HOUSE OF COMMONS

Housing, Communities and Local Government Committee

Oral evidence: Brexit and local government, HC 493

Monday 25 March 2019

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Watch the meeting

Members present: Clive Betts (Chair); Bob Blackman; Mr Tanmanjeet Singh Dhesi; Helen Hayes; Teresa Pearce; Mary Robinson; Liz Twist.

Questions 115 - 218

Witnesses

I: Councillor Kevin Bentley, Brexit Task and Finish Group, Local Government Association; Councillor Gerald Vernon-Jackson, Leader of the Council, Portsmouth City Council; Councillor Sue Murphy, Core Cities.

II: Rt Hon James Brokenshire MP, Secretary of State, Ministry of Housing, Communities and Local Government; Simon Ridley, Director General of Decentralisation and Growth, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Kevin Bentley, Gerald Vernon-Jackson and Sue Murphy.

Chair: Good afternoon. Thank you very much for coming. We will start just a few minutes early, given you are all here. Thank you very much. This is our fourth evidence session in our inquiry into Brexit and local government. It started quite a long time ago, probably like the Brexit negotiations, so we are in good company there.

Just to begin with, we will put on record any particular interests we may have that are relevant to this inquiry. I am a vice-president of the Local Government Association.

Teresa Pearce: I employ two councillors in my office.

Liz Twist: I employ a councillor in my office.

Helen Hayes: I also employ a councillor and I am also a vice-president of the Local Government Association.

Bob Blackman: I am a vice-president of the LGA.

Q115 **Chair:** Thank you very much for coming. Perhaps you could just go down the table and say who you are and the organisation you are representing today.

Cllr Vernon-Jackson: I am Gerald Vernon-Jackson, leader of Portsmouth City Council, and I am here as part of the LGA delegation.

Cllr Murphy: I am Councillor Sue Murphy. I am deputy leader of Manchester City Council, and I am here representing Core Cities.

Cllr Bentley: I am Councillor Kevin Bentley. I am the deputy leader of Essex County Council, but for the purposes of today I chair the LGA's taskforce on Brexit.

Q116 **Chair:** Thank you very much for coming. I suppose the obvious question is this one. We may be—I will try to say this in as neutral a way as possible—about to leave the EU at some date in the relatively near future. A lot of things could happen in the next few days with regard to that, but, in basic terms, is local government ready now for the changes that will come about in terms of staffing, funding, organisation, information and everything you will need to do to keep your services for your communities running properly?

Cllr Vernon-Jackson: I will defer to Kevin.

Cllr Bentley: The answer to that question is, yes, as much as local government can be prepared for it. We have been, like yourselves, at this for quite some time. Of course, we deliver a vast majority of the current EU legislation in local government. That is around regulatory services and other factors to do with the EU. I speak on behalf of England here, of course. There are local government associations for the other three nations of the United Kingdom. Up and down the country we have been holding regular local resilience forum meetings, which consist not just of local government but the police authorities and other emergency services, to make sure that everything is in place as much as we possibly can. Of course, the question remains in terms of what sort of exit we are going to have. Is it a deal or no deal? I know we cannot answer that just at this particular stage, so we have been preparing for both on that.

There is one area that I would say has been good and bad in both subjects. We talked to the Government about needing more resourcing, and the Government, via the Treasury and MHCLG, have delivered £56 million over two years to help with funding. It is not a huge amount of money, but it is something to help us. In a lot of areas, that money will be put towards training needs, especially as we leave the EU, on some of the regulation services, as we transfer the laws back and we leave some of the computer systems and central systems of the EU. We will need to train people in the new systems coming out of Government Departments.

The best qualified answer I can give you is that we are prepared as much as we can. Local government is used to being nimble. Many of you are former councillors or indeed involved in local government. You will know how nimble local government can be. We have taken the brunt of some of the biggest savings in austerity and we are coping with that. I would say we are probably coping fine with that at the moment. If we were to take on extra responsibility now, we would be expecting the Government to help resource that.

Cllr Murphy: If I could answer that, we are as prepared as we can be. However, the absence of knowledge about exactly what we are preparing for is an issue. Whether it is in terms of a deal or no deal or when things are going to happen, those things mean it is quite difficult to plan absolutely, so we have a local resilience forum that meets regularly. Our chief executive in Manchester is one of nine who have telephone conferences regularly with MHCLG about their top concerns.

We are as prepared as we can be under the circumstances. There are a lot of things that are still unresolved. Elections are an issue, of course. There is also an issue about access to information through the new databases and when they will be ready. There is also an issue because people will turn to councils for help and support. In terms of the resettlement scheme and people applying for settled status, people are bound to turn to councils for help with that. Because of the cuts we have had, that does provide an extra burden for us. We are quite happy to play our part in doing that, but support from the Government in terms of funding and help with that would be very welcome.

There is something else that we are very keen on. This is an ongoing process, but we would like powers not just to be repatriated to Whitehall but for us to continue the discussion about devolution and which powers are going to be rooted in people and places rather than centralised. That is a key issue for us going forward.

Q117 **Chair:** We are going to come back to the devolution issue in due course. This question is just about the immediate preparedness of local government.

Cllr Vernon-Jackson: Chair, I am going to be slightly parochial, if you do not mind. Portsmouth is a port city with the second busiest Channel port taking goods over to France, Spain and the Channel Islands. As with the other ports, like Hull, we are as prepared as we can be for a no-deal Brexit, but I need to say that we are as prepared as we can be, following the advice of our chief constable, who chairs our local resilience forum, but we need to be prepared and there is a chance of really significant problems.

We have had no help or support from Government. All our requests for help and support to Government to get us ready have been rebuffed, and we had to find £4 million from our own reserves to be able to put in place things to make sure that we minimise the problems in terms of traffic

disruption that may happen across the whole of the south coast on the M27, and again today we have had a letter from the Department for Transport to say they are not interested.

Q118 **Chair:** What sort of help were you asking for?

Cllr Vernon-Jackson: We are having to put in triage points at junctions 1 and 2 of the M275 to be able to take lorries off on their way to the port. For us, it is normally an enormous benefit for our port that the ferry gate is only 13 lorry-lengths away from the motorway. When they are having to show customs documents for the first time in 40 years, which people may not have, it becomes an enormous vulnerability, and we will have lorries quieting onto the motorway.

As a council leader, I have to listen to what the chief constable has said: this is a significant risk. We have to put triage points in so we can divert people off and send them to places, which we have had to build, so they can download the correct customs documentation to be able to get on to the ferries. We have consistently been rebuffed by the Department for Transport, at every turn.

Q119 **Chair:** Have you had no help from MHCLG to try to broker some help in that way? Is that not part of their role?

Cllr Vernon-Jackson: We have had support from James Brokenshire. I have written to him and talked to him. It all seems to fall upon deaf ears when it gets to the Department for Transport. The traffic modelling upon which they are relying to say that there will be no problem in Portsmouth is based on the idea that the only traffic on the M275 going into Portsmouth is going to be the lorries going to the port. They are presuming that there is no other traffic going into Portsmouth, no traffic going into the naval base and no traffic going to the university. They have decided that there is only going to be 60 lorries queuing on the motorway. We just cannot get them to understand and to listen to the chief constable.

Q120 **Chair:** I will come back to other issues in a minute, but you have had £3 million, have you not?

Cllr Vernon-Jackson: No.

Q121 **Chair:** I thought that was the allocation of your share of the funding for ports and—

Cllr Vernon-Jackson: No, we have had £210,000 as a unitary authority, the same as other well known ports like Wokingham and Telford. We have had £137,000 as a port.

Q122 **Chair:** Where does the £3.14 million come from?

Cllr Vernon-Jackson: I have no idea, but we do not have it. We have had just over £300,000.

Q123 **Chair:** It is not in the post, then. The cheque is not in the post.

Cllr Vernon-Jackson: I do not know. You have more confidence in the Government than I do.

Q124 **Chair:** Can we just come back to the funding issue, then? The Government have said that in general there will be £56 million available for local authorities over two years. That is more than was going to be available a few weeks ago, but is it enough?

Cllr Bentley: It is never enough, Chair. We always need more money. The simple fact is that we have been lobbying very hard as a sector because, as I mentioned before, we have taken the biggest brunt of the austerity measures. I will not go into it further than that, but we have done and we have coped with that in the best way local government always does. If we are to now take on extra burdens, we must be financed for that. You have heard from my colleague from Portsmouth. That is a consequence of Brexit. It is something we will also be and have been lobbying very hard on for Portsmouth and other ports as well, because it is not fair for local authorities to take that kind of burden, so we will be lobbying very hard again for them and other ports.

We are waiting to see where we will be expected to take on new responsibilities. That is the problem. If we are to come out of the EU and we transfer the laws as they are, we are leaving the institutions of the EU. Therefore, new programmes certainly have to be established in the regulatory services of food standards, food hygiene, environmental health, trading standards and procurement. These will be new measures. Once we know what they are, we then have to determine what retraining we have to do with our colleagues, and that all has to be done at the same time; we cannot do it on a piecemeal basis. We are making a case very strongly, and we are being listened to.

I have to say that James Brokenshire, who I believe is coming in following our session, established the special delivery of Brexit board, and he has given us a seat around the table to talk directly to Ministers. I know he goes into bat, because the Treasury allocation of £56 million was £36 million and James Brokenshire put the extra £20 million in from his Department. So that was a great boon, but we are going to have to establish very quickly what extra measures are required of local government once we know the terms of exit and once we know what retraining and indeed re-staffing needs to take place.

Q125 **Chair:** You will then be pushing for more on top of the £56 million if those burdens prove to be—

Cllr Bentley: I suspect the answer to that is yes and yes, because yes, we will, and yes, I am sure there will be extra calls on local government.

Q126 **Chair:** To follow up, finally, I have a question on quite a sensitive area. There has been some talk—at this stage it is just talk—about civil unrest and civil emergencies in the wake of Brexit. How far are local councils involved in establishing the right arrangements to deal with any such

happenings?

Cllr Murphy: The local resilience forum has been involved in discussions about how we would deal with the impact of anything that happens. The discussions are quite well advanced. It is a concern. Uncertainty is very polarising, and that is an issue that we have some worries about. We are relatively well prepared in terms of resilience for those kinds of events, however.

Cllr Bentley: I would agree with that in terms of the local resilience forums that take place up and down the country. They involve the emergency services. Such planning is considered and looked at. We will play our part, where required. Again, we are waiting to see. We have had demonstrations and marches, all of which, from what I have seen, have been very peaceful. What actually happens will depend on the terms of the exit. It will depend on whether there is a plan. In my experience, people are more settled when they know there is a plan in place. When they do not know that, uncertainty reigns and you get people being more concerned about it. Providing that we leave, deal or no deal, with a plan in place, the question of civil unrest will probably go away, but we have to prepare for it, and the local resilience forums have been doing that.

Q127 **Liz Twist:** I want to ask about the Shared Prosperity Fund. The Government have repeatedly promised to publish the consultation on the UK Shared Prosperity Fund, initially by the end of 2018, and we still have not seen it. How concerned are each of you that further details have not been forthcoming despite repeated promises? Why is the consultation not out yet?

Cllr Murphy: It is an enormous concern, because we were told that the consultation would have started by now on what the Shared Prosperity Fund would look like, and of course it has not. It made a £1.3 billion contribution to infrastructure projects during the period of the programme that we are currently in, which also included extra funding as well. It is an enormous amount of money.

