

## BREXIT: THE GOVERNMENT'S NEGOTIATING OBJECTIVES

The Prime Minister, Theresa May, has today delivered the most significant speech not only of her premiership but for the UK and European Union (EU) since the outcome of the EU referendum was announced last June. Mrs May's speech comes following an agreement brokered in Parliament in December, under which the Labour Party agreed to abide by the Government's timetable for triggering Article 50 of the Lisbon Treaty by 31 March 2017, provided that the Government set out its plan prior to this date. Today's speech constitutes that plan, according to the Secretary of State for Exiting the European Union, although this may be contested as it falls short of the white paper on Brexit objectives that the [Brexit Select Committee](#) called for over the weekend.

In less than sixty minutes, Mrs May set out the basis for a fundamentally different future relationship – a “new strategic partnership” – between the UK and EU, bidding for a bespoke arrangement that will support Britain to develop as a “great global trading nation”.

In her speech, May sought to steer a course between:

- Meeting the expectations of those in favour of Brexit whilst taking into active consideration concerns of those who voted to remain in the EU, particularly around immigration.
- Seeking to thaw UK-EU relations to encourage trade and security collaboration in the future whilst issuing a clear warning on the consequences if the EU opts to forge anything other than a close trading relationship with Brexit Britain.

The outcome was a vision for the UK fully outside the EU, occupying ‘hard’ Brexit territory and underpinned by commitments to cooperation and partnership with the EU, free trade and tolerance for diversity.

This briefing sets out headlines from the Prime Minister's speech, NHS Providers' view on the Government's underlying messages, details of the Government's Brexit negotiating objectives, and an overview of the implications for the NHS and immediate political reaction to the speech.

### 1. HEADLINES

During her speech, the Prime Minister confirmed that:

- Parliament will be given a vote on the final deal negotiated with the EU.
- The UK will leave the EU's single market (see Table 1).
- Government intends to seek the establishment of a tailored customs agreement with the EU to achieve tariff free trade; this will be outside membership of, but may be related to, the EU's customs union (see Table 2).
- The UK aspires to play a leading role in science and innovation on the world stage and to continue collaboration with European partners on relevant projects.
- The Government regards securing the status of EU and UK nationals living in the UK and EU respectively as a matter of priority.

- The UK will regain control over immigration from the EU but recognises that a level of EU immigration will always be needed.
- The implementation of the negotiated arrangements will be phased following the UK's withdrawal from the EU on completion of negotiations to ensure that there is no 'cliff edge' for businesses and agencies.

## 2. READING BETWEEN THE LINES: A VIEW FROM NHS PROVIDERS

The underlying messages that NHS Providers took from the Prime Minister's speech are as follows:

### *On the UK's future*

- The Government wants to forge Britain's future in the image of its past as a "great global trading nation" – its vision is therefore both forward and backward looking; in a way, to 'Make Britain Great Again'.

### *On immigration*

- The Government accepts that the referendum result was something of a proxy vote on immigration and is responding to that, but it is not comfortable with anti-immigration sentiment taking hold in the UK and plans to preside over an internationalist Britain.

### *On the EU*

- The Government's message to the EU appears to be: "We know that the UK has always been an awkward relative and that Europe took the referendum outcome hard, but we want to be a good friend and neighbour. We do, however, want you to hear this:
  - If you want the European project to succeed, the EU needs to pursue a more flexible approach that is more tolerant of the diversity of your member states.
  - We are clear that no deal with the EU is better than a bad deal – if you try to punish the UK for leaving in the negotiations, we will strike back by aggressively undercutting your financial competitiveness and interests wherever we can.
  - A strategic partnership between the UK and the EU is possible and, more importantly, desirable, primarily in relation to trade and security; we can be prosperous and safer by playing well together."

### *On further commentary on the Government's Brexit Strategy*

- The Government was emphatically clear that it has told Parliament, the press and the public as much as it wants to for now and there won't be any more information. Moreover, the Government has implied that if such information is asked for, or if speculation is hyped up to fill column inches, or if the Government's approach is opposed for opposition's sake, then this amounts to acting against the national interest.

