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Brexit: implications for digital citizens and consumers

Report by William Perrin for CUKT on Brexit and the digital sphere



CHANGING MINDS • CHANGING LIVES

ACKNOWLEDGEMENTS

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Foreword

The consequences of the UK leaving the EU is highly unpredictable across a wide array of public policy issues. A great deal will depend on the detailed arrangements that are established to determine the UK's future relationship with the EU. It follows that the impact of Brexit on the wellbeing of UK citizens is uncertain. We have therefore commissioned a series of experts to consider the impact of Brexit on the Trust's three key themes: digital futures, fulfilling work and flourishing towns.

In order to ensure that analysis is meaningful in a context where there is such a high degree of uncertainty and change, we have sought to place a reasonably narrow set of parameters on the work. The focus here is to consider which aspects of digital policy, regulatory oversight and legislation are currently established, or heavily influenced, at EU level and are therefore potentially most likely to be the subject of change when the UK leaves the EU.

• In this paper, Will Perrin, formerly
• Telecommunications Policy Advisor in the Number
• 10 Policy Unit, the Government Digital Service
• Advisory Board, founder of Talk About Local and
• Trustee of the Indigo Trust and Good Things
• Foundation, provides an independent, expert
• perspective on the opportunities and risks for
• citizens and consumers in relation to digital issues
• post-Brexit.

• The purpose of this paper is not to provide a
• definitive position on these issues but rather to
• serve as a starting point – or guide – to a wide
• range of public policy issues that can inform
• the Trust and others on possible next steps
• and priorities, and give an idea of what a good
• outcome for UK citizens and consumers might
• look like.



• Martyn Evans
• CEO, Carnegie UK Trust

Executive Summary

This paper examines the implications of Brexit for the UK's digital sector and for citizen and consumer wellbeing in the UK. The work has been informed by a process of desk-research, informal discussions and interviews with key stakeholders, and three workshops with policymakers, civil society and industry representatives in London¹, Newcastle² and Cardiff³.

The top-line messages from our analysis are as follows:

1. The current approach by the UK Government is to focus on promoting, and delivering, stability in the digital sector, post-Brexit. This is welcome in terms of providing certainty and reassurance for businesses, citizens and consumers.
2. In the fast moving digital sector markets and regulation don't stand still and a more ambitious approach by government is likely to be required, setting out a vision for how Brexit can actually enhance digital outcomes for citizens and consumers in the UK.
3. There does not currently appear to be a strong citizen or consumer voice involved in helping to shape the UK's approach to the digital sector post-Brexit and steps should be taken to address this gap as consumer input can provide valuable insight to key issues.
4. There may be opportunities to make retail communications markets work better for citizens by returning to regulation for services such as broadband and mobile phones, driving down prices and improving service quality where competition isn't working well. The UK post Brexit could choose to return to retail price regulation (as it is considering doing in the energy market), a form of regulation which the EU appears to be about to ban.
5. Rural broadband delivery in the UK may be improved by looser state aid rules post-Brexit – although the flexibility the UK will have on state aid can be overstated, and local authorities will need more expertise in this area if these opportunities are to be realised.
6. UK citizens enjoy various rights on data and surveillance attained through the EU and it will be important to ensure these are retained following the UK's exit from the EU.
7. There are opportunities for the UK to be a place for digital innovation post-Brexit, bringing new products and services to citizens, but this requires careful public policy management to ensure an appropriate balance is struck between innovation and risk.
8. The possibility of a decline in an international digital workforce in the UK, combined with the UK being a smaller market for products and services, brings risks of higher prices and reduced choice for citizens after Brexit.
9. Regulation in the digital sector is a reserved matter, it is currently unclear how the Scottish, Welsh and Northern Irish Governments will interact with the UK Government in order to approach this issue.

1 Report <https://talkaboutlocal.org.uk/digital-opportunities-presented-by-brexit-discussion/>

2 Report <https://talkaboutlocal.org.uk/back-to-the-brexit-simple-exercise-for-discussing-brexit-issues/> Slides <https://talkaboutlocal.org.uk/wp-content/uploads/2017/01/brexit-newcastle-workshop-slidespdf.pdf>

3 Report <https://talkaboutlocal.org.uk/digital-opportunities-presented-by-brexit-cardiff-discussion/>

1. Introduction

The way in which people in the UK engage with, experience and use digital technology and communications markets is profoundly shaped by policy, regulatory and legislative frameworks set at European Union (EU) and global levels. This includes issues relating to telecommunications, intellectual property, broadcasting, data protection and many more. Meanwhile, those working in the technology sector in the UK and abroad represent a highly international labour force⁴.