Q128 **Liz Twist:** That is European funding.

Cllr Murphy: Yes, and we have been promised like for like. It is difficult to plan, again, when we have not yet been consulted and we do not as yet know what the arrangements are going to be. This is an issue where we have argued for local flexibility and for a quick process, so, for example, we will be able to deal with local circumstances if there is an economic shock, depending on the terms under which we come out of the EU. Being able to have that fund based around people and places would help us calm the economy down and put investment in where it is needed to move forward, but as yet we have not heard anything back.

Q129 **Liz Twist:** What is the impact of not knowing what is going to be there?

Cllr Murphy: The impact of not knowing is that we cannot plan. As things stand, we know there will be money available until 2020 and we

will have until 2023 to make sure that all that happens. However, having been involved in planning European programmes before, I know that for a programme of that size the earlier you can start, the better. There will be some things that we would want to carry on from the current funding streams into the next, particularly around infrastructure projects and business support. Local business support will be absolutely crucial when we get to exit.

Q130 **Liz Twist:** Are we talking about gaps?

Cllr Murphy: It is likely, given that we have not had any assurances about long-term planning. We have had some assurances about how, if it was a no-deal scenario, there would be a quick programme put in place, but I still think that is quite impossible to do as quickly as we would need it.

Cllr Bentley: Just to add to that, we have been promised a consultation on the Shared Prosperity Fund since the autumn. I have said rather flippantly that the Government's autumn is rather like winter in Narnia: it goes on forever. We must have some clarity on this very shortly.

Again, through the delivery board we have with MHCLG, it is a topic the Secretary of State has picked up and he has forced the Treasury to have that conversation. Credit where credit is due: he has worked very hard and very quickly when we knew the EU Structural Funds were coming to an end in 2020, but possibly this may be affected by our exit. It was guaranteed by the Government that, deal or no deal, those funds will carry on until 2020, and that was a real boon. The entire programme is worth £8.4 billion in Structural Funds alone. The one thing we have all consistently said is that when the Shared Prosperity Fund is established, we would expect exactly the same, if not more, but certainly not less, of that money going into whatever the Shared Prosperity Fund is going to use to deliver the programmes, whatever title we have, such as ERDF, ESF and those kinds of programmes.

As my colleague Councillor Murphy has said, it is also an ideal opportunity for devolution. I know you are coming on to this later, Chair, but in this particular case the money must go to where the people need it the most, and those areas will be different across the UK. It is not one-size-fits-all through all of this, and here is an ideal opportunity. The Government have talked about the Shared Prosperity Fund going through the LEPs. We need to establish in what way that is going through the LEPs. Is it all bundled up into one package given to each LEP, or is it segregated into what the funding is going to be for that area? A great deal of work has to be done. We made the point very clearly that when the consultation on this takes place, it must take place with local government both individually and collectively.

Q131 **Liz Twist:** Mr Vernon-Jackson, what is your view?

Cllr Vernon-Jackson: Can I slightly disagree with Kevin? My understanding was that the money was ring-fenced in LEP areas, but I thought the idea was that it was going to go to local councils within those LEP areas. I am a LEP director and I think it is more sensible to send it down to council areas. On the LGA, the other thing I do is I am chair of the culture, tourism and sport board. One issue that has been highlighted to me by Ros Kerslake is that many areas where people are putting in National Lottery Heritage Fund applications use European funds as the matched funding to be able to release the NLHF funding. If that is no longer available, those areas with high levels of deprivation that have received this in the past will find it much more difficult to access NLHF bids. That is something the fund will need to look at.

Cllr Murphy: The LEP area is an interesting one. We would argue that where combined authorities are in existence it should be via the combined authority. We know that cities are really the economic hubs of wider regions, so having that knowledge locally enables us to spend the money better and design the programme better.

Q132 **Liz Twist:** It sounds like there is still quite a lot of uncertainty about how it is going to be managed, what the shape is going to be and who is going to get the money. Have you been engaged at all in how the Shared Prosperity Fund should be designed and how it is evolving?

Cllr Bentley: It has only been through the delivery board, where we have made the case that we have literally just made to you. Of course, we are waiting for this consultation to come out. We have pushed very hard. As I have mentioned, I know the Secretary of State has in turn pushed hard. We must have some clarity quickly. It has been alluded to that we are waiting for the spending review, but this should be different to the spending review because these were originally EU funds. Therefore, on infrastructure and skills in particular, we have companies, organisations and councils waiting to know how to do their preparations for post 2020.

Q133 **Liz Twist:** It sounds like a bit of a mess, because you do not know what is going to be happening. Is that right?

Cllr Bentley: If it is a mess, it is not of our making.

Cllr Murphy: We have been told it is likely to be linked to local industrial strategies, but I think they are at a different stage of development. Greater Manchester is an early pilot for local industrial strategies, but I know there are other places in the country that are not in that place.

Q134 **Liz Twist:** If I can summarise, there are a lot of uncertainties, and that is putting projects at risk through problems with matched funding or gaps in funding that mean they cannot continue.

Cllr Bentley: Yes.

Cllr Murphy: Yes.

Q135 **Liz Twist:** The Treasury has guaranteed that an equivalent amount to the EU funding, from its own coffers, will continue to be allocated until the end of the current EU funding cycle ending in 2020. Do you feel confident that a replacement funding structure will be in place by then?

Cllr Bentley: On the basis of the preparation we have put in and in terms of the campaign we have run in terms of local government and the conversations we as colleagues on the delivery board have had—it is not just the Secretary of State; it has other members as well—yes, I do feel confident, because you cannot let these projects suddenly stop. We are talking about real people, real families, real livelihoods and real jobs out there. It is critically important that people are carrying on as we are at the moment. Certainly, we have made the case that we expect there to be equal amounts of money to the current fund within the budget of the EU and preferably more, because this is about projects that are going to carry the country forward. Of course, this is about UK plc, the economy, as well. If we do want that to grow, it has to be about making sure we invest that money properly across the country.

Cllr Murphy: In terms of Core Cities, we are in a good place to act fairly quickly. There is a limit to that speed, depending on when we actually get to have the discussion. We have to bear in mind that we have not had the consultation yet, let alone the outcome of that consultation. We really do need that to move much faster than it seems to be at the moment.

Cllr Vernon-Jackson: I am sorry. I am at the sharp end of having to cope with decisions about Brexit. My confidence levels about anything are on the floor.

Q136 **Liz Twist:** If there were to be a consultation, what would your priorities be for the fund?

Cllr Bentley: Colleagues may have answers—I am sure they will—but certainly for me it would be around infrastructure, skills and cohesion. It would be around ensuring that we are investing in those organisations that are creating jobs for the future as well and in the skills that are needed to take the country forward. That is critically important. Plus, of course, in our rural areas we have the current LEADER programme around the rural economy. That is critically important. I would be looking for a very similar sort of funding structure.

It should be streamlined and much better. Although Brexit is where it is, it does present some opportunities as well, one of which we are coming on to. Certainly here, in terms of EU Structural Funds, we could make them more streamlined and get the money more quickly to the people who need it. Clearly, because it is public money, we have to make sure all the proper checks are in place, but we can make sure we can invest more quickly and be much more nimble than we are. I do not believe that can be done in a Whitehall Department. I believe it can be done out there through local government and the local enterprise partnership areas.

Q137 **Liz Twist:** Ms Murphy, what is your view?

Cllr Murphy: That is right. The primary objective should be to reduce economic disparity across the country. That was the aim of the European funding. It should be a core aim of the Shared Prosperity Fund. It is also about delivering inclusive growth as well. That is the benefit of having some control over that locally, because we would be able to match that to our economy. Of course, promoting trade would be very helpful. It would also help to be able to get the infrastructure we need in place within our businesses to be able to support them. There is also skills, which you are going to come on to later. Supporting skills development and social cohesion would also be primary objectives. They will vary, depending on local need.

Cllr Vernon-Jackson: As Sue said, the local thing is absolutely right. We have just launched a report about cultural-led regeneration with a whole series of case studies around the country. I would hope that any future fund looks at small-scale investment as well as enormous sums of money going into things. The amount of jobs and wealth that we can create through cultural-led regeneration in all the areas of the country is enormous and a huge untapped benefit for us.

Q138 **Liz Twist:** I would like to ask now about the European Investment Bank loans, which we have heard evidence on before. They have made a substantial contribution to various infrastructure projects in the UK. What are your thoughts on this? Were the Government mistaken in deciding that the UK should not remain a member of the European Investment Bank, or can we create a domestic structure that will be more fit for purpose?

Cllr Bentley: There is some but not a huge amount of local government involvement in the EIB. Where there is, we would be looking for the Government to support that. Whether there is a similar structure to the EIB post Brexit is part of the conversation we need to have with the Government. Certainly, the funding is important. The way that funding is allocated is also important for those structures. After exiting the EU, we have to have a clear exit plan from the EIB, or a plan where those funds are still carried on and payments are made. That is quite a technical conversation, but it is one that needs to be had sooner rather than later.

Liz Twist: That is continuation.

Cllr Bentley: Continuation, yes, if that is the easiest thing to do. It has to be easy for people and organisations to operate. If you make this too complicated, it becomes a waste of everyone's time to do it. From our point of view, we would want to make sure there is a similar facility where people could, whether that is local authorities or others, draw down monies to invest in projects through a banking system such as the EIB.

Was it a mistake not to continue? I am probably not qualified to answer that question, if I am being brutally honest with you. All I would ask for is

that we make sure that there is something simple, nimble and quick. If you want the UK economy to grow, you have to give the wherewithal to do that to the people who can make it happen. Therefore, I would be looking for a similar structure within the UK to make that happen.

Cllr Murphy: The EIB is a source of relatively low-cost but secure loans for many of the things that we need to use. Replication would be difficult. For some combined authorities and cities, there will need to be an ongoing relationship with the EIB where, for example, we have used European funds to create financial instruments that have a long life. There will still have to be some contact. I am not sure how easy it would be to replicate that source of funding in the UK alone. Without a bit more certainty, it is hard to say one way or the other, but there should still be a relationship with the EIB.

Cllr Vernon-Jackson: My colleagues know more about this than I do.

Q139 **Mr Dhesi:** Throughout our inquiry, local authority representatives have raised the issue of workforce shortages and the skills gap that they believe will follow on from Brexit. The Local Government Association is on record as saying that they believe the changes to the employment status of EU nationals have the potential "to erode the performance and sustainability of essential council services" and exacerbate "an endemic skills crisis". Have the Government adequately addressed this issue to date? If not, what should the Government be doing?

Cllr Murphy: It has not been adequately addressed and it is a real concern. Skills shortages are real at the moment. It is not just in the local government workforce, but the skills shortage in social care would be a particular concern. EU nationals make up, on average, 7% of the workforce in social care.

Mr Dhesi: I will be coming on to that in a minute.

Cllr Murphy: There are enormous variations across the country. Other things will impact on this as well. NHS staff is a real concern, of course. Where we have large construction projects, which we have in most cities, a shortage of construction staff would be an issue. Hospitality services are a big part of a lot of our economies, and there is a concern there. What we really need is a system that is based on skills audits and the needs of our economies. It cannot be a simple system; it is far more complex than that. We need to be able to allow EU workers and others into the country to fill the gaps that we need to increase productivity and build our economy.

