>35</sup>

Many local areas have benefited from the financial products of the EIB. Examples include:

- **€1 billion joint financing to build 20,000 new affordable homes**

The Housing Finance Corporation and the EIB have secured a €1 billion loan to expand the Affordable Housing Finance Programme. This will build over 20,000 affordable homes in the UK across diverse areas such as Wigan, Scarborough, Bradford, and Cambridge.<sup>36</sup>

- **Part investment in Thames Tideway Tunnel**

The EIB has provided a €700 million loan to part fund the Thames Tideway. This investment is to improve the sewage infrastructure of the Thames and is the largest investment of its kind in the UK.<sup>37</sup>

<sup>33</sup> 'LGA: Government urged to clarify access to vital infrastructure funding post-Brexit', LGA, 2018

<sup>34</sup> Draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union briefing, LGA, 2018

<sup>35</sup> <https://www.instituteforgovernment.org.uk/explainers/european-investment-bank-brexit>

<sup>36</sup> GBP 1 billion EIB backing for UK social housing, EIB, 2016

<sup>37</sup> United Kingdom: GBP 700m EIB backing for Thames Tideway Tunnel, EIB, 2016

## Impact of leaving the EIB

There is evidence that since the Brexit vote, there has been a significant decline in UK requests for lending from the EIB, suggesting that there has been less investment in infrastructure.<sup>38</sup> If access to well-adapted loan funding and guarantees which drive regeneration are reduced, then this could make new housing developments more difficult to deliver, impacting on the availability of new homes and having a significant detrimental impact on the ability of registered providers to deliver new affordable housing. This may also impact on council tax receipts, impacting on the revenue councils will have to fund essential services.

We are investigating further options available to local areas and councils to source financial support and are seeking replacements that are as appropriate as the products offered by the EIB.

There are some alternative sources that local areas and councils can use, including:

- **British Business Bank**  
(SME and economic development focus)
- **Public Works Loan Board**  
(infrastructure focus)

The UK potentially could access financial products and services from the EIB as a non-member, but under different conditions than are currently available. The Government should provide clear options for local areas to secure low interest and low risk financial products to fund infrastructure projects, SME development, and house building.

## To achieve a fairly funded Britain, the Government must:

- Adopt our timetable for the introduction of UKSPF, ensuring there is no gap in funding and provide local areas longer term certainty.
- Introduce successor funding arrangements to at least at the same value as the current ESIF programmes.
- Ensure the administration process is simpler and easier to operate. It should not be a copy of what has gone before.
- Ensure funding is focused on giving local areas more power and control over how it is allocated and spent.
- Offer an alternative to the EIB to provide easy access to loan, guarantee and equity financing for local projects. This should be able to provide financing with similar low cost and low risks, in compliance with the state aid regime.

<sup>38</sup> EU Withdrawal Bill, Explaners, Institute for Finance, 2018

# Top Brexit issues for councils

Policy area	LGA change proposed	Community gain	Cost / benefit
<b>Procurement</b>			
	Ability to specify local apprenticeships/a degree of <b>local employment</b> in public contracts.	Local employment is boosted with more opportunities for residents to gain skills.	The proposal is to enable councils to adopt this policy if it suits local conditions. Measures would have to be introduced to ensure balance and effective ongoing competition between suppliers: a degree of local employment or apprenticeships is only one measure against which a bidder is being assessed (eg not weighted more than 10 per cent in the overall scoring of the bid); local employment cannot be specified for the totality of the contract (for example only for up to 20 per cent of the envisaged employees).
	Allow councils to pursue more concrete <b>SME preference</b> policies via, for example, the ability to 'reserve' a proportion of their spend for SMEs only.	The Government's target is that by 2020 33 per cent of all public sector awards should go to SMEs. <sup>39</sup> Currently only six out of 12 regions achieve this. <sup>40</sup> Changes to the procurement legislation could support the achievement of this target and in doing so support the innovative and dynamic businesses in our communities.	The cost of implementation would be small and the prospect of greater competition for contracts could lead to keener pricing. The average contract value across the public sector is £3 million. This proposal is not about protectionism it is about freeing up businesses to compete in lucrative public sector markets. <sup>41</sup>

<sup>39</sup> 27 August 2015 Matthew Hancock MP, Minister for the Cabinet Office

<sup>40</sup> Index of UK Public Procurement, Tussell, 2017

<sup>41</sup> Trends in UK Public Procurement, Tussell, 2016

Policy area	LGA change proposed	Community gain	Cost / benefit
	<b>Higher financial thresholds</b> for triggering OJEU type procurement processes. This could be achieved through the expansion of the light touch regime that already applies to health and social care.	The community benefit is both direct and indirect. Savings on administration costs can be applied to other priorities. Attracting more local SMEs to bid as a result of reduced administration will potentially have an impact on cost reduction and community benefits highlighted in this table. It should be recognised that the threshold is currently very low. A contract of £60,000 per year over three years will require an OJEU process.	See above and below.
	Allow councils to procure to <b>shorter timescales</b> , where desired, by shortening or removing compulsory 'standstill' periods.	This would be beneficial to suppliers and those procuring and as such it could lead to improved services to the community.	This would increase efficiency, allowing scarce resources to be used for other priorities.  According to research by Centre for Economic and Business Research (CBRE) <sup>42</sup> the average cost of a competitive procurement exercise in the public sector is £45,800. Data from Tussell indicates that the average monthly award volume is 4,773. <sup>43</sup> Together this suggests an annual procurement cost of £2.6 billion. A 1 per cent reduction in these costs would lead to a saving of £26 million.

