BREXIT UPDATE

Purpose

1. This report provides an update on the latest situation regarding Brexit and the implications of various scenarios for local authorities.

Background

2. Brexit has been a standing item on the agenda for recent meetings of the WLGA Executive Board, Council and Management Sub-Committee.

3. Since the last report, the UK Government and the EU agreed on 21st March to extend Article 50. The initial extension was until 22nd May, subject to MPs approving the Withdrawal Agreement but, failing that, only until 12th April. On 29th March MPs rejected the deal for the third time. Consequently, on 5th April, Theresa May wrote to the President of the European Council Donald Tusk requesting an extension until 30th June.

4. Just before the deadline of 12th April, the EU27 agreed to delay Brexit until 31st October (at the latest) but only on condition that the UK undertook (i) to participate in elections to the European Parliament (that will have just taken place before this meeting) and (ii) not to undermine the smooth running of the EU and its institutions. (Had the UK failed to hold elections to the European Parliament, it would have had to leave the EU on 1st June with no deal).

5. If the UK and EU can ratify the Withdrawal Agreement before 31st October, then the UK will leave the EU on the first day of the following month – described as a ‘flextension’. At the UK level (and in light of local election results in England), Conservative and Labour politicians have been holding a series of meetings to try and agree a compromise deal to take back to Parliament for a further vote. At the time of writing, however, despite some progress in the talks no agreement has been reached. The Prime Minister was reported to be considering bringing the Withdrawal Agreement Bill before Parliament in advance of the European elections, as another way of trying to ratify the deal.

Issues

6. The ‘flextension’ has resulted in a temporary pause in much activity, with many scheduled meetings being cancelled and a standing down of emergency planning/resilience arrangements. However, it is important to remember that significant change in one form or another still lies ahead: information and plans...
prepared to date need to be retained and lessons need to be learned from the work that have taken place to date – see Fig 1 below.

Fig. 1

(Source: Grant Thornton)

7. Latest developments mean that uncertainty, a central concern for local authorities and all other sectors, continues. The latest statement, from the Cabinet Office Minister David Lidington, is that the UK Government is aiming to get a Brexit agreement passed by Tuesday 2nd July. That is the date when MEPs will otherwise be taking their seats in the European Parliament. If that cannot be achieved he has suggested an agreement should ‘certainly’ be passed by the summer recess (normally mid/late July).

8. Even if an agreement is passed, however, it will deal solely with the contents of the Withdrawal Agreement. The more complex issue of sorting out future relations – covered at only a high level in the Political Declaration on future relations with the EU – still have to be negotiated. There would be a transition period following any agreement which would allow more time to work through the detail. During this period existing EU rules and regulations would continue to apply in the UK. That would give some temporary certainty but, ultimately, local authorities would need to gear up for the implications of whatever arrangements will apply at the end of the transition period. Given that trade deals are unlikely to be agreed quickly there could be a need for further extensions, prolonging the uncertainty.

9. Local authorities need to be prepared for all eventualities. Notwithstanding David Lidington’s optimism, it is far from clear that a deal is going to be agreed. That could result in another round of voting on options in Parliament to try and establish where there is a consensus. If there is still no agreement, the deadline of 31st October will soon be looming and local authorities could be back in the position they were around March/April, preparing for no deal.
10. On the other hand, there is a growing view that a confirmatory vote of some kind should take place if a deal is agreed. It would need to be decided whether that would be a simple vote for an agreed deal versus no deal or, crucially, if ‘remain’ would be one of the voting options. Certainly, pressure would mount for that to be the case if the European elections were to suggest a strong shift in favour of remaining within the EU. Given the various steps required to enable a referendum, a period of 22 weeks is seen as the minimum possible timescale before one could be held. Depending on the timing of any decision to hold one, that is highly likely to take us beyond 31 October and would require a further extension from the EU (although they would be likely to agree in such circumstances).

11. Should a second referendum result in a remain vote, it would not mean everything reverts to ‘normal’. A range of developments have been taking place in the EU with the UK not involved or, at best, sitting as observers. This includes work on the EU budget and work programme, the next rounds of the Common Agricultural Policy and of Structural and Investment funding, a range of new EU programmes and legislation under development. Under normal circumstances the UK would have been central to all discussions and local authorities would have been actively engaged in a variety of ways. In a remain scenario there would therefore be a need for an intense period of ‘catching-up’ on a wide range of fronts to ensure that opportunities are not missed, legislative compliance is achieved and so on. Links with Brussels and with partners in other member states that may have been low on the priority list would need to be rejuvenated.

12. In such a scenario, local authorities would need to be prepared to deal with any fall-out from a ‘remain’ vote, with the prospect of demonstrations and protests from aggrieved ‘leave’ voters.

13. There are other possible scenarios, such as a General Election following a vote of no confidence. However, the central issues remain the same – will the UK remain in or leave the EU and, if the latter, on what terms?

14. WLGA will be continuing with its Brexit support programme, monitoring developments and gathering and disseminating as much information as possible centrally. WLGA will also be contacting local authorities to establish details of the co-ordination arrangements and contacts they have put in place using their share of the Welsh Government grant that was secured. The Advisory Panel established with Welsh Government will continue to meet and act as a two-way channel of communication as the next phase of Brexit unfolds.
Recommendations

15. Members are asked to:

15.1 Note the report and endorse the central message that local authorities need to continue to undertake preparatory work to ensure they are ready to respond, whatever the outcome of current Brexit negotiations.

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