Q140 **Mr Dhesi:** Councillor Bentley, in terms of agricultural and seasonal workers in Essex and elsewhere, what is your view?

Cllr Bentley: Absolutely, yes. There is an issue with hospitality, healthcare, social care and, of course, teachers. We cannot forget them; they are a very vital and important part of the public sector. For me, have the Government got it right? We know that this week they are

starting the advertising, and Saturday they will be starting the registration programme, though it has been piloted in some areas. The message must go out that, if you have a skill that is required in the country you are very welcome in this country. We need skills. One of the downsides of having virtually full employment is that you need to make sure you maintain that for the jobs that are required and the jobs that are coming up as well.

My question would be about what happens after we have left the EU with a deal or no deal. What will the immigration policy be for people who are in the other European states who wish to come to the UK? The view of the LGA, certainly, is, "If you have a skill required in the UK you should have access to come here", as of course for UK residents going back into the EU and elsewhere in the world as well. Let us see what the advertising campaign says. We had a session at the last delivery board with one of the Home Office Ministers, who was very upbeat about this. The question must be about how we make sure that the people who wish to stay here and have the appropriate skills can stay here with the least inconvenience to them.

Cllr Vernon-Jackson: I look at it in two ways. From the council's side, we all have a fear about social care and the number of people who are there to be able to do the work. We have care agencies handing back contracts around the country, saying that they cannot fulfil them because they cannot get the people to go and do social care. How do we get people out of hospital if we do not have home care available for them?

The other side of it is a personal thing. I cared for my mum in the last six months of her life in a nursing home and in hospital. I would have reckoned that maybe 40% of the people who looked after her came from the EU. They will all be below the threshold of £30,000 in terms of salary. My mum has died now, so it does not affect her. I am sorry to be crude about this, but my question is, if she had not and she was a few years younger and she was there again, who would wipe my mum's bottom? It is that basic. I do not know who we will have to do that work. That is really difficult. It hits both local government and the hospital sector.

I am really worried that we will not have the people available to do that care. As Kevin has said, we live in a world of pretty full employment. Encouraging other people to come to do this work is really difficult. It is an enormous problem just sitting there, looking at us. I do not see any solution. The idea that money or a salary equates to skills, and that is how you judge things, is barmy. You need somebody who is a healthcare assistant to be able to do the work, to be able to keep people alive when they are really vulnerable. That does not pay £30,000, but my goodness they are valuable. We should not devalue them by saying that somebody cannot come into the country to do that vital work.

Q141 **Mr Dhesi:** I agree, but let us just build on your response there. The Government's immigration White Paper proposes privileging highly skilled

migrants, which may mean that the available unskilled and semi-skilled workforces will become smaller. What impact will that have on local government?

Cllr Vernon-Jackson: For me, the big thing that will hit us is that we will not be able to have people to do home care visits and we will not be able to have people to work in residential and nursing home care in social services. They pay very little. You can make the same money by going to do the checkouts at Tesco. It is tough to attract numbers of people to do that work. It is shift work; it is hard stuff. It is very difficult. We will have real problems recruiting into those posts. If we cannot recruit into those posts, there are legal levels below which you cannot fall in terms of staffing, at which point beds will close. If beds close, people will get stuck in hospital. If people get stuck in hospital, more people cannot get in and people will get stuck on trolleys at A&E.

Q142 **Mr Dhesi:** Given that local authorities bear the responsibility of social care, which you mentioned earlier as well in terms of care workers, are you concerned about the impact a workforce shortage might have on local government finances? Having served as a local councillor, I was told about the increasing impact of agencies charging more and more for services. What is your view?

Cllr Murphy: It will potentially have an impact. Of course, we have devolution locally over health to a certain extent as well, so it is a double-whammy. We have joint budgets, together with the NHS. It is an increasing issue. It is increasingly difficult to fill some of these posts. They are absolutely fundamental, as Gerald says, to people's lives. This is where the idea of a skills audit for an area comes in. This could talk about what skills are actually needed, where people are having difficulty recruiting and where we can actually start to fill those gaps. That works both ways; it is a two-way street. There will be people who are going to Europe to seek employment there. How do we manage that two-way thing and understand what our economies need, what we need in terms of productivity as well as the basic services that are so vital for us to maintain.

Q143 **Mr Dhesi:** Lastly, Councillor Bentley, we have heard in earlier evidence sessions that skills devolution will help solve the problems in terms of the workforce issue. What do you think?

Cllr Bentley: Absolutely, yes. In fact, you have picked on my favourite subject there. I have been banging this drum for a very long time. If anyone believes that one size fits all, they are deluded. The skills required in Manchester are not the same skills required in rural Wiltshire, for instance, but the people in those local areas and across the United Kingdom will know precisely what is required in those areas: what training is required, what exams are required and what skills they need in those areas. It is hugely important. You cannot do that sitting in Whitehall. That is why skills devolution is critically important in anything that we do.

In this immigration debate, when the Government comes to write the next Immigration Act, it is hugely important that we in local government have an absolute say in that. It is actually one of very few cases where we do know better. We should have a voice around that table. We need to model that Act, when it comes up, and start talking about the people we need, whether they are from the EU or other parts of the world as well. If it is a skill we need, if it is a skill required locally, whether that is in agriculture, hospitality, teaching, social care or healthcare, we will know. Therefore, we must have a say in that.

Mr Dhesi: I fully with you. I am sure the Government are listening.

Q144 **Teresa Pearce:** Throughout the inquiry, central government's lack of engagement with local government over Brexit has been raised as a concern. At our last session it seemed that things were getting a little better, and, from some of the things you have said, it seems that the conversation is getting a little better. Are you happy with how the Government are now engaging? Are central Government fully aware of the distinct risks that different local authorities face as a result of Brexit?

Cllr Bentley: For my point of view, yes. You have heard from Councillor Vernon-Jackson about some of the issues he has in Portsmouth, which we will be picking up with him as well—I absolutely guarantee that—and talking to the DfT about.

However, yes, when James Brokenshire became the Secretary of State he set up the special delivery board almost immediately, and we have had a voice around that table. It is not only a voice. At one of the last delivery boards we had, it was like a conveyor belt of Ministers coming to see us, and we were able to question them. Rather like you are questioning us, we could question them in great detail. Either they or their civil servants, or both, were able to give answers and take away points, and things have changed and moved on as a result of that.

We also have nine chief executives split into nine regions of England. As I say, I represent the LGA for England; the other three nations have their own arrangements, although we do talk on a continual basis. They now sit around that special delivery board. The nine chief executives are now feeding information in on a weekly basis to MHCLG. The level of detail we are now getting has improved hugely, both flowing from us and to us. There is a hub set up by the Ministry and the LGA to feed information back to our members as well.

The one thing we have tried to stop is we have had some Departments just pinging off information randomly from them to local government. We are now asking that they all come through the Ministry so that there is a cohesive funnel of information coming out to people, and that is happening as well.

From my point of view, it is good. We are listened to when we have concerns; they are taken on board. The Secretary of State makes sure

that Ministers come with answers and, if they do not, he sends them away to come back with answers. From that point of view, I feel that local government really does have a say in what is going on. There will be more later, which we will probably come on to, as a replacement for the Committee of the Regions, but nonetheless at the moment we are being heard.

Cllr Murphy: Yes, communication and involvement over the last few months have been very good. However, this is a process. Whatever happens over the coming days and weeks, it is a process that will need to continue for quite some time. We need to have that dialogue not just about preparedness for Brexit but also to deal with issues that arise in the weeks, months and potentially years after that as well.

Q145 **Teresa Pearce:** Mr Vernon-Jackson, one of the things that you pointed out was your specific issue being a port and saying that, although the Minister for Local Government seemed to understand, the Department for Transport did not. There are different and specific risks that local authorities have. Your answer to that would be that they do not understand.

Cllr Vernon-Jackson: No. If it is helpful, I have a statement here from the Hampshire and Isle of Wight Local Resilience Forum, which says, "The Hampshire and Isle of Wight Local Resilience Forum preparations for a no-deal EU Brexit planning have been hampered by poor engagement from the DfT such as extended delays in provisioning key planning information, e.g. traffic modelling information requested in November 2018 and not provided until February 2019, when they sent it to the Channel Islands and told them not to give it to Portsmouth. Hampshire and Isle of Wight Local Resilience Forum does not consider DfT's assessment of the local reasonable worst-case scenario credible, given its lack of understanding of local transport modelling information and the absence of evidence provided by the DfT to support its assessment. Hampshire and Isle of Wight local resilience forum is extremely disappointed with the DfT's 25 March decision not to support the local mitigation plan".

So all the way down the line the Department for Transport has, in the view of our local resilience forum, which is chaired by our chief constable, behaved very badly, and we have had no support from them at all.

Q146 **Teresa Pearce:** How do you get that issue raised? If you have a block with the Department for Transport, what other forum can you go through to get that pushed to the front?

Cllr Vernon-Jackson: We have done briefings for MPs, the Hampshire and Isle of Wight MPs. We have talked to James Brokenshire. One of our local MPs in Portsmouth is a Cabinet Minister. None of them seems to have been able to make any headway with the DfT. We cannot get any co-ordination with the Highways Agency. Their contribution to planning, to help this, has been to start major roadworks on the motorway between

Portsmouth and Southampton, to remove motorway capacity where you could be able to stack people. We have had a systemic refusal from the Department for Transport to engage with us or support us in any way. The people I feel really worried for are the people on the Channel Islands. 90% of everything in the shops on the Channel Islands goes through Portsmouth. If there is a storm and the ferry cannot get through, after 24 hours there are gaps on the shelves. If we get total gridlock, which is a real possibility, people in the Channel Islands will have a real problem.

Q147 **Teresa Pearce:** Mr Bentley, to touch on what you said before, in May 2018 James Brokenshire said that the Government was exploring the possibility of replacing the Committee of the Regions with a non-statutory body to enable local government to comment on and influence domestic legislation. First, do you support that? Should it be a statutory body?

Cllr Bentley: Yes and yes. Do we support it? We took it to the Government as a replacement. We are not looking for a complete replacement of the Committee of the Regions, with its own building and shiny structures and that sort of thing. What we do want is a quick and nimble ability to be able to influence future Governments' legislation if it directly affects local government. We have that right through the Committee of the Regions. I am a member of the Committee of the Regions. Perhaps I should declare that, if I have to declare that, but I am a member of the Committee of the Regions at the moment.

Through the Committee of the Regions, we have the ability to influence, change or amend, for consideration for the European Parliament, to go back with European laws. We want the same ability now when that comes back. As you have heard my colleagues say, in the LGA our mantra is that we do not want to replace Brussels with Whitehall. Now is the chance to do that devolution in some shape or form. Now is the chance for us to have a proper say and for there to be a proper partnership between national Government and local government, on the basis that we deliver the vast majority of the laws and the regulatory services in this country. Now is the time for us to be able to have a say in those future laws. I already mentioned the Immigration Act, but I would expect that around other laws as well. The Secretary of State has been receptive to that. At this precise moment, it is not at the absolute top of the agenda because other things are—the agenda keeps changing, of course—but it will be. After exit, we will be pushing this very hard.

Q148 **Teresa Pearce:** Are there any other comments on that?

Cllr Murphy: I would agree with what Kevin has said. If we are talking about repatriation of powers from Brussels, that includes the powers that local government has in terms of that legislation at the moment. We would expect to be able to have influence on what happens as a result of that.

