

Europe and International Update

Summary and Recommendations

This paper aims to update members on the ongoing UK-EU negotiations on the future relationship and wider international work relevant for this Board, notably the UN climate summit in Glasgow in 2021.

The Board is invited to:

- i. Call for the UK-EU agreement to be as ambitious as present circumstances allow, with minimal negative possible impact on the trade in goods including fisheries, services, transport links, workers and travel between both sides of the Channel;
- ii. Urge the UK and Scottish Government to step up readiness work with COSLA and ensure that on EU returned powers such as on environment or state aid, local government is properly consulted with the Devolution settlement preserved;
- iii. Welcome the recent Scottish Government proposals on INTERREG and on the UK Shared Prosperity fund that COSLA has contributed to;
- iv. Welcome progress in COSLA discussions to prepare an ambitious COP26 climate summit and contribute to the Edinburgh Process for biodiversity;
- v. Welcome the publication of the Scottish Voluntary National Review on the UN Sustainable Development Goals that COSLA also contributed to.

References

Previous reports:

- Environment and Economy Board June 2020 – Europe and International update
- COSLA Leaders July 2020 - EU fund suspension and replacement

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September 2020

Europe and International update

Purpose

1. To update members on the ongoing UK-EU negotiations on the future relationship and wider international work relevant for this Board such as the UN climate summit in Glasgow in 2021.

Current COSLA Position

2. The COSLA Brussels Office has been monitoring the development of the UK-EU negotiations and has had useful discussions with the UK negotiators and the rest of Brussels-based UK Offices group including the Scottish Government. We have also been engaging in a wider international agenda notably around the United Nations climate, sustainable development and biodiversity agendas. This report seeks to update members on progress of all these matters.

What is changing?

Brexit

3. The UK withdrew from the EU on 31st of January of 2020, as the EU and the UK had ratified the Withdrawal Agreement reached last October, the UK by way of the EU (Withdrawal Agreement) Act 2020. This act also sets in UK law that the present Transition Period must end on 31st December of this year. Until then while the UK is no longer a Member State, the EU funding programmes, EU law and rules such as state aid as well as EU rules on freedom of movement continue to be binding in the UK.
4. The UK and the EU have been negotiating their longer term free trade and partnership relationship since early February. Although the Withdrawal Agreement allowed extension of the transition period for two more years if the UK and the EU agreed to do so by end of June 2020. The UK had formally confirmed on 12 June that it would not do so, despite the calls from COSLA Leaders, the Scottish Government and others that it was in the public interest given the outstanding issues to agree and the COVID crisis.
5. It is now widely expected that there might indeed be a very narrow-focused free trade deal that would reduce friction in the trade of goods, complemented with some arrangements for travel between the UK and the EU.
6. The key for such trade agreement, rests on a deal also on fisheries and Level Playing Field. On Fisheries, the UK is pressing for “Zonal Attachment” area, meaning to calculate how much fish can be fished according to real data rather than due to historical data as at present. Our discussions show that is scope for a deal this but it is linked with the wider trade deal, as the EU27 does not see fisheries as a separate deal to be had and the UK wants to ensure that fresh fish from UK waters can be still landed in EU ports without restrictions and UK seafood exports do not face border checks.
7. Level playing field matters concern the need for employment, environmental, procurement, state aid and trading standards to remain broadly aligned between the UK and the EU in the future to ensure fair competition. The June EE Board had indeed outlined a viable approach that would respect the UK red lines of total regulatory

autonomy and the EU demand for future rules in the UK and EU to keep pace with each other. Our understanding is that this is the direction of travel but it is still uncertain whether even such a barebones deal can be finalised by October so that ratification can take place by December.