<sup>42</sup> Report, Centre for Economic and Business Research, 2013

<sup>43</sup> Index of Public Procurement, Tussell, 2017

Policy area	LGA change proposed	Community gain	Cost / benefit
<b>State aid</b>			
	The concept of <b>de-Minimis regulations</b> , which outline amounts of aid which are so small they fall outside of the control regime, should be raised substantially to at least £500,000 over three years.	The UK currently spends around £11 billion on non-agricultural state aid under general block exemption regulations (GBER). <sup>44</sup> This aid is mainly provided through grants and tax exemptions. GBER was broadened in 2014. Under the reformed system 'a larger number of small and unproblematic measures are exempted from prior notification, notably those granting aid to tackle local needs'.	Currently 27 per cent of the grants and tax exemptions to small business that go through the GBER system are for amounts of £500,000 or less (Government data on state aid to SMEs for 2016/17). Raising the threshold would reduce the administrative costs for SMEs and Government. In addition it could encourage more state aid for the purposes of dealing with local needs.
	<b>Local flexibilities for aid</b> which delivers public-interest objectives (but a strict approach to those aids which do not).		
	Classifying <b>purely local aid activities</b> which have a marginal effect on trade' as not being state aid, should be reflected in domestic law and developed further by government into a clear legal framework which facilitates a wider range of local aid activities.		

<sup>44</sup> State Aid Scoreboard 2017, European Commission, 2017

Policy area	LGA change proposed	Community gain	Cost / benefit
<b>Food safety and standards</b>			
	<p><b>Food labelling regulations</b> should be amended to mandate traffic light labelling showing nutritional content on the front of food and drink labels. EU rules prevented a 2013 scheme introduced by the Department of Health going beyond a voluntary basis, but leaving the EU provides an opportunity to make it a requirement of all food and drink retailers and manufacturers.</p>	<p>This is a direct benefit to communities, providing people with better information to make informed choices on the food they buy.</p>	<p>NHS England state that £16 billion is spent each year on the direct medical costs of diabetes and conditions related to being overweight and obese. The total cost when the economic impact is taken into account could be as high as £27 billion.<sup>45</sup> The food labelling could reduce the cost of these conditions to the public purse.</p>
	<p>With virtually all UK food controls derived from European law, the chance to review these post-Brexit provides an opportunity to strengthen existing domestic schemes. Requiring mandatory display of food hygiene rating schemes is one such example.</p>	<p>The requirement to display food hygiene rating scores is likely to improve hygiene standards. This will benefit consumers and businesses overall, as well as reducing enforcement costs.</p>	<p>The costs of compliance and enforcement are likely to be reduced, as businesses are encouraged to improve their hygiene to maintain customers.</p>

<sup>45</sup> Simon Stevens' evidence to Health Select Committee enquiry into childhood obesity, 2016

Policy area	LGA change proposed	Community gain	Cost / benefit
<b>Waste</b>	<p>Waste policy is largely determined through EU legislation. Brexit provides the opportunity to <b>revise our approach to waste management</b> while maintaining a national commitment to a circular economy and recycling.</p>	<p>Communities want greater local flexibility to determine how waste is managed according to local choices and priorities. This could include adopting targets relating to waste minimisation rather than recycling and in doing so achieving the best economic and social value from the system. The intention is to employ targets for example 'residual waste' which potential provides a better focus for action (the LGA will publish evidence on this later in 2018).</p>	<p>'Polluter pays' principle: currently UK businesses contribute a smaller amount to waste management than is the average for the EU. Brexit provides an opportunity to reconsider the contribution of businesses within a reformed waste management system. This will raise the costs to business, but could add to overall greater efficiency in the use of packaging as firms change their behaviour.</p>

To keep			
Policy area	LGA change proposed	Community gain	Cost / benefit
<b>Consumer rights</b>			
	EU <b>consumer rights</b> directive.	Robust laws to protect the public will continue to be needed, including a mechanism such as SOLVIT to resolve cross-border disputes.	There should be no additional cost to the UK.
<b>Waste</b>			
	The <b>Waste Electric</b> and Electronic Equipment (WEEE) Regulations (2013).	Every year an estimated 2 million tonnes of WEEE items are discarded by householders and companies in the UK. An effective and regulated recycling system is required to deal with this problem.	There would be no additional costs to the UK of maintaining these regulations.
<b>Air quality</b>			
	Robust <b>air quality legislation</b> .	Air quality is high on the list of concerns of communities and their representatives. Air pollution is linked to 40,000 early deaths in the UK each year. <sup>46</sup> This has social and economic implications and must continue to be addressed. UK targets on clean air must be at least as ambitious as those in the EU.	This is an area which needs a consistent framework over a number of years. The domestic and international business community need to be confident of the direction of policy in order to invest. For example, the Government has committed to phasing out the sale of diesel and petrol vehicles by 2040 as part of the drive to improve air quality. This signal has already had an effect on consumer and business behaviour.

<sup>46</sup> Every breath we take: The lifelong impact of air pollution, Royal College of Physicians, 2016

Transport			
	HGV <b>road pricing</b> directive, EU infrastructure funding.	<p>Communities want to ensure that their local congestion charging schemes can function effectively and EU exemptions from national road pricing rules should remain in place.</p> <p>Any loss of infrastructure funding from the EU should be replaced through domestic mechanisms which meet the needs of local areas.</p>	There would be no additional cost.



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