Cllr Vernon-Jackson: I have nothing to add.

Q149 **Teresa Pearce:** At the moment, you have devolution of responsibility but not decision-making.

Cllr Murphy: Yes.

Cllr Bentley: We have all the work with none of the say.

Q150 **Bob Blackman:** That prompts me to the key question. In terms of devolution, what do you want?

Cllr Bentley: We want a number of things. We want things around skills, as I have mentioned. There is fiscal devolution, which is—

Q151 **Bob Blackman:** I am sorry, but we do want to get quite specific here. In terms of skills, what exactly do you want to see?

Cllr Bentley: In terms of the way skills funding is allocated, I would rather that funds came to local areas and we could determine, along with our educational institutes, how that money is spent and where it goes. In Essex—I can speak specifically about that—we have an Employment and Skills Board, which is made up of educationists and business people.

Q152 **Bob Blackman:** Does that mean controlling further education colleges?

Cllr Bentley: I do not mean controlling them, but funding them or helping them to be funded.

Q153 **Bob Blackman:** Funding is a means of control.

Cllr Bentley: You use the word "control"; I talk about working in partnership. It is about actually making sure we deliver the skills required for those local businesses and local people to get those skills required to work in the local area. That is about partnership working. We have the system in place to do it; we do not have the funding responsibility yet. That is what I would like.

Q154 **Bob Blackman:** That is skills. What else is there?

Cllr Bentley: We want fiscal devolution, so the ability to raise local money to be spent on local projects. That is hugely important as well.

Q155 **Bob Blackman:** How would you raise the money locally?

Cllr Bentley: For instance, for me, if I could speak about Essex specifically, I would be looking around what we can do with our transportation. We have Stansted Airport. If we were able to levy an additional landing tax, for instance, which would come to us as opposed to central Government, that would be useful. There is road tax as well. If I could spend the amount of money that is given by drivers in Essex on the roads in Essex, I would be doing a lot better than I am at the moment.

Q156 **Bob Blackman:** Is there anything else that you want devolved?

Cllr Bentley: Infrastructure is important as well: the ability to work in transport authorities. Certainly, DfT is moving towards transport bodies.

We have one of these, and they are around the entire country. If we had the fiscal devolution to be able to spend and upgrade our roads, that would be useful as well. There are a variety of areas where we want to have devolution.

In digital connectivity as well, we would like to have the ability to invest in our areas, rather than waiting for handouts from Government to do that. It would be different in different parts of the country; there would be different demands. In city centres, connectivity will be around businesses and being able to be creative and enhance the UK economy. In rural areas, it is just getting connected in the first place. The ability to be able to do that will free up a lot of people in terms of the way they currently operate. The more people we can get working from home or in more localised hubs, the better it will be on our road system as well.

Q157 **Bob Blackman:** The LGA specifically mentioned English devolution. What would you want to see in that? For example, you mentioned that there would be a different series of demands from different parts of England. What would a devolution Bill look like in those terms?

Cllr Bentley: Of course, some areas of England do have devolution in the deals they have done with combined authorities, mayors and those sorts of things. That is okay, but it could be extended to other parts of the country as well. It is the freedoms that I have just mentioned; it is those abilities to run our local affairs. When people elect their local councillors, they should know that the power to make decisions that directly affect them, the way they pay their tax and what it is being invested in is invested in the people they live amongst all the time. That is a huge, powerful argument for this as well.

People can also select whichever party is offering policies they want to deliver, whether it be through a mayor system, a direct leader system or the current system we have. That is a constitutional question. It is about the freedoms that come with it. We have part of that, but only in different parts of the country. That should be spread right across England. Of course, in Scotland they have their own devolution practices at the moment. For us, we do not have that in England, and an English devolution Bill would give us that. Again, that is something else: we should sit with Government and write with Government.

Q158 **Bob Blackman:** Councillor Murphy, obviously you have devolved power to the Manchester city region already. What extra do you want?

Cllr Murphy: We have some devolution at the moment. It is important to recognise that devolution has to be to the appropriate place. I would absolutely echo Kevin's arguments about skills funding. I ought to declare an interest: I am on the board of an FE college, so I do have an interesting in that.

There are lessons to be learned from health devolution. That was devolution of money locally, but it was also devolution of influence over

national spend in the same area. That has produced much better results, because we can influence how the whole set of money is spent in our area. The same principle applies to skills. There would still be some national targets; there would still be national spend. Being able to spend that in an integrated way in consultation with national bodies would have an enormous impact. At the moment, the only devolved skills funding we have is the adult education budget, which is a tiny proportion of spending on skills. Correcting the economic imbalance in the country and driving up productivity outside of cities would help tremendously.

Again, fiscal devolution is another important thing that we would ask for, but all of this is about what is most appropriate. In some things, transport is more appropriate over a wider area. We are part of Transport for the North, which is about connectivity between the cities in the north of England. There is a variety of methods, but it is all about being able to have influence over the decisions that are taken in the place where they actually affect most.

Q159 **Bob Blackman:** What legislation do you envisage being required to effect this devolution?

Cllr Murphy: I would say that there would need to be another devolution framework, really—the next iteration of that. That would be specifically for England, but Glasgow and Cardiff are also members of Core Cities. It is a UK-wide issue, but the answer will be different for each place, because every place is different.

Q160 **Bob Blackman:** Councillor Vernon-Jackson, what do you envisage being the workload after Brexit for local authorities, given all this devolution? If you get what you want, how are you going to cope with the increased workload?

Cllr Vernon-Jackson: If we get the skills devolution, because we have much closer relationships with employers and training providers than national agencies, it will work well but it will still be work that needs to be done. The money will be significantly better spent if we can find local solutions to local problems. In terms of other things that I would be looking for, it would be in terms of public transport. We should either have powers to regulate buses in a better way or councils should be able to go back into that market in a way we are not allowed to now. We could then actually get better public transport, as opposed to what is happening at the moment, which everybody in local government recognises is a complete failure.

We also need something that allows councils to be able to recognise the different demands from Government to do entirely contradictory things and find a way of resolving them in a way central Government does not at the moment. We have been hit with an air quality action plan. Like many cities, we have been told to increase air quality and, exactly at the same time, the Government are telling us to double the number of houses we are building in Portsmouth, most of which is on an island with

three roads in and three roads out of it. The two things are completely contradictory. If we had some ability to be able to make those two things work and fit together, it would be a really sensible way of moving.

Q161 **Bob Blackman:** Finally, how do you envisage all of this extra devolution being funded?

Cllr Vernon-Jackson: In terms of the skills stuff, my understanding is that there are 42 different Government agencies delivering it at enormous cost to the central Exchequer. Kevin will probably tell me off, but I think we can probably do it cheaper and better if central Government steer well clear.

Q162 **Mary Robinson:** This is to Sue, in terms of Greater Manchester. I am keenly interested in the way devolution works, of course. We are in a slightly better place or we are a bit further on, because transport is devolved, and the adult education budget is devolved; that is going to come into play in April. Bus franchising is devolved within the parameters of the mayor's ambit. When you say you want another devolution framework, should it not just be a case that the mayor should be speaking to Government to ask for what he wants?

Cllr Murphy: Where we have elected mayors, they are very keen to speak to Government to talk about what they want, but that has to be backed up by legislation. Of course, mayors do not act on their own; they act in concert with local authorities, where they are part of a combined authority. This is something that does need legislation to strengthen it as we go. It is still a work in progress. Some of this does take some time. Although we have the legislation in place for bus deregulation, it still has not happened yet. It is still taking quite a long time. We are doing our best to get to the bottom of that and do that, but having a legislative framework actually puts in place the impetus for people to do it in a way that just having an agreement does not. I would suggest that there should be a flexible framework with the ability for people to have what is right for their particular area, but really a legislative framework to work within would help.

Q163 **Helen Hayes:** Finally, I would ask each of you what your top three priorities are when it comes to Government action on Brexit and its impact on local government.

Cllr Bentley: I am tempted to say, first, sort it out, secondly, sort it out, and, thirdly, sort it out, because we need some clarity around this. In all seriousness, it is around that clarity that we need to have. If it is no deal, what immediate action is in place to replace those EU laws that are coming back as UK laws? What systems are going to be involved? Work is being done on that; do not think it is not. It is just that we need to make sure we have it instantly and clear about what we are going to do.

You have heard about the port situation. This does become critically important. You have heard from my colleague from Portsmouth, Councillor Vernon-Jackson, about this. It is not just Portsmouth. He is

coming to represent them; he did mention other ports as well. It is those secondary ports. Again, with DfT, the road networks around a lot of those secondary ports are not great. Some of that is Highways England; some of that is the local authority. The knock-on effect to the local road network will be the local transport authority. We need some real clarity about what that is going to mean and whether those secondary ports are going to be used. We need some clarity around that. They have been announced, and that is fine, but what does it actually mean?

It is also resourcing as well, of course. We had a session earlier about the kind of resourcing we are going to need. Invariably, that is going to mean training and retraining a lot of our highly skilled staff. They are highly skilled, but they will need retraining nonetheless. We will also need to increase those numbers where possible. It will be different; it will not be one size fits all. Those chief executives are feeding back that information now. They would be my top three asks around this. It is a very difficult time. I absolutely understand that. We are not just trying to brow-beat anyone. As I have mentioned before, however, every single day local councils deliver the fabric of this country, and we will continue to do that, but we must do that with a clear plan.

Cllr Murphy: My top three would be these. First, we need some certainty. Coming to some kind of a resolution would be enormously helpful. Secondly, local government and cities need to be resourced properly for the impact of whatever kind of Brexit we have. That needs to be taken seriously. Thirdly, my priority would be to use this as a platform to genuinely put power in the control of people and places in the country.

Cllr Vernon-Jackson: Finally, for myself, I would very much agree with Sue. If overall this is a way in which we can transfer power down to a local level, then there is a huge benefit.

Being parochial about Portsmouth, I would like the Department for Transport to take the situation of cross-Channel ferries seriously. We do not want there to be a huge problem, but they are impossible to work with, particularly the highways agency. Secondly, I would be an idiot if I did not take the advice of the chief constable seriously to plan for what might happen and to spend the money to do that. There seems to be money to give to Kent or to pay for ferries with ferry companies that do not exist or whatever. I am upset that we had to take £4 million out of reserves that could go to schools to be able to plan for something and then to be told by the Minister, "Okay, if there is a problem afterwards, you can tell us about the cost-benefit analysis of how it helped". That is really not a positive way forward.

I just plead for the Department for Transport to take Brexit seriously and to try to make sure that local residents in my area and across the whole of the south of England are not faced with traffic gridlock because of their inaction.

Chair: Thank you all very much for coming to give evidence to the

Committee this afternoon.

Examination of witnesses

Witnesses: Rt Hon James Brokenshire MP and Simon Ridley.

Q164 **Chair:** Secretary of State, thank you very much for coming to be with the Committee this afternoon on a very topical subject, as you will appreciate. Could you perhaps just introduce your official at the beginning of our session? That would be helpful to us.

James Brokenshire: Of course. Thank you, Chair. I appreciate the opportunity to give evidence to this Committee on Brexit preparedness within local government. I am sure we will touch on a range of different issues. Simon Ridley is director general within the Department and holds the post in relation to our gold group operations, and therefore is the official most directly involved in all of the preparations from our Ministry, in respect of working with local government and other sectors as well.

