



Implications of 'Brexit' for Wales

28th November 2016



WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three fire and rescue authorities and the three national park authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA welcomes the opportunity to comment on this consultation by the External Affairs and Additional Legislation Committee on the implications of 'Brexit' for Wales.
4. WLGA has sought views from its Member authorities on the two main questions posed by the Committee and the following response is based on feedback received in the time available. On a general note, the timescale for gathering views has been short and WLGA would expect there to be an ongoing opportunity to engage, consult and refine the views of local government to feed into the process as it progresses.

Question 1: What should be the top priority for Wales in advance of the UK Government triggering of Article 50?
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5. Once Article 50 is triggered there will be a relatively short period of time to negotiate an acceptable settlement for the UK and, as part of that, for Wales. The top priority therefore is to ensure that Wales is well-represented in all those places where positions are going to be determined in advance of negotiations with the EU. 'Red lines' for Wales need to be embedded into the thinking so that negotiators know exactly what will – and what will not – be acceptable outcomes for Wales.
6. In this context, the 'views of Wales' must incorporate not only those of Welsh Government but also those of local government. It is at the local government level that many implications of change will be experienced. It is therefore only right that local government has a major input into the process of identifying Wales' position and how far we should be prepared to compromise on a wide range of issues. There needs to be local government representation on working groups to ensure this happens effectively.

7. Local authorities are keen to have some certainty on a range of matters. Some of the most important issues identified by local authorities are as follows:

- **Funding** – we must ensure *as a minimum* that Wales is left no worse off as a result of the decision to leave the EU. The funding that has come into Wales from the EU under successive programmes has been vitally important in terms of economic development efforts over recent years. There is a need for the UK Government (in partnership with the devolved Governments) to develop a new **Regional Development Policy** that provides a clear framework for closing the gap between wealthier parts of the UK and underperforming areas. This should provide continued support for improvements in infrastructure to create conditions for inclusive growth and for the upskilling of the labour force. The four regional partnerships¹ currently operating across Wales provide an ideal basis for this. There is also an opportunity to introduce greater flexibility and to reduce the bureaucracy that has existed under EU programmes. This should enable a more devolved approach, aligning spend with the priorities being agreed by regional partnerships, in consultation with their communities (thereby increasing ‘connectedness’ at the local level that, evidently, has been missing). It is imperative that poorer areas continue to receive support and investment. Any attempts by the UK Government to concentrate regional policy support into areas of economic opportunity alone should be resisted.
- **Legislation** – the new legal framework needs to be created swiftly, with as much continuity as possible to remove uncertainty (which could impact on investor confidence²). Thoughts around the transition process and timetable need to be shared with local government and not presented as a *fait accompli*. In a number of areas there will need to be clear frameworks and alignment between UK Government policy and (devolved) Welsh Government policy. Clear ground rules need to be agreed with UK Government. These need to be identified as a matter of urgency so that all relevant partners can be involved where appropriate, as equals, in determining the best way forwards.
- **Economic and trade opportunities for Wales-based businesses:** continued open access to the Single Market will be vital for the overall economy and for many businesses in Wales. Indeed, from an overall financial perspective

¹ The Cardiff Capital City Region/City Deal; Swansea Bay City Region; Growing Mid Wales Partnership; and North Wales Economic Ambition Board.

for Wales this has to be the most important outcome to secure in negotiations. Article 218 is arguably a more important area to focus upon than Article 50 in this respect. It dictates the rules and procedures for the EU in negotiating trade and other agreements with third parties (which is what the UK will be). The majority voting/unanimity provisions will have a vital bearing on the UK's chances of negotiating a successful deal. The fall-out from any 'solution' that falls short of open access will dwarf all else: a faltering economy (and therefore tax base) will mean fewer resources for regional policy and for dealing with legislative requirements). Free movement of people will be one of the EU's demands in return for access to the Single Market. Whilst this remains a highly contentious area for some, skills shortages at a local and regional level suggest a level of flexibility and compromise will not only be needed but will also be beneficial.

- **All-Wales approach** – the needs of all parts of Wales must be taken into consideration. In particular, rural Wales must not be overlooked. Sustaining agriculture and the rural economy must be afforded as high a priority for support as other key sectors of the economy (e.g. automotive, steel, bioscience). In this respect, a successor to the Common Agricultural Policy to support farmers (upland and lowland) and rural businesses must be an integral part of whatever new arrangements are put in place.
- **Networking** – the ability to learn from and share with EU partners enriches us all. It will continue to be vital for all sections of Welsh society and should not be overlooked as the process of disentanglement moves forwards.

Question 2: Can you provide examples of where the UK's proposed approach to transferring the *acquis communautaire*, through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

8. In the context of the current conferred powers model of devolution it is unclear whether there will need to be specific legislation to confer repatriated powers to Wales or whether this will be automatic (e.g. does agricultural policy come straight back to Wales from the EU or does the UK set a framework?).

² For example there is major potential for investment in low carbon energy and sustainable, integrated transport systems in Wales and this must not be derailed by uncertainty over legal provisions.

9. The all-Wales lawyers' group meets on 2nd December and may generate a more detailed view on the legal issues more generally. However, initial responses have highlighted the following areas as being of particular interest and where Wales, potentially, may want to take a separate view to Whitehall:

- **Air quality** – there is currently some inconsistency between the 2008 Directive and the 1995 Environment Act which needs to be resolved
- **Recycling and waste disposal** – Wales has followed a path that has diverged from England on a number of fronts
- **Contaminated land**
- **Environmental assessments**
- **Consumer protection**
- **Procurement**
- **State Aid.**

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