### *On the role of Parliament*

- During questions with the press following her speech, the Prime Minister made apparent that she expected Parliament to vote in favour of the deal the Government will negotiate with the EU.

## 3. OVERVIEW OF GOVERNMENT APPROACH TO BREXIT NEGOTIATIONS

### Underlying principles

The Prime Minister outlined the Government's underlying principles guiding Brexit as:

1. Providing as much certainty and clarity as possible at every stage of the process
2. Making Britain stronger
3. Making Britain fairer
4. Building a more global Britain

### Negotiating objectives

The Government will seek to deliver 12 objectives through Brexit negotiations. These are:

1. **Certainty wherever possible**
  - To be delivered through:
    - Granting Parliament a vote on the final deal negotiated with the EU
    - The Great Repeal Bill, which will transpose EU law into UK law at the point of withdrawal from the EU.
2. **Control of our own laws**
  - By ending the jurisdiction of the European Court of Justice and repatriating sovereignty to Parliament and the UK courts.
3. **Strengthening the United Kingdom**
  - By maintaining the UK's four nation union through delivering a Brexit that works for all, repatriating powers returned from the EU to Westminster and the devolved administrations appropriately.
4. **Maintaining the Common Travel Area with Ireland**
  - Through delivery of a practical solution that allows the maintenance of Common Travel Area between the UK and the Republic of Ireland that ensures integrity of the UK's immigration system with this border it shares with the EU.
5. **Control of immigration**
  - By regaining control over immigration from the EU, whilst continuing to attract "the brightest and the best", from the EU and internationally, to work and study in the UK.
6. **Rights for EU nationals in Britain, and British nationals in the EU**
  - By guaranteeing the rights of EU nationals living in the UK and UK nationals living the EU as quickly as possible.
7. **Enhancing rights for workers**
  - Committing to ensure that workers rights enshrined in EU law are fully protected and maintained.
8. **Free trade with European markets**
  - To be achieved by:
    - Taking the UK out of the EU single market.

- Pursuing a “bold and ambitious” Free Trade Agreement with the European Union that enables tariff free trade in goods and services between the UK and EU member states. This agreement:
  - Will seek the greatest possible access to the single market on a fully reciprocal basis
  - Could include elements of current single market arrangements in certain areas – for example, on the freedom to provide financial services across national borders.

*Table 1: The single market in brief*

The EU single market –often referred to by other EU member states as the internal market – is an area in which tariffs, quotas or taxes on trade are eliminated and in which the free movement of goods, services, capital and people are enabled. Other potential barriers to free trade – such as differing rules between member states on, for example, packaging and safety – are also abolished, with uniform rules and regulations instated across the single market area instead.

- The creation of a bespoke customs agreement with the UK, which may involve tailored membership of the EU’s customs union (for instance, associate membership) or involvement in certain elements.

*Table 2: The customs union in brief*

The EU customs union constitutes a trade agreement between member states under which:

- No tariffs, taxes or quotas to goods or services originating from a member state apply when moving from that country to another
- An agreed tariff is applied to goods imported from outside the union
- Goods that have cleared customs in one state can be moved to others within the union without imposition of further tariffs.

As such, UK goods, whether they originate from the UK or not, are currently imported tariff-free into the EU. Outside the customs union, all goods imported to the EU from the UK would be subject to EU set tariffs, but the UK would be able to set its own tariffs for goods imported both from the EU and the rest of the world.

**9. New trade agreements with other countries**

- Enabled through the UK’s ability to establish its own tariff schedules at the World Trade Organisation to enable trade agreements to be struck with countries both within and outside the EU.

**10. A leading role in science and innovation**

- By maintaining the UK’s place as a world leader in science and innovation, including welcoming agreements to continue to collaborate with our European partners on major science, research, and technology initiatives.

**11. Cooperation on crime, terrorism and foreign affairs**

- By tackling cross border crime and terrorism by instating practical arrangements on matters of law enforcement and the sharing of intelligence material.