Q165 **Chair:** Thanks very much, and welcome, Simon Ridley, as well. Obviously, we were planning to be leaving the European Union on 29 March. That may not be quite the right date now, but, nevertheless, the question is still relevant. Whenever it is, are local authorities ready, able and equipped to deal with whatever comes at them on the leaving day it will be on?

James Brokenshire: We have taken a comprehensive approach to listening and providing support, and indeed funding, to local government to be prepared. As I am sure you will appreciate, I do not own all of the policy issues that are relevant here.

Chair: Yes, I think we heard some of that in the previous session.

James Brokenshire: Nonetheless, we have sought to provide a convening function, through our EU exit delivery board, which has met six times, and actually provided that direct relationship between Ministers and local government to be able to provide the consultation, the preparation and indeed the work that has gone into all that.

I am as confident as I can be that councils will rise to the challenge, with all the work that has gone in. I am under no doubt that the scale we are dealing with is hugely challenging and the councils will need to draw upon their skills and resilience to meet the challenges that Brexit will pose. We have developed strong and extensive relationships to respond to emerging concerns. Indeed, we have worked through a number of those over a number of months. There is the work we have undertaken with other Departments too, to support councils, to listen to councils, and to see that we are as prepared as we can be as we look towards that EU departure.

Q166 **Chair:** I suppose that no deal is still a potential position we could be in. Would that pose a different challenge to local authorities and one you think they might be ready for?

James Brokenshire: We have been preparing on the basis of a number of eventualities. Clearly, no deal is not what we aspire to, but we have to be prepared for all contingencies. That is, profoundly, the approach I have taken to the task at hand and, indeed, how we are standing up capabilities within the Department to be able to bring people together, to have our departmental operations centre, to be able to work on the basis of no-deal preparations. Yes, there are obviously a number of technical notices that have been provided to the sector. We have set up a range of contacts through the local resilience fora that, in these circumstances, would take to the fore in terms of preparations around resilience issues.

Clearly, there will be implications. I am not trying to pretend to the Committee that there will not be. Some of the challenges are in relation to the short straits between France and Kent, and therefore extensive work has gone in on that side with colleagues across Government, looking to be prepared in a number of ways, and equally being nimble as to how the situation emerges. That is why we have, equally, set up a network with nine chief executives around the country regionally, to be able to have weekly conversations as to how that situation is emerging and whether there are regional issues and particular issues in different parts of the country, which there may be. It is that structure that we have put in place to be able to respond.

Q167 **Chair:** Secretary of State, you mentioned the fact that it is not just your Department that is involved in liaising with local authorities on many of these issues. I think you perhaps heard the final comments of Councillor Vernon-Jackson about his concerns about Portsmouth and the lack of engagement from the Department for Transport. He made them right at the beginning of his evidence as well. Does that feed through to you as a Department, or is it somewhere out there that you are going to have to go back to your office and try to find out what is happening over at the Department for Transport?

James Brokenshire: It certainly is a point that I am aware of, in terms of the concern that exists in relation to Portsmouth. That goes somewhat beyond some of the modelling and assessments of risk. We had a local government delivery board meeting where this issue was flagged directly to the Minister at that point in time. Actually having the delivery board provides a direct means of communication between local government and individual Ministers. We have had Ministers from almost all the Departments that you would imagine would be needing to have that sort of interface.

I know there is a clear difference of view between the Department on the level of mitigation proposed through the local traffic management plan and proportionality and scale of risk. Obviously, we have heard that again this afternoon, and we will continue to surface that to the Department for

Transport. I know there is that engagement that is there, and we continue to seek to facilitate that discussion. Obviously, it is for the Department for Transport to make some of those determinations on assessment of the needs in relation to the road network.

Q168 **Chair:** On the delivery board, Councillor Bentley made the point very strongly, on behalf of local government, that that was a distinct improvement and exactly that relationship was there, with other Ministers being there and able to answer questions directly. It just seemed that, from Councillor Vernon-Jackson, the Department for Transport was not engaging at all. That seemed to be the complaint. You obviously cannot answer it today; it is not your responsibility. Perhaps you could take it back and make sure at least there is a feeling of being listened to.

James Brokenshire: As I say, I know there have been a number of discussions that have taken place. I am very happy, from today, to ensure the message that has been given has been heard. Ultimately, I think there is a difference of view in terms of the overall assessment as to proportionality. I think that is at the kernel of perhaps some of the issues you have heard this afternoon.

Q169 **Chair:** Can we just go back to something that is your responsibility? That is the money you announced for local government, the £56.5 million. How did you arrive at the figure? Was it basically a best guess about what might be needed?

James Brokenshire: In terms of the way this is broken down, there is funding for councils this year, 2018-19, of £20 million; that is being provided this year and £20 million is being provided next year, so £40 million has been provided there. There is specific funding that has gone to ports, and then there is funding that we have available for the Department to provide teams and work with the local government sector. We also have a reserve that I hold of around £10 million for 2019-20 in respect of emerging pressures and issues that may present themselves, so I am able to act quickly.

It is also worth highlighting that there is, in essence, a further process we can go through with the Treasury to seek additional funds to deal with short-term pressures as they emerge. Inevitably, there are discussions that will take place, in terms of an assessment of what we have heard from councils, hence the reason why I decided to use some of my underspends and reprioritisation for this year, hearing what we had heard from the delivery board of the needs of councils for this current financial year, as well as looking towards next year.

Q170 **Chair:** You have got a bit of a reserve there, £10 million. I think the point Councillor Bentley and others were making to us—Councillor Murphy as well—was that, once this gets underway, it may not be the obvious things where you can say there is a direct transfer and additional responsibility now, but just things that have been done but have been done in a different way: new computer systems, retraining of staff. Their point was

made very clearly. If all those things start to cost councils more money, are you open to trying to find that money to assist with that sort of issue?

James Brokenshire: It is also worth me highlighting that I have spoken to the money that we have directly allocated through the £58 million in the announcement I made. There will be additional money that, for example, the Department for Transport has given to Kent in relation to pressures there, and indeed also new-burdens work that we are taking forward and have been working with other Departments on, in relation to pressures on implementation of changes to legislation. That is obviously something that we are keeping a close eye on with those Departments, in terms of their support for councils to make necessary changes. That is why I would break it down in terms of those individual elements of the funding that is being provided to councils. Through our regional contacts and through the delivery board, I will be keeping this under review.

Q171 **Chair:** Just finally, you mentioned one thing there about other Departments. I think the point was made in previous evidence that it is really helpful if your Ministry keeps an overview over the whole thing, rather than every Department writing individually to councils, saying, "This is going to change. Can you do this?" Do you see that as your role in this?

James Brokenshire: It is part of our role to act as that champion in Government, to champion the interests of local government, which I take very seriously, in terms of the pressures we have been applying, and escalating issues that have been raised with me through the local government delivery board. I know that Kent are receiving, from the figures I have seen, around £30 million from the Department for Transport for traffic mitigations. Kent Police will receive £845,000 from the Home Office for policing costs associated with EU exit, knowing that is one of the most acute elements we have been looking at. We are working with other Departments to challenge them, in terms of support for the sector and, where it is surfaced, pressing to see that appropriate funding is given.

Q172 **Mr Dhesi:** Secretary of State, you repeatedly promised, and indeed in a meeting of our Committee in July 2018 you stated, that by the end of 2018 there will be a consultation on the details of the UK Shared Prosperity Fund. As the Municipal Journal reported, that has not transpired as yet. One senior officer who was directly involved in regular meetings with Government officials said that their response to questions about the UK Shared Prosperity Fund, which was supposed to be happening shortly, was "worse than useless". The officer added that the Government have mishandled the arrangements for exit from the EU in a spectacular fashion, and that we are on the brink of leaving the EU and yet the councils have no idea what they are really planning for. What has gone wrong?

James Brokenshire: We obviously have been continuing to work up the UK Shared Prosperity Fund to be this new simplified fund operating

across the UK, replacing the existing EU funds. There has been discussion that has continued on the design of the UK Shared Prosperity Fund over the past year. We have had 25 engagement events across the UK, with over 500 people, representing a breadth of different sectors. Whilst, yes, I would want to see the consultation starting at the earliest opportunity, the work has continued to structure, to listen. We remain committed to consulting widely on the UK Shared Prosperity Fund.

It is also worth underlining the issues that are there over things like the Treasury guarantee over the structural funds too, and the technical notices that we have published in relation to that as well. I do not agree with the statement. Perhaps it would not surprise you that I say that, in terms of the characterisation of this. We have provided those technical notices. We have provided that clarification in relation to the European Regional Development Fund and others as well, in terms of looking towards our departure from the EU. Clearly, I recognise the call for us to engage properly over the UK Shared Prosperity Fund, and that is what we will do.

Q173 **Mr Dhesi:** You have stated at the earliest opportunity. When exactly will that be? When will the consultation be?

James Brokenshire: There are two elements. The quantum of the UK Shared Prosperity Fund would be something that would be settled through the spending review itself. Obviously, the Chancellor referenced that during the spring statement, in terms of the summer period.

Before that, we want to consult on some of the structures and purposive nature of the UK Shared Prosperity Fund, building on the previous statement that I made on the written ministerial statement on the fund. That is the approach that we want to take. Clearly, at this stage, all the focus for many people has, understandably, been on preparations for immediate departure and immediacy around the current frame, which is why we want to get on with the consultation. Nonetheless, it is where that might draw attention away from the current here-and-now elements, which, understandably, are the focus for so many people.

Q174 **Mr Dhesi:** Just to clarify, we do not know when the consultation will be, we do not know how much the fund will be and we do not know when and how it will be administered. Is that correct?

James Brokenshire: We have already set out, through my written ministerial statement, some of how we intend to invest on the foundations of the industrial strategy: ideas, people, infrastructure, business, environment and place. We have obviously indicated that we see the role of the local enterprise partnerships being key to this, so giving that sense of how the base structure would exist, but I know there is much further detail in relation to it.

Clearly, I cannot give assurances in relation to funding, because, inevitably, that depends on the funding envelope. That is why Treasury is

very clear that is something that would be needed to be settled through the spending review. My point is that the nature of this, on the simplified fund, to tackle inequalities between communities by raising productivity, especially in those parts of the country where economies are furthest behind, is the purposive element behind all of this and why we have been continuing with the work and consulting through the different events I have spoken about to develop that further.

Q175 **Mr Dhesi:** Let us go on to another Government promise. The Government guaranteed that local authorities will obtain the funding promised to them from various EU sources for the funding period ending in 2020. Local authorities have told us they would usually currently be preparing for the bids to the EU for the period from 2021 by now. Are you confident that there is enough time to establish the UK Shared Prosperity Fund, and do we have any other options?

James Brokenshire: As I have already indicated, we have the guarantee that the Treasury has provided. I am sure we may come on to the European Investment Bank as well as some of the existing European programmes. Obviously we have said that we will continue to participate in EU programmes financed by the multiannual financial framework through to 2020 until they end, including ERDF and ETC. Obviously, in the case of a no deal, we have extended the guarantee, first issued in 2016 and covering projects contracted before we leave the EU, to cover the full 2014-2020 funds allocation in the event of a no-deal scenario.

When you look at the technical notices, the ERDF notice we published, and for ETC as well, it gives that sense of further clarity as to the nature of the guarantee and indeed how things are intended to operate. Obviously, those technical notices are on record and have been published.

