

# Local Government Association

## UK-EU joint report: Phase 1 Negotiations Briefing

11 December 2017



### Introduction

On Friday 8 December 2017, the UK and the European Commission reached an agreement to move talks to the next phase of the negotiations to facilitate the UK's withdrawal from the EU.

[The report of the agreement can be found online.](#)

This briefing sets out those issues in the report which are of most importance to local government. It also details the work that the LGA will now undertake to ensure that councils' needs are addressed during the next stage of the negotiations.

This briefing addresses five key issues:

- Workforce
- Devolution in the UK
- EU funding
- The European Investment Bank
- Customs and trading standards

This briefing is confined to those issues addressed in the EU/UK agreement of 8 December. The LGA has a wide-ranging programme of work on Brexit.

[Details can be found online.](#)

### Citizens' rights

In summary, the report sets out:

- For non-UK, EU citizens residing in the UK and UK citizens residing in the EU on a specified date, there will be reciprocal protection. These citizens will be able to continue to live, work or study as they currently do under the same conditions as under EU law. (Paragraph 10)
- There will also be protection for spouses, registered partners, parents, grandparents, children and grandchildren. (Paragraph 12)
- Even after the specified date, family members and partners will be entitled to join the rights holder under certain conditions. (Paragraphs 12 and 13)
- There will be a simple administrative process to confirm residents' rights. (Paragraph 17)
- Citizens will maintain their rights to healthcare, pensions and other social security benefits. (Paragraph 29)
- There will be no Court of Justice of the European Union (CJEU) jurisdiction after specified date, but UK courts will pay 'due regard' to CJEU rulings. (Paragraph 38)

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- An independent national authority will be appointed to rule on citizens' rights issues. (Paragraph 40)

#### *LGA view:*

We have provided evidence to the Government through the Migration Advisory Committee on the high number of non-UK EU nationals who work in key services such as social care, construction and local industries such as tourism.<sup>1</sup> We highlighted the urgent need for business continuity across local places, both in terms of our ability to plan for the sustainability of essential public services and for local private and public sector employers to have a steady supply of the skills they need to thrive and grow. The reciprocal agreement in the joint report is welcome to ensure some business continuity in the short- to medium-term.

The LGA will seek more detail on the proposals, including employment rights of posted workers, and ensure that the place-based impact of these proposals is understood. As the reciprocal agreement is limited to residency and rights on a specified day, a long-term solution to our growing skills crisis is still needed.

Even without Brexit and the potential reduced reliance on EU workers, we face a range of skills challenges as a symptom of a centrally controlled skills system, which does not account for differing local skills gaps and business needs. By 2024, we will have four million too few high skilled workers and eight million too many intermediate- and low-skilled workers to fill the jobs the national economy will generate.<sup>2</sup> Failure to address this puts at risk up to 4 percent of future economic growth – equivalent to a loss of £90 billion economic output, which would make the average worker £1,000 a year worse off.<sup>3</sup>

Our skills crisis is partly due to a succession of top down Whitehall initiatives which, while well meaning, have simply not worked. This has created a confusing patchwork of £10.5 billion skills and employment funding scattered across 20 different national schemes.<sup>4</sup> We urge the Government to work with councils so that the whole skills system can be made coherent for local people and 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.

## **Ireland and Northern Ireland**

In summary, the report sets out that:

- Both parties affirm the Peace process and Good Friday Agreement. (Paragraph 42)
- The UK continues to commit to the avoidance of a hard border. (Paragraph 43)

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<sup>1</sup> LGA response, Migration Advisory Committee call for evidence

<https://www.local.gov.uk/parliament/briefings-and-responses/response-migration-advisory-committee-call-evidence-contribution>

<sup>2</sup> LGA, Work Local: our vision for an integrated and devolved employment and skills service  
<https://www.local.gov.uk/work-local-our-vision-integrated-and-devolved-employment-and-skills-services-full-report>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

- Respect for Ireland's ongoing membership of the EU and its single market and customs union. (Paragraph 45)
- A commitment to preserve the integrity of Northern Ireland's place in the UK internal market. (Paragraph 50)
- No new regulatory barriers should develop between Northern Ireland and the rest of the United Kingdom, unless, consistent with the 1998 Agreement, the Northern Ireland Executive and Assembly agree that distinct arrangements are appropriate for Northern Ireland. (Paragraph 50)

#### *LGA view*

Brexit should result in the devolution of powers to local government and repatriated powers should not stop at Westminster. Brexit offers the opportunity to devolve powers to closer to local communities across the UK.

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 has a central role to play in deciding whether to keep, amend or scrap EU laws once they are converted into domestic law.

An example of where EU-origin laws might be made better through amendment is public procurement. Currently councils 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, which is twice as long as typical private sector procurement. A lighter-touch system which simplifies this process, and provides more flexibility to promote local growth and local employment, is vital so that councils can procure to shorter timescales and lower administration costs for businesses, especially small and medium-sized enterprises.

An area of EU law we would seek to retain are those regulations relating to food safety, which we see as vital to improving standards and reducing the risk of people eating unsafe food. Brexit is an opportunity to strengthen these food safety laws by legally extending the mandatory display of the Food Hygiene Rating System's 'scores on the doors' in England. This would not only improve consumer confidence and raise standards, but should reduce the need for, and therefore cost of, enforcement action by councils.

Our proposals for local flexibility and devolution to local communities are fully compatible with the functioning of the UK internal market.

### **UK participation in programmes of the Multi-Annual Financial Framework 2014-20**

The report states that:

- Following withdrawal from the European Union, the UK will continue to

participate in the EU programmes financed by the Multi-Annual Financial Framework (MFF) 2014-2020 until their closure. (Paragraph 71)

- The UK may wish to participate in some Union budgetary programmes of the new MFF post-2020 as a non-Member State. (Paragraph 73)

#### *LGA view*

Continued participation in the MFF 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 2020. This is welcome as a 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. 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>5</sup>

We welcome the UK commitment to invest in some EU funding initiatives. Such programmes have provided valuable resources and services in our local communities, such as the Leader programme for rural areas.

## **European Investment Bank**

The report states that:

- The UK considers that there could be mutual benefit from a continuing arrangement between the UK and the European Investment Bank (EIB). The UK wishes to explore these possible arrangements in the second phase of the negotiations. (Paragraph 80)
- After the date of withdrawal, UK projects will not be eligible for new operations from the EIB reserved for Member States, including those under European Union mandates. (Paragraph 81)

#### *LGA view*

It is vital that the resources secured from the EIB to support local communities and their services is secured after Brexit. It is vital that EIB loans or a viable UK successor are available for local regeneration

## **Goods**

The report states:

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<sup>5</sup> LGA Autumn Budget submission 2017

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

- Goods placed on the market under EU law before withdrawal may freely circulate on the markets of the UK and the Union with no need for product modifications or re-labelling. (Paragraph 90)
- Goods concerned should be subject to continued oversight. (Paragraph 90)

*LGA view*

We are currently undertaking detailed work to examine the impact of Brexit on local authority responsibilities at ports of entry and regulatory services inland. We are examining whether there could be any additional costs to councils. We would expect any such costs to be fully compensated.