**12. A phased approach, delivering a smooth and orderly Brexit**

- To avoid a “disruptive cliff-edge” at the point at which the UK formally withdraws from the EU, in the period of transition from the UK’s “existing relationship” with the EU to its “new partnership”, the Government will seek to:

- Reach an agreement on the UK's future relationship with the EU by the end of the two year negotiating window, due to be in 2019
- On the understanding that this will not represent that "some form of unlimited transitional status", phase implementation of agreed arrangements to allow member states and businesses to adjust to these (for instance, relating to immigration controls of regulator framework for financial services).

## 4. IMPLICATIONS FOR THE NHS AND SOCIAL CARE

As set out in our [recent blog](#) on what Brexit means for the NHS and [our submission](#) to the Health Select Committee's inquiry on Brexit, withdrawing from the EU will create both challenges and opportunities for the health and social care system. Confirmation today that the Government intends for the UK to leave the EU's single market provides greater clarity on which areas Brexit will have a bearing. Amongst others, these include:

### Workforce

- The end to freedom of movement between the UK and EU member states will require that new immigration rules are drawn up, or existing rules applicable to non-EU immigration widened to apply to migrants from the EU. This will have implications for the conditions under which EU nationals will be able to live and work in the UK.
- NHS Providers will work with the [Cavendish Coalition](#) to determine the implications of this and support development of an immigration system that recognises the forward recruitment and skills requirements of the health and social care system.

### Competition and procurement

- The UK's withdrawal from the EU may enable review of how competition policy operates within the NHS, and create a clearer and more tailored approach. In particular, it may be that there is an opportunity to develop a more flexible application of the Competitions and Markets Authority regime to the NHS. Additionally, there may be an opportunity to streamline procurement processes to make them more proportionate, efficient and specific to the services the NHS delivers. Leaving the single market creates a greater freedom for UK competition law to diverge from EU competition law, although it will remain a matter for the Government to determine whether this is desirable.

### Research and innovation

- The Government has set out its ambition for the UK to play a leading role in science and innovation following Brexit and, as part of this, to collaborate with EU nations on relevant initiatives. Clarity through negotiations will, however, be needed on issues including whether and how:
  - Research funding that the UK receives via the EU research budget and programmes such as Horizon2020 will continue or be alternatively funded
  - NHS patients will be able to participate in clinical studies subject to the EU regulatory framework on the authorisation and conduct of clinical trials and data protection
  - The NHS will have access to the EU Clinical Trials Database.

## Access to medicines and devices

- Whether harmonised EU regulatory arrangements for medicines and medical devices, which are heavily reliant on regulations and directives issued by the European Medicines Agency, can continue to apply to the UK when it has withdrawn from the EU is now in question and will need to be addressed in the context of negotiations.

Over the coming weeks, NHS Providers will be making a comprehensive assessment of the implications of the Government's negotiating objectives for the health and social care.

## 5. IMMEDIATE POLITICAL REACTION

In his response to the Government's negotiating objectives, **Shadow Brexit Secretary, Sir Keir Starmer**, assessed these, if delivered, as falling "short of hard Brexit that many in business and trade unions have feared" and suggested that "it is good that she has ruled that hard Brexit out at this stage".

Responding specifically to Theresa May's commitment to give Parliament the final say on the final deal negotiated with the EU, **Liberal Democrat leader Tim Farron** criticised the decision, stating that "It means Parliament, half of which is not elected, will get a say on a stitch-up deal of which we do not know the content and the British people won't". He reiterated his party's intention to "continue to fight for a referendum on the terms of the deal", which, if rejected, would mean "we could stay in the EU".

**Scotland's First Minister Nicola Sturgeon** hinted, without making explicit, that a second Scottish independence referendum is "more likely", expressing the view that "the UK Government cannot be allowed to take us out of the EU and the single market, regardless of the impact on our economy, jobs, living standards and our reputation as an open, tolerant country, without Scotland having the ability to choose between that and a different future".

**President of the European Council, Donald Tusk** responded to May's speech on Twitter, stating "Sad process, surrealistic times, but at least more realistic announcement on Brexit. EU 27 united and ready to negotiate after Art.50."

*The next NHS Providers Brexit briefing will follow shortly to put this speech in wider context and highlight key developments and forthcoming milestones.*