Q176 **Mr Dhesi:** You touched upon the European Investment Bank. The current withdrawal agreement, assuming that is the withdrawal agreement that is passed by Parliament, proposes that the UK should leave the European Investment Bank upon withdrawal from the EU. Why did you take that decision? Surely the European Investment Bank is a great asset to us, in terms of how we conduct our business. Are there plans to create a similar UK-based structure?

James Brokenshire: Obviously, there are those macro decisions that have been taken. As you rightly point out, under the withdrawal agreement the UK will secure the return of around €3.5 billion capital in the EIB. We then have the opportunity to shape our own arrangements. The infrastructure finance review was announced at Budget 2018, and the Government have then published a consultation at the spring statement. This process, in terms of how we will deal with things, yes, is ongoing, and that is the process that we have already set in train around this.

It is also worth bearing in mind as well that, under Section 4 of the withdrawal Act, the EIB group's operating rights are preserved. Therefore, just to clarify in relation to existing UK project contracts, they should be protected and organisations do not need to take any action. In other words, I suppose there are arrangements that sit there but equally, in terms of what the future may hold when we are able to, in essence, get our capital back, we will be able to reinvest that.

Q177 **Mr Dhesi:** There are plans for that similar UK-based structure on that.

James Brokenshire: As I say, that was started under the finance review, and so that will now conclude when we get to the spending review. It is precisely these issues that are being examined.

Q178 **Liz Twist:** I just wanted to go back to the Shared Prosperity Fund. What we were hearing from the previous panel is that the lack of information on exactly what it will be, as has been made clear in your discussions about the funding available, is hampering the ability to plan important and significant projects that are either ongoing or mid-process, part of a longer project. I just wondered what thought had been given to that holding up of some important infrastructure projects, for example, as was cited, or a shared funding partnership.

James Brokenshire: I recognise the desire to have more information in relation to this. As I have indicated, we are very clear that the funding pot itself can only be finalised through the spending review itself, for understandable reasons, in terms of how these issues are budgeted. Given the assurances through to 2020 and the Treasury guarantee, it is obviously from that point onwards. All I can say is that I do hear that call very clearly in the evidence that has been given today, and indeed through the sector. I am keen to examine ways in which we are able to advance the conversation as to where there may be pressing needs, in terms of the extent to which that can be surfaced.

That, in many respects, is why we set up, and I was determined that we would set up, the EU Exit Local Government Delivery Board, to provide that mechanism for urgent requirements or issues to be surfaced in this way. If there is a need to have more of that purposive conversation, absolutely, we can do. My intent remains to have a more detailed consultation. As I have indicated, it is a question of the appropriate timing so we can get the right inputs around all that. It is that transition through the guarantee facilities that remain there to be able to then transition into the UK Shared Prosperity Fund. I hear the message and the call for us to make progress on this quickly. That is certainly something I have very firmly in my mind.

Q179 **Liz Twist:** In your discussions with the Treasury, I am sure you would like to get this sorted out as quickly as possible, making it clear that is additional funding that is represented by money that would have been coming in from Europe, as opposed to the regular funding.

James Brokenshire: We have our different growth deals. Indeed, you may point to the towns deal as well, which we have indicated up front, in relation to the £1.6 billion that has been set out there. Treasury will be looking at all this in the round as we approach the spending review.

Clearly, there is the need for continued focus on structural and investment funds and indeed how that then supplements existing funds, like the prosperity infrastructure fund itself, which already is investing heavily on the sorts of issues that the UK SPF, the UK Shared Prosperity Fund, would then anchor into as well. It is precisely these discussions and considerations that will be part of the spending review. I will certainly be making my firm representations in relation to that.

Q180 **Chair:** On the same point, Secretary of State, you just mentioned the issue of the towns deal and linked it to the Shared Prosperity Fund. I asked you a question about it in the Chamber a couple of weeks ago and you made it clear that they were very separate.

James Brokenshire: They are.

Q181 **Chair:** We should not be taking the towns deal as part of shared prosperity.

James Brokenshire: That is correct.

Q182 **Chair:** That was a separate deal. I hope that remains the case.

James Brokenshire: Yes. Equally, for some colleagues who were concerned that, for example, the methodology that was used in relation to the towns fund was in some way setting a precedent or a framework for the allocations and the methodology for the UK Shared Prosperity Fund, as I said in the House, and I will say it again here today, no, that is not the case. They are entirely separate.

Q183 **Chair:** That is helpful. Just to move on to the Shared Prosperity Fund for one further point, obviously areas like Cornwall, which are currently objective 1 areas, are interested and indeed pushing very strongly for the fact that they should not be any worse off once we leave the European Union. They will be getting what they would have got if we had remained a member. I think you probably know where I am going to go to with the next question. There are areas like Tees Valley and Durham, Lincolnshire and South Yorkshire, which currently are not objective 1, which would have become objective 1 if we had remained in the EU, because their relative GVA has fallen. Can you see the very strong case they would make as well for not being worse off under the Shared Prosperity Fund than they would have been if we had remained in the EU?

James Brokenshire: I was in Cornwall last week, so I know the sensitivity and seriousness with which they take the issues of the UK Shared Prosperity Fund. That is why I made the point that I did about the towns fund and the methodology attached to it just a few moments ago. Clearly, it is this detail that will require that careful analysis, and why I remain committed to consulting on this properly. As I have indicated, the

fund is designed to tackle inequalities between communities by raising productivity, especially in those parts of the country where the economies are left furthest behind. Those issues of deprivation are clearly very relevant.

We will want to look carefully at the methodology and the funding formula that is applied to this. I obviously cannot give that sense of what that looks like today, but I know there will, understandably, be clear representations that will be made, I am sure, from all parts of the country, in terms of economies that would argue and present evidence to show that they are furthest behind. Therefore, we need to reflect on that, as we look to the detailed design of the Shared Prosperity Fund, and actually move it forward into that next phase.

Q184 **Chair:** Then there is of course also the question about not merely how money is distributed, but, if there are more regions of the United Kingdom that would have been eligible for objective 1 status in the next spending round if we had remained in the EU, that is an argument about the size of the Shared Prosperity Fund as well, is it not?

James Brokenshire: I hear the point that you make, Mr Chairman. That is something that will, I am sure, be very relevant, in terms of the outputs and outcomes from the spending review. Of course, I hear that point loud and clear.

Q185 **Liz Twist:** I will move on to workforce issues. Local government, as well as other stakeholders, has expressed concern that Brexit will lead to a dearth of workers in sectors such as social care, construction and agriculture. Is anything being done to mitigate this in those areas specifically?

James Brokenshire: The Department of Health and Social Care has been proactively encouraging the social care sector—for example, it has issued operational readiness guidance, which was published in December—and through a number of events over recent months and other communications to, for example, support staff in applying to the EU Settlement Scheme. In other words, it made that abundantly clear, as to the simplified processes around all of that and what people would need to do. Therefore, it is continuing to work closely with the sector to ensure there is that sense of operational readiness. The Minister for Care sent a letter out in February, to both providers and local authorities, on guidance for EU exit and preparedness. There has been a lot of engagement and thought that has been given.

Just to give some numbers, in social care EU nationals make up about 8% of the adult social care workforce. That is not evenly split, so there will be parts of the country that have a greater reliance on that workforce than others, predominantly London and the south-east. If we look at the north-east, only 2% of the workforce would be EU nationals.

It is not just the work to underline that we value and want our EU workers in the sector to remain, and the steps that have been taken to underline how that is absolutely doable, achievable and all the steps that have been taken on that front. It is also continuing to look at different parts of the country, which is why we are monitoring this very closely and carefully and maintaining that close contact with the Department of Health and Social Care, which obviously continues to take the lead in relation to this.

Q186 **Liz Twist:** What about construction and agriculture?

James Brokenshire: On construction, the Department for Education has launched its £24 million Construction Skills Fund to support around 21 hubs that are focusing on housing. That is applying knowledge. There is the £420 million Construction Sector Deal to transform construction through technology. That is intended to deliver about 25,000 construction apprenticeship starts and 1,000 construction T-level placements. The Department for Education is looking at that very carefully, as to how we continue to support the construction sector.

Equally, on agriculture, I know the reliance on EU workers and seasonal agricultural workers has been a topic of debate for a number of years. On that front, we have introduced the new seasonal workers pilot scheme for 2019 and 2020, enabling up to 2,500 non-EEA migrant workers to come to the UK to undertake seasonal employment in the edible horticultural sector.

There are steps that are being taken, in a number of different sectors. Of course, we remain vigilant and alive to the work on the long-term immigration system, with inputs from the Migration Advisory Committee and indeed further inputs in relation to the White Paper, as we form our long-term migration approach, recognising where there may be skills shortages and how best we respond to that in our economy.

Q187 **Liz Twist:** Thank you for that. There are a number of different areas. Some of the things you are talking about in construction or social care sound to me perhaps slightly medium-term things, people who may be trained up in the future. How are we going to cope with that shortfall in people to do those jobs in the short term?

James Brokenshire: That is why I make the point about, for example, having clarity over the EU Settlement Scheme. The Department of Health is also looking at this issue in relation to NHS workforce, and therefore the parallels between NHS workforce and indeed on social care, and giving the information to ensure that people understand the simplified process. There are some of the statements the Prime Minister made about applications being free of charge, and it being as quick and user friendly as possible. Some of the immediate issues are giving that sense of assurance that people can stay. We want people to stay for the really essential contribution they make to our economy and to really frontline sectors such as social care.

I would point to that being a very clear approach to deal with the short-term issues of the here and now, as well as a number of steps that, frankly, are intended to deliver quickly. We spoke about the issue of construction. For example, the placements are intended to be by 2020, so that is intended to be very rapid, in terms of the work we want to see and actually dealing with some of the potential challenges that inevitably lie there.

Q188 **Liz Twist:** On the agriculture side, has there been any discussion between Defra, the Home Office and yourselves about how that is working out, in terms of the seasonal workers pilot scheme?

James Brokenshire: Again, the seasonal workers pilot is now open and workers are being recruited. There are two operators, two organisations. Concordia and Pro–Force have been identified by Defra to operate the pilot, and both have now been licensed by the Home Office. We expect the first workers to start to arrive on farms in April. There is work between Defra and the Home Office in relation to this. They will be monitoring carefully how this develops in the months ahead.

Q189 **Liz Twist:** Looking at that longer-term issue of the migration system, the Government's White Paper on a skills-based migration system proposed facilitating the immigration of highly skilled and highly paid workers. Various industry stakeholders, including the Construction Leadership Council, have told the Home Office thresholds for qualification and salary levels are too high and will cut out valuable members of the workforce, potentially compromising local authority home-building targets. What is your take on that and how it will affect local government? Have you made similar representations?

James Brokenshire: There is a distinction between local government and the sector more broadly. What I can say is that we have the White Paper. We are clear on that intent to have a migration policy that is based on skill rather than nationality. We will continue to look at the evidence as it is presented to us. Obviously, there is the work of the experts that advise us, such as the Migration Advisory Council, which look at, where there are priority sectors or priority needs, what further advice they give to us in this regard. It is that focus on skill that, as we set out in the White Paper, is at the forefront of the new immigration sector and the new immigration policies. We will continue to look at the evidence as it is presented to us. I think you will see from the pilot scheme in relation to agriculture how indeed we have reflected on that.