8. Regardless of the final nature of the deal there will be very significant changes for both business and the general public as of 1st January 2020. Last July, the UK and the EU issued updated readiness notices and awareness campaign (“Check, Change, Go”). The UK has announced a new Border Operation Model, a plan for Border and port infrastructure investment of £750m starting with the building of a border clearance area in Kent potentially followed by other parts of the UK including ports and ferry links between Scotland and Northern Ireland.
9. Local Authorities are directly concerned in setting up the new post Brexit controls. Local Authority Trading Standards Officers will work with Border Force at ports throughout the distribution chain. Local Authority Environmental Health Officers are responsible for Export Health Certificates that exporters are required to physically present at the Border control post. Local Authority services are also involved in authorising imports and exports of live animals and animal products as well as imports and exports of fruit and vegetables, plants and wood. Workforce, from public sector workers in the care services or food processing industries will be directly affected by the new points based system given their reliance of EU workers. The new UK migration systems introduces a number of new requirements and costs ranging of up to £1500 per person for workers arriving after the 1st January. This will happen regardless of any UK-EU deal to be reached.
10. Following earlier discussions between COSLA President Cllr Evison and Mr Russell, COSLA and the Scottish Government officers have resumed on 17th July their preparedness work.

Post Brexit frameworks

11. Withdrawal from the EU requires that a number of regulatory and oversight powers currently exercised by the EU are replicated domestically.
12. While as previously agreed between the UK and the Devolved Administration, most of these issues will be Devolved by default and there will be a range of so-called Common Frameworks that require UK-wide arrangements. COSLA and the Scottish Government have met at officer and political level and it was confirmed that in the so-called Stage 3 development there will be a consultation to stakeholders including local government.
13. Last June, the Scottish Government tabled that UK Withdrawal from the European Union (Continuity) (Scotland) Bill [2020] whereby Scottish Ministers will be empowered to keep devolved law in line with EU law post transition period. This covers many aspects of EU law, Environment, Trading Standards, Healthcare Provision, Employment Rights, Procurement, State Aid, animal welfare, etc. COSLA and the Scottish Government have been discussing how to ensure that local government is properly consulted before any such rules changes are decided by Ministers.
14. The Bill also act as a counterpart to the UK Environment Bill. It introduces the EU guiding principles on the environment into Scots law which the UK chose not to retain when approving the EU Withdrawal Agreement Act 2020. At the same time, the Bill provides for the creation of Environmental Standards Scotland this new body replaces the role of the European Commission environmental law enforcement role and is the equivalent of the Office of Environmental Protection foreseen for UK-wide matters in the UK Environment Bill. COSLA has made submissions to the UK Environmental Bill at

Commons committee stage and last August made a submission to the Scottish Parliament inquiry on the Scottish Bill to ensure that local government is properly consulted by the new UK and Scottish bodies and expressed concern for the lack of cooperation arrangement between both bodies particularly in the UK bill.

15. More controversially, the UK Government has announced last July 16th that a UK Internal Market Bill will be tabled, which risks bringing significant stress to the Devolution settlement and might undermine the above-mentioned discussions on common frameworks. The Scottish Government's own assessment of the UK white paper highlights that the UK proposals, which will not only concern international trade, but also different standards across the UK, or issues such as state aid regulation, do centralise by default at UK level a range of Devolved powers without sufficiently independent and inclusive arrangements to arrive to any UK wide consensus on these matters. Our initial assessment, on the back of previous views agreed by this Board and Leaders, tends to agree with that pessimistic assessment.