The UK's forthcoming exit from the EU therefore raises significant questions about how the rules, choices, markets and systems through which we engage with technology might change in the future. What risks might such changes bring to the ability of technology to deliver positive outcomes for people; and what opportunities might these future changes bring to maximise digital benefits for UK citizens even further?

In this short analysis paper, I consider the wide potential implications of Brexit on a range of different aspects of the UK digital sector, considering where substantial change might occur; what issues are likely to remain static; and where opportunities present themselves for the UK to take a new leadership role for citizen and consumer benefit.

Brexit and the digital sphere covers a large, often tightly regulated, area. Every week brings new news. Given the scope and pace of change, the paper adopts a summary approach to the key issues. Where appropriate it provides links to outputs from other organisations who have written in detail on relevant topics.

⁴ A briefing note from the Broadband Stakeholders Group can be accessed at: <http://www.broadbanduk.org/wp-content/uploads/2017/04/Implications-of-Brexit-on-the-digital-communications-sector-FINAL.pdf> See also paper from lawyers Bird and Bird <https://www.twobirds.com/en/news/articles/2016/uk/brexit-telecommunications-regulation-in-the-uk>

2. A destination needed?

Stability in action

Before assessing different aspects of the digital sphere in detail, it is important to consider the UK's overall approach to Brexit and the digital sector. Almost all aspects of regulation in the digital sphere are reserved matters and, at the time of writing it isn't clear how the UK Government will interact with the devolved governments in Scotland, Wales and Northern Ireland on these issues.

At present, there are few signals from the UK Government that they intend to make major changes to communications regulation following the UK's exit from the EU and to date, none of the major stakeholders in the digital sector have called for any form of significant change. In terms of the broad context, it is important to recognise that much of the European legislation underpinning the digital sector reflects the single market harmonisation measures of the 1990s, which was in large part driven by British interests and experience.

The European Union Withdrawal Bill (also known as the Great Repeal Bill) outlines the UK Government's intention to copy across EU law into UK legal systems⁵, providing essential stability for regulation in the digital sphere.

Alongside this, the prevalent message from the Department for Digital Culture Media and Sport (DDCMS) has been 'steady as she goes, prepare for change'. The Government has been working hard with its NDPBs and regulators in the sector, and vice versa, to suggest that, in regulatory terms things will stay much the same in the digital

sphere for the foreseeable future. This process has been a substantial exercise by Whitehall, the digital NDPBs and regulators. In addition, the trade bodies in the digital sector have delivered some excellent work analysing the potential implications and requirements of Brexit for their industries, particularly UKIE, TechUK and the Broadband Stakeholders Group. However, it is not clear that there is a strong citizens' voice at the table. This is a recurring theme throughout the paper – the absence of citizens' voices appears a weakness.

The UK Government has promised completely new data protection legislation⁶ to implement the EU General Data Protection Regulation (GDPR), in order to facilitate future EU trade in digital services. Industry and civil society have welcomed this, even though implementing GDPR will present significant challenges. In this respect, the DDCMS has demonstrated that there is reason to believe that the priorities of the digital sector can be given due weight during Brexit, given that the Government has agreed to implement a major new data bill incorporating EU law during the negotiation of the UK's exit from the EU.

The Intellectual Property Office has also been very clear that Brexit will not see a major change in intellectual property rules in the UK⁷. This is important given that trademarks, patents and copyright are fundamental to digital business.

Providing citizens and business with this degree of certainty at a time of momentous change across such a broad front is necessary, important and is to be commended. That the prior regulatory

⁵ 'Explanatory' notes on the Repeal Bill can be downloaded at <https://www.gov.uk/government/publications/information-about-the-repeal-bill> and <https://www.gov.uk/government/news/government-to-strengthen-uk-data-protection-law>

⁶ ICO - <https://iconewsblog.wordpress.com/2016/10/31/how-the-ico-will-be-supporting-the-implementation-of-the-gdpr/>

⁷ Factsheet <https://www.gov.uk/government/news/ip-and-brexit-the-facts>

regime in the sector was broadly fit for purpose has made this task somewhat easier than in other sectors.

A more ambitious vision?

Whilst providing certainty and stability is important, there is a risk that this continuity-based approach misses out on opportunities for positive change.