Q190 **Liz Twist:** A lot of people feel the £30,000 salary limit would be too high for a lot of the jobs that we are talking about in and around local authorities.

James Brokenshire: It is important to recognise, as I have referenced, for example, as we were discussing in relation to construction, the need to support greater development of our UK workforce, and hence the reason for the investment the Department for Education has provided to our construction skills. We may well want to come on to—and I am sure

we will do in relation to devolution in a second—how those sorts of skill bases are determined. It is how we can support that and look at what our approach needs to be for the future.

The Home Office is conducting 12 months of engagement, supported by other Government Departments, on how we show delivery, looking at the duration and cooling-off period of the temporary workers route, salary thresholds of the skilled workers route, salary thresholds for graduates entering the skilled workers route and the administrative burden and costs of sponsorship duties. There is that engagement that the Home Office is undertaking.

Q191 **Liz Twist:** In our evidence session with representatives of urban local government areas, as you heard, I think, Secretary of State, the issue of devolution of adult skills funding and the lack of progress that has been made on that was raised as a means of addressing the skills gap post Brexit. You told us in October that there is no existing plan to devolve skills funding further post EU exit.

James Brokenshire: I suppose what I can say on the adult education budget is that there has been devolution to the six mayoral combined authorities from 2019-20, through devolving around half of the £1.5 billion budget. We will give mayors the ability to tailor their 19-plus skills provision so that local employers can access the skills they need. That, you might say, is an important step forward.

There is a continuing discussion we are having with the sector over what the landscape and the environment may look like in a post-Brexit environment. Obviously, that, for obvious reasons, is currently not the main focus, the main focus being on delivery. I am sure we will come on to other issues on, for example, the Committee of the Regions and how we move forward in relation to that. There is a continuing discussion that we are having with the sector, but I hope at least that may point to some further movement in relation to that.

Q192 **Liz Twist:** The mayoral authorities are just one part of the country. Clearly there is that wish from other regions to have that same devolution for skills.

James Brokenshire: This is clearly a step forward in devolving skills policy to date and does provide that sense of greater control by local areas. Clearly, we will see how that beds in into 2019-20 and will continue to reflect, no doubt, on calls for non-mayoral combined areas as to how they see that and, equally, where there may be further scope. I hope at least that gives a sense of movement in the direction of devolution. As I have said on a number of occasions, I am pleased to champion what local government does and can do in the future. Therefore, I remain reflective as to how we can have an informed conversation post Brexit as to what that might mean and what that might lead to as part of a devolution agenda.

Q193 **Helen Hayes:** I just wanted to come back to the issue of social care and the workforce. Just to be absolutely clear, social care workers do not earn £30,000 a year. There is no analysis that shows that our need for social care workers can be met without migration. We know there are significant numbers of social care workers who come from the European Union. I am afraid, Secretary of State, your answer to that question was rather passive. I just wanted to press you on what representations you are making to the Home Office about the very real threat that is posed to the daily personal care that thousands of people in this country receive and rely on every single day, if social care workers are unable to come from the European Union to work looking after vulnerable people in this country as a consequence of the £30,000 threshold.

James Brokenshire: Obviously, the Department of Health and Social Care takes the policy lead, but local government has the delivery in relation to that. Therefore, the issue of sustainability within social care is something that matters to me enormously, both in terms of the frontline services that are provided and in terms of what that means on financial sustainability for local government. I appreciate that is probably one for a whole different session and debate. I am sure we will have that in the weeks and months ahead.

I am certainly very firmly working with the Department of Health and Social Care on a number of these elements. All I can say is that we are looking carefully at what the evidence presents, in terms of workforce planning, in the same way that the NHS itself is looking at workforce planning around this as well, and the different needs in different parts of the sector to be able to support the frontline services that are needed. All of that, yes, is wrapped up, in part, into some of the long-term financial sustainability that we are looking at as part of the social care Green Paper. I am alive to the issues, if I can make that point, and therefore the need to ensure our workforce planning and our financial sustainability is at the forefront of our minds as we look towards the future of our social care system.

Q194 **Teresa Pearce:** Last summer, when you announced the EU exit delivery board, it was widely welcomed. Do you think it has been an effective mechanism? How often has it met and what is it currently considering?

James Brokenshire: I am conscious I have Simon alongside me as well. I have been answering all the questions, but I will perhaps also invite Simon to make some comments on some of the structuring that we have put in place. It has made an important difference. The board has met on six occasions since last summer. It is now meeting on a monthly basis, so that has provided that monthly opportunity for representatives from the sector to be able to talk to Ministers directly, to be able to listen to presentations that they have made over the implementation of different policy steps and to feed back their concerns or their comments, or to be able to have that sense of dialogue, which I think has been hugely beneficial.

That has been an important step that I was determined we would put in place. I would also highlight the different structures on the nine chief executives and so, I suppose, that official level contact that, again, provides us with a further interface on being able to share information, as well as to receive inputs from around the country, for the reason I have highlighted: that effects will be different in different parts of the country. There is also then how that supplements the local resilience fora network as well. In essence, we have three mechanisms: through the delivery board, through the chief executives, the nine of them, as well as through the LRFs.

Simon Ridley: The delivery board has been really important, because it gives the Secretary of State and Ministers the opportunity to have a dialogue with political leadership across local government. What we can bring to that, as the Secretary of State has laid out, is what we have developed through our engagement with the 38 local resilience fora. We have been and seen them individually locally. We have brought the heads of all 38 together a couple of weeks ago to discuss a number of issues and resilience planning.

Secondly, there is the work with nine chief executives, who have been willing to bring together information and represent views from their region but also have given us the opportunity to have a single conversation with local authorities. We have weekly calls with them. We bring senior officials from other Departments into those, so they can have that dialogue directly. That enables us to have, as I say, a single conversation.

Equally, within Government, because we have started to build this infrastructure, we have been able to work with other Government Departments much more clearly to understand their work streams that have an impact on local authorities. As somebody said earlier this afternoon, it gives us the opportunity to have the view across the piece and to bring those things together and give the Secretary of State the information and insight as to where the key issues for local authorities are, even when those are directly the responsibility of other Government Departments to take forward.

Part of that we have built because we have had a number of calls from councils that, as Departments started to engage, they started getting overwhelmed with lots of calls about lots of different things. We have tried both to deepen the engagement and to pull it together.

Q195 **Teresa Pearce:** Given that local government delivers services to people up and down the country, it is so very key. It appears regrettable that, Minister, you are absent from the primary Cabinet committee overseeing post-Brexit domestic policy, given that surely you should be there, because this is how services are delivered to people.

James Brokenshire: I am not sure which policy group that references, because certainly I am part of all the EUXT—

Q196 **Teresa Pearce:** But this is the Cabinet committee.

James Brokenshire: Yes, the Cabinet sub-committee, so we have our EUXT preparedness, as it is known, which is the Cabinet sub-committee that deals with all of the preparedness work. I very firmly am a member of that, for the very good reasons you have highlighted.

Q197 **Teresa Pearce:** Is the remit of the sub-committees deep enough to represent local government? Should local government not actually be at that Cabinet committee rather than the sub-committees?

James Brokenshire: That is why we have built in this clear architecture of our EU exit preparedness Cabinet sub-committee. Therefore, I have my EU exit delivery board that sits within that, or sits underneath that. There is a clear architecture we have sought to provide to ensure that I am informed of concerns that may come through from local government, and am then able to escalate that, as needs be, through that structure I have highlighted here. If I were not a member of that committee, I would agree with you. It is why I was very clear that I would be a member of that committee.

Q198 **Teresa Pearce:** You are confident that the voice of local government has a seat at the very top table.

James Brokenshire: Yes, I believe I do, absolutely.

Q199 **Teresa Pearce:** Good. You wrote to us in May 2018, saying the Government were considering creating a non-statutory structure similar to the Committee of the Regions. Has progress been made on that?

James Brokenshire: In some ways, at the moment we are, through the delivery board, bringing representatives from local government together. Indeed, at the last delivery board there was the opportunity for, from more of an observer capacity, some of the representatives from the devolved administrations to follow through. That was actually reflecting on a discussion we had had at one of those Cabinet sub-committees where the devolved administrations were present.

We have that monthly meeting that is now in place, but, in terms of the Committee of the Regions and what happens next, we are having discussions involving colleagues within the Local Government Association, the Convention of Scottish Local Authorities, NILGA, the Northern Ireland Local Government Association, as well as the Welsh Local Government Association.

Any new consultative arrangements arising from these discussions clearly will need to complement the wide range of domestic processes and procedures the Government already have in place for consulting local government. It is that commitment that we have on following through and creating these non-statutory arrangements. I believe they will provide the necessary response. We are committed to discussing with the four local government associations how we might replicate arrangements

domestically. That work is what is being taken forward and so it is that intent that we are advancing.

Q200 **Teresa Pearce:** Is there a timescale for that?

James Brokenshire: The short answer is no, because those discussions are ongoing. If I was concerned that, for example, we did not have the delivery board in place, you would have nothing there at the moment. We have a board that is rightly attenuated and focused on EU exit and how we deliver around that, in terms of what those pressures are. Post Brexit, we will certainly be turning our attention to how we then create more of this steady state type of arrangement, on ensuring that local government, within England but also across the devolved administrations, has that means to feed in and actually have that means of interfacing with UK Government on the needs that local authorities up and down the country may have.

Q201 **Teresa Pearce:** Are you happy with that being non-statutory?

James Brokenshire: I believe that is the right arrangement. We consider that it is unnecessary; it would risk undue rigidity and bureaucracy if we put this on a legislative basis. I am keen to continue the discussions with the sector, to get the non-statutory arrangement up and running post Brexit and therefore see, as I think has been experienced through the EU Exit Local Government Delivery Board, how that has provided direct relationships between local government and individual Government Ministers from different Departments.

Q202 **Bob Blackman:** Moving on to devolution of powers, your predecessor promised a devolution framework. What has happened about that? When are we going to see it?

James Brokenshire: You are right to challenge on this, Mr Blackman. It is, in some ways, how we have been advancing the UK Shared Prosperity Fund. In some ways, I see the two as not part of the same thing, but there is clear connection between the Shared Prosperity Fund and the devolution framework so that, in a post-Brexit landscape, we are looking at where the structural funds may sit, but, equally, the scope for further devolution.

Work is continuing in relation to that. Whilst I am keen to get this out, there is a need to land Brexit first so we can all look at this properly and sensibly. I understand this has been promised. It has been promised for quite some time. Indeed, I recognise that it is a manifesto commitment as well. It is not something I want to push into the long grass. It is something I have been working on and I would like to see progress coming through from that as soon as practicable, when we can ensure there is that time and attention to be able to consult and do that properly.

Q203 **Bob Blackman:** How long after we have clarity on Brexit will you actually be in a position to publish this?

James Brokenshire: I would want to see that coming through reasonably quickly in a post-Brexit world.

Q204 **Bob Blackman:** Is that soon, imminently, this spring, late autumn, winter?

James Brokenshire: You have used all the different acronyms to—

Bob Blackman: I have not used "shortly"?

James Brokenshire: Shortly, in due course. In trying to answer to the Committee, the devolution agenda is one I feel really strongly about. There is a real opportunity, as we look to a post-Brexit world, to actually remake our relationships within local government and our relationship between national Government and local government. I have spoken about what I have termed, in essence, a new unionism of how we relate between our nations and our regions that sense of identity that we have as a United Kingdom. I see this as an important facet of this, an important part, as we look to remake that nature of who we are as a United Kingdom.