Replacement of EU funds

16. Meanwhile, the UK has confirmed that it will not opt into the European Territorial Cooperation (INTERREG) programmes. This has been a longstanding call from COSLA with the EU27 in favour for UK authorities including councils to continue to be able to cooperate with their counterparts from the EU27. The July Leaders expressed serious concern about this development and the COSLA President wrote to the UK and EU negotiators seeking a reversal of this position with at very least the UK Government to explicitly allow that Local and Devolved Authorities as well as other stakeholders can continue participating in INTERREG, with UK Shared Prosperity Fund monies being eligible to support that participation.
17. At the same time, we understand that the UK Government will shortly announce the plans for the replacement EU funding, the so called UK Shared Prosperity Fund (UKSPF), which will amount to at least the amount presently received from the EU Structural Funds. This fund might be up and running as of April 2021. In the event that there will be no public consultation, the Scottish Government has set out a very detailed set of proposals for the Scottish element of the UKSPF. COSLA Environment and Economy Spokesperson Cllr Steven Heddle sits at the Programme Board that oversaw the detailed consultation process. The proposal makes a strong call for place-based and local development approaches with a significant role expected for Local Authorities.
18. At present, the EU Structural Funds also include the Scottish Rural Development Programmes (SRDP) including the 5% earmark for supporting Local Action Groups (known as LEADER). The Scottish Government intention is to extend the existing SRDP schemes broadly as they are for 2021 and until homegrown schemes are developed for a 2024 start. Though legislation is making its way through the Scottish Parliament, a key issue is that this depends on UK Treasury financial commitments for next year. The Spending Review has been postponed to the Autumn. It is not currently clear whether LEADER will be part of the UK Shared Prosperity Fund or remain a discrete fund operated by DEFRA at UK Level and the Scottish Government Rural Division in Scotland. Scottish Government published on 17th June "The Role of the LEADER approach post Brexit", evaluating the local development projects of the last 30 years.
19. Lastly, work has continued to end the suspension of the 2014-2020 Scottish ERDF and ESF Programmes. COSLA Leaders on 26 June highlighted the issue of outstanding EU funding expenditure in Scotland. SLAED estimates that 86.4% of the Scottish ERDF and 82.4% of the ESF have already been committed. Discussions are being carried out at

the moment by the UK and Devolved Governments with the Commission to boost the remainder of the funds committed, thus avoiding the subsequent loss of EU funding.

International engagement

20. Despite COVID, a range of international and particularly United Nations (UN) agendas dealing with climate change, Sustainable Development Goals and biodiversity have continued apace. COSLA has continued engaged at officer and political level.
21. On 8 July, Cllr Steven Heddle who is also the CEMR Territorial Development Spokesperson, represented our European body at the UN High Level Political Forum that each July review progress on the Sustainable Development Goals. At the session organised by our worldwide membership body UCLG and the and the UN agency for human settlements UN-HABITAT, Cllr Heddle joined the sustainability spokespersons from New York, Sao Paulo, Niteroi, Buenos Aires, Oaxaca, Barcelona, Moscow and Madrid. He had the opportunity to advance the findings of the Scottish Voluntary National Review which was released last July. It was developed by the Scottish Government, COSLA and the Scottish SDG Network to align existing national and local ambition to the UN goals by 2030, making Scotland one of the very few Devolved that have done so.
22. Meanwhile work has continued on preparing for the UN Climate Change summit in Glasgow (COP26) in November 2021. We have had additional discussions with the Scottish and UK governments, our counterparts from local government from the rest of the UK and wider international networks. Cllr Evison and Cllr Heddle wrote to Alok Sharma as the UK COP26 Minister to urge a dedicated element of the summit devoted to local and devolved climate ambition. Work continues apace with our counterparts with possibly an range of preparatory events to take place from November onwards.
23. COSLA has engaged with the Scottish Government led 'Edinburgh Process' to consult subnational actors including local governments on the post-2020 global framework for biodiversity. We will report key outputs and implications for Scotland at a future board.

Proposed COSLA position

24. COSLA is keen to ensure that the UK-EU agreement are as ambitious as the present circumstances allow, with minimal possible impact on the trade in goods including fisheries, services, transport links, workers and travel across both sides of the Channel.
25. Recognising that there will be significant changes coming, members are invited to urge the Scottish Government to step up readiness work with us and for the UK Government to highlight any key impacts in Scotland and on Local Authorities such as additional border controls at Scottish ports, particularly as regards to Northern Ireland.
26. As regards to EU returned powers, such as on environment or state aid, members are invited to urge the UK and Scottish Government to ensure that Local Government is properly consulted with the present Devolution settlement preserved.
27. Members are invited to reiterate the call for full Local Authority opt-in to EU INTERREG programmes, welcoming the recent Scottish Government proposals on this issue and the UKSPF that COSLA has contributed to.
28. Members may also note progress in COSLA discussions to prepare an ambitious COP26 climate summit and contribute to the Edinburgh Process on biodiversity.

29. Members are invited to welcome the publication of the Scottish Voluntary National Review on the UN Sustainable Development Goals that COSLA also contributed to.

Next Steps

30. The COSLA Brussels Office will continue monitoring and where applicable influencing progress on these agendas and will seek more detailed views from this Board as detail on the above issue emerge.