If the UK digital sector is to thrive post-Brexit, bringing increased benefits for citizens, the UK Government will need to put forward a vision of how exiting the EU can enhance existing benefits and create new ones, whilst providing new opportunities for tackling problems and challenges in innovative and effective ways.

Put broadly – is there scope for developing a vision for how the UK Government can make the current EU digital regulatory and policy regime work better, slicker, smarter, faster and remain compliant for trade purposes? At the time of writing we do not have a UK position paper on digital issues.

The Chief Executive of OFCOM, Sharon White has suggested that Brexit ⁸ could provide such an opportunity to improve regulation, reducing burdens and improving consumer protection:

So leaving the EU presents an opportunity – indeed a necessity – to consider fundamentally whether those frameworks continue to serve the interests of all British people and businesses.

Setting out a positive vision to improve the regulatory framework will be important for the UK Government to inspire confidence amongst both businesses and consumers throughout the process of Brexit negotiation and transition. The EU has set out how it thinks regulation needs to

change in the medium term in the Digital Single Market (DSM) proposals. The DSM focuses on consumer protection and is not universally popular with industry. The government is not clear how it will hit this moving target during Brexit. Without regulatory change, in a fast moving sector that constantly throws up new challenges and opportunities, competitive advantage could slip. The need for a vision on regulation is a subset of the more general need for a much wider, ambitious vision for the digital sphere as described by thinkers such as Baroness Lane-Fox ⁹.

There do appear to be areas in the digital sphere where Brexit might allow the UK Government to work with regulators to act more effectively in the interests of British citizens than had the UK remained in the EU. Brexit presents an opportunity to diverge slightly, or at least evolve on a slightly different path from the EU Digital Single Market path, on certain issues. Moreover, it could do so in such a manner that, in my view, might be welcomed by the EU in the medium term if they prove successful in the UK.

However, the challenges of striking a more ambitious path should not be underestimated. The industry voice reflects a firm desire for stability for now:

8 Speech <https://www.ofcom.org.uk/about-ofcom/latest/media/speeches/2016/making-brexit-work-for-uk-consumers-of-communications>

9 MLF Blog post <https://marthalanefoxblog.wordpress.com/2017/03/31/now-what-an-idea-after-article-50/>

Given the many uncertainties that businesses will face through the Brexit process over the next two years, government must prioritise continuity. This does not mean that there won't be positive opportunities for the UK to improve upon its regulatory framework in future, but such policy and regulatory innovations will need careful consideration and scrutiny if they are to be effective in delivering the vision for Global Britain.

The Government should resist pressure to use the Great Repeal Bill as an opportunity try and re-think the whole for the UK's regulatory approach or to re-open past decisions. In many instances it will remain in the UK's firm interest for its regulation to remain closely aligned to the standards and norms of its most important market¹⁰.

Meanwhile, Ministers and civil servants with responsibility for the UK digital sphere would need to ensure that any attempts to develop regulatory or legislative positions which might diverge from EU norms are: aligned to the sensitivities of the Brexit negotiating process; attuned to the interests and strategies adopted elsewhere in government; and remain credible to industry and consumers by not being seen to over-promise.

The voice of consumers

At present the Brexit debate in the digital sphere is dominated by industry representative groups and analysts. These industry groups are doing a good job of articulating the risks and opportunities that Brexit presents for digital businesses¹¹. Strategically, however, the consumer voice is lost. While the UK Government has

focused on reassuring businesses, very little has been said about consumers of digital services, other than a welcome focus in the Digital Strategy on improving citizens' digital skills.

Citizens Advice has published a useful guide to general UK consumer protection and Brexit¹², while three major consumer groups have signed a joint letter to the Prime Minister calling for a consumer voice at the heart of Brexit.

The UK Government is still to make a substantive statement about the role consumers will play in its vision for a successful Brexit. Less than a third of consumers currently think they will be represented during the negotiations and this must be addressed... We are calling for a cross-Government high-level working group focused solely on securing the best possible deal for UK consumers¹³.

While these interventions by consumer groups are not focused exclusively on the digital sector, they are highly relevant to it.

The lack of a consumer voice is important for a number of reasons. Firstly, the EU Digital Single Market proposals are largely perceived as 'consumer friendly', yet their finalisation and implementation bridges the Article 50 process. It isn't clear what the impact of these proposals will be on UK consumers and it is therefore important that the interests of UK consumers are properly represented in negotiations about the implementation of the Digital Single Market¹⁴.