Whilst I cannot give you that sense of a definitive timeline, what I can tell you is that is something that matters to me personally and I actually think is important as we look to a post-Brexit landscape, as to how we restate and use that chance, use that opportunity to remodel and look where powers sit and where devolution can actually come to the fore.

Q205 **Bob Blackman:** At the moment, we have devolution to Scotland and to Wales, but in England it is a very different sort of make-up, with some powers devolved to London, some to city regions, some to various different growth deals. Those are not completely different, but there is quite a variance of powers and responsibilities. The LGA has proposed an English devolution Bill. I am not sure if you have heard some of the evidence it has presented. It talked about various different powers, such as skills and other powers, that it would like to see devolved. Do you see the need for a Bill, an Act of Parliament, to do it?

James Brokenshire: There is a real need for an active conversation around this. I have spoken about some of the first steps in relation to skills to mayoral combined authorities. Clearly, this has evolved over time. I am certainly not suggesting there is a need for a one-size-fits-all either, because you can get drawn down that and say, "You all need to this and this", in a neat, sequenced way. In some ways, there have been benefits of being able to evolve devolution and recognise where there may be particular demands or particular circumstances that may better lend themselves to powers or to an assessment of where needs may reside in particular areas.

Clearly, on the UK Shared Prosperity Fund, we are looking carefully at what the role of the local enterprise partnerships is, as part of that, in terms of their decision-making and that relationship between local authorities and the LEPs themselves. Indeed, that lies, in part, in some of

the work we are looking at as part of the towns fund as well. It is where you can get that better assessment of need and how to apply resources against that. What I am saying is there are different models you can advance. Certainly, I want to have that conversation.

Q206 **Bob Blackman:** You want conversation, but not legislation.

James Brokenshire: You need to have a conversation first, because the legislation tends to suggest that you have decided in advance as to what the right model may be.

Q207 **Bob Blackman:** The LGA is suggesting this as part of its contribution towards the conversation. What is your response to it?

James Brokenshire: I welcome the conversation and I look forward to getting into some of the detail as to whether legislation really is needed when we are already seeing some of the devolution I have spoken to. Skills and other facets may not need legislation in that way. We are working and looking at the way that LEPs may have greater spending power and authority, and what their relationship is with individual communities, because, equally, LEPs can be quite distant, and therefore there is how we understand what the needs of particular communities or towns may be within their areas. That is why I see it as a slightly more dynamic conversation in that way.

Q208 **Bob Blackman:** There is an argument that a lot of devolution has come from different local organisations, perhaps combined authorities, coming forward and saying, "We want this", with the Government negotiating then on delivery, which means you get very disparate results across the country. Is there not a case for saying, "We in central Government want to make sure that power is devolved to the proper level, to the lowest possible level. We are going to get all these powers back from the European Commission. We are not going to keep them in Westminster. We are going to put them down to the lowest common denominator, where decision making really matters"? Can you see the benefit of that?

James Brokenshire: I take you back to my visit to Cornwall last week, where they have a really interesting example, where they have done just that and actually taken that all the way down to community level, with ownership from town councils and communities taking direct ownership, in that sense of trust and stewardship, over community assets. There is that sense of onwards devolution in that fashion as well, which is really interesting and something that I was keen to see in practice and understand what that meant. It is right, that does not need legislation. That is what I am saying. As parliamentarians, I suppose it is always very easy for us to—

Bob Blackman: Pass a law.

James Brokenshire: Yes, pass a law, when actually you can do so much without doing that, in terms of how you structure funds and how you look at the flexibilities that are available there. There is a genuinely exciting

and positive debate to be had over this issue of where relationships, where power and where community actually sits, and how you are able, through these mechanisms, to ensure that communities feel that they have that stake and that ownership, and indeed how we ensure there is a stronger focus on communities themselves. That is why I am looking forward to the further debate and discussion in relation to a devolution framework, but equally some of that onward devolution and how we look at funds, whether that be through our towns programme or otherwise, to see that you get that greater community buy-in.

Q209 **Chair:** Just in terms of the LEP role, you mentioned as part of the devolution arrangements that they probably do have a role. Do you accept ultimately that the difference is that local authorities are accountable in a way that LEPs are not?

James Brokenshire: Yes, I do. I do understand. Obviously, we have done the LEP review and some of the different recommendations over governance that apply there are on greater transparency. There are certainly issues we will work through as part of the consultation on, for example, the UK Shared Prosperity Fund, as to what that accountability needs to look like. You are right: there is the clear and direct accountability that local government has, with elections and everything that comes with that democracy.

It is also looking at what other structures there may be that aid that ability for regions or areas to be able to have that greater allocation or decision on where funds may go. There is the relationship between LEPs and local authorities, et cetera, but equally it is about how we ensure that we get that sense of dynamism from the private sector, as well as amplifying the dynamism from the local government sector, in terms of how you ensure that is brought together, which was one of the issues at the heart of the LEP review itself.

Q210 **Mary Robinson:** This is neatly following on, as we are discussing powers going down towards local authorities. The LGA has said that after Brexit it would like the Government to simplify the EU procurement and state aid rules, which regulate how councils buy goods and services. Will the Government do this?

James Brokenshire: We are conscious of the needs around this. We published a technical notice in relation to public sector procurement after a no-deal Brexit, so just to give assurance in relation to how those rules would apply in relation to OJEU and the points that had been flagged to us about giving that sense of certainty and clarity. In those arrangements, clearly we will safeguard and provide that sense of continuity and safeguards in relation to that.

In terms of the move forward, it is obviously something we are looking at closely, as to how we have the different contracting arrangements. If we were to leave the EU with no deal, the way businesses access and respond to public sector notices would not change, just by way of clarity,

but we would set up, effectively, a UK e-notification service to replace the OJEU existing structure. That will be ready when the UK leaves the EU.

The Cabinet Office takes the broader focus in relation to contracting. Therefore, again, I hear the LGA's request. Once we leave the EU, we will have greater flexibility to look at these issues, whilst obviously still being very conscious of continuing state aid requirements and the importance of those.

Q211 **Mary Robinson:** Will it be a lighter-touch approach?

James Brokenshire: At this stage, it would be wrong for me to speak on behalf of the Cabinet Office and others. I know local government has made that call for simplification and, clearly, being outside the EU will give us that greater flexibility.

Q212 **Mary Robinson:** In January, we heard from Melanie Dawes, the Permanent Secretary, that the Ministry were mapping areas where councils may have additional responsibilities as a result of EU legislation being transferred to the UK. What areas are you looking at and how has this work been progressing?

James Brokenshire: Again, this ties back to some of our earlier conversation on the local government delivery board. If I look at impacts, what we are talking about on that is, for example, trading standards, the sort of work that both BEIS and Defra lead on, as to how they are implemented and applied in practice, and so changes of legislation. That is what we have been working on with both of those Departments, to ensure there is good understanding and engagement with the sector as to the nature of changes that may be there, and therefore the training requirements that individual local councils would be obliged to do. That obviously ties in to that direct implementation.

That is one example of the type of work that we have been pointing to, and therefore how we continue to facilitate that engagement through the delivery board and through other means. There is direct contact that Defra, BEIS and other Departments have had, with individual local councils, different roundtable sessions and different briefing sessions. It is that sort of work that has been ongoing since January and obviously is continuing.

Q213 **Mary Robinson:** Other areas such as food hygiene or waste management might be of interest to local authorities.

James Brokenshire: That is correct.

Q214 **Mary Robinson:** Is this something you would be looking at?

James Brokenshire: It is. Certainly it is something we have raised through the local government delivery board, for Defra, with officials and with Ministers, to be able to present to the local government representatives the different changes that are proposed and what the implementation issues are. It is precisely those sorts of issues where the

convening structures we have had have been able to allow, I suppose, bringing people together. It has been a lot of that direct engagement that Defra and others have been working on with local government, but equally how we remain vigilant as to the preparation and, where issues are surfaced through our connections with local government, surfacing that on to the relevant Department.

Q215 **Mary Robinson:** Do you feel you are making sufficient progress with this?

James Brokenshire: We are making sufficient progress. We remain confident that we will have a functioning statute book on departure. That is obviously through so many of the statutory instruments and others that have been ongoing over recent months. There is still work that is ongoing, and that is what we remain focused on achieving.

Q216 **Helen Hayes:** The EU 27 agreed last week that the UK could have an extension to the Article 50 deadline up to 22 May, but if Parliament cannot agree to the deal that is on the table the extension is only until 12 April, unless something more substantial shifts and the UK Government seek to negotiate a longer extension. In the event that we leave the EU within a very short period of weeks, what steps do you envisage being taken between now and that deadline that will ensure that local authorities are fully prepared for leaving the EU?

James Brokenshire: It comes down to building on a lot of the work that has already been in place, so the structures, both through the local resilience fora and others, to maintain that close connection. We have in place arrangements through our departmental operation centre, which obviously Simon takes the lead on setting up. There is work in the Department, where we have allocated and identified members of staff to move to, effectively, 24/7 support with our core no-deal response, so, in other words, an operation centre within the Department, with people supporting that direct work.

We have the work around the local resilience fora themselves and, in that connection, additional Government liaison officers to support LRFs immediately before and after the UK's withdrawal from the EU. Again, we have identified that need. In that connection, the MoD have agreed to provide 160 experienced Government liaison officers to enable our resilience and emergency department to support all 38 LRFs to cover a reasonable worst-case scenario.

In other words, there is stepping up and process that we have in place in readiness, should we be in the circumstance, which we do not want, of contingency preparations in relation to no deal. I wanted to give that sense that we are not sitting back at all. It is the work that has started today within the Department on setting up our operation centre, in preparedness, and indeed having the facilities to be able to support our resilience and emergency department and the local resilience fora

structures, which are, effectively, the structures that are there to meet short-term, real-time need, and that structure being very firmly in place.

Q217 **Chair:** Secretary of State, what would all these officials be doing if we were not planning for Brexit?

James Brokenshire: Obviously, there is work that goes on within the Department. There is the need for identification of resourcing within our own teams to be able to support. Clearly, there are a lot of people who are doing a lot of work on Brexit as it is at the moment. In terms of the need to staff up our operations centre on that 24/7 type basis, we will look to prioritise resources effectively and appropriately, as we would do during the course of other emergencies or crises, as I look to the past. This is a different set-up. This is a structured set-up, and that is why it has been that careful planning, which is why we are very clear this is not an emergency for the purpose of the resilience-type legislation. It is that structure we have put in place, thoughtfully and carefully, to be as prepared as we can be for those eventualities.

Q218 **Chair:** The number of people on it might explain why some of the other things, such as the devolution framework or the social care Green Paper, are a little later than perhaps initially planned.

James Brokenshire: It is a question of how we prioritise our resource. It is that careful thought that we are giving, in terms of the need to provide that 24/7 type coverage that may be needed to deal with ensuring we are getting the right information, co-ordinating all of that from around the country. That is the responsible thing for us to do in readiness and in preparedness. Equally, it is why I have spoken about the Government liaison officers around the network being prepared to draw on expertise from colleagues within the MoD, to be able to support and supplement that work as well.

Chair: Secretary of State, Mr Ridley, thank you very much for coming to give evidence to the Committee this afternoon.

James Brokenshire: Thank you very much.