10 Antony Walker TechUK 30 March 2017 :<https://www.techuk.org/insights/opinions/item/10574-great-repeal-bill-must-allow-tech-to-focus-on-future-issues-not-past-decisions>

11 In response to my query, the Government clarified membership of the Digital Economy Council and Digital Economy Advisory Group, the two groups leading and taking forward discussion in this area. There are no consumer representative groups on either group. A government spokesman also confirmed to me (19 July 2017) that no minutes would be taken or published of either group. <https://www.gov.uk/government/groups/digital-economy-council-and-digital-economy-advisory-group>

12 Marzena Lipman 'Brexit and consumer rights: What will life be like for consumers after Brexit?' October 2016 <https://blogs.citizensadvice.org.uk/blog/brexit-and-consumer-rights-what-will-life-be-like-for-consumers-after-brexit/>

13 <http://www.moneysavingexpert.com/news/protect/2017/03/letter-to-theresa-may>

14 A Digital Single Market (DSM) is 'one in which the free movement of persons, services and capital is ensured and where the individuals and businesses can seamlessly access and exercise online activities under conditions of fair competition, and a high level of consumer and personal data protection, irrespective of their nationality or place of residence'. <https://ec.europa.eu/digital-single-market/en/digital-single-market>

Secondly, digital negotiations at international level are often highly technical and advantage can be achieved in this process by mastering the complexity through the development of a sophisticated national position, whereby the UK Government works with industry, consumer groups, devolved nations, regions and technical experts. The digital sphere is highly complex and fast moving and it is almost impossible for Government alone to understand it enough to negotiate in isolation over a multi-year period. This is particularly the case if the work is being undertaken by generalist trade negotiators, as is likely to be the case in the multi-faceted Brexit negotiations.

The UK Government is using the newly constituted Digital Economy Council as its major sounding board for driving forward the Digital Strategy Advisory Group and has delegated discussion of Brexit to a subgroup, the Digital Economy Advisory Group which will ¹⁵ *'look at the challenges and opportunities presented by Britain's exit from the European Union'*¹⁶. The group only formally took on Brexit issues in July 2017. But these groups currently appear to have no consumer representation¹⁷.

It is unclear why Brexit issues have been delegated to a junior group. The publication of a digital position paper by the government may clarify the reasoning behind this decision. These groups are also closed, with no agendas or minutes being published which limits their effectiveness as nation-wide sounding boards. In summary, policymakers need consumer input from industry and consumer groups for trade

negotiators to achieve the best possible deal post-Brexit for the digital sector. To that end, it would seem sensible that the Digital Economy Council and its subgroups are expanded to include consumer voices around the table¹⁸.

15 In response to my query, the Government clarified membership of the Digital Economy Council and Digital Economy Advisory Group, their two leading for a for discussion. There are no consumer representative groups on either. A government spokesman also confirmed to me (19 July) that no minutes would be taken or published of either group. <https://www.gov.uk/government/groups/digital-economy-council-and-digital-economy-advisory-group>.

16 The Digital Economy Council is a vehicle for government and industry to work together in developing and delivering a long-term strategy that supports the growth of the UK's Information Economy

17 Government announcement of first meeting 3 July 2017 <https://www.gov.uk/government/news/powerful-new-forum-to-boost-jobs-and-growth-in-uk-digital-economy>

18 Membership of Digital Economy Advisory Group <https://www.gov.uk/government/news/digital-heavyweights-to-advise-government>

3. Retail market regulation – making choice work

For thirty years telecoms regulation in the UK has focused upon competition and choice between service providers as a means to drive better services for consumers. Norman Tebbit's framing of the debate when privatising BT in 1983 still resonates¹⁹:

The Government believe that industry and commerce exist to serve their customers, not the other way round. Wherever possible, the customer should be king and free to choose what he or she wants. Absence of choice is bad for the customer. If someone else decides what we may and may not buy with our money, we are placed in an economic prison. Absence of choice is bad for the manufacturers, it stultifies innovation, perpetuates poor management and leads in the long run to industrial decline. It is bad for those who provide services who can escape with poor quality or use resources wastefully. In sum, absence of choice is bad for the country since it leads to dissatisfied consumers, inefficient manufacturers incapable of competing in world markets and dozy and stagnant provision of service.

The basic aim of the Telecommunications Bill is to give more choice to people when they use telecommunications²⁰.

Over the last 35 years, the achievement of widespread infrastructure and service competition to give people a choice between services has been remarkable. OFCOM's duties today are more

subtle than the 1983 Tebbit doctrine, reflecting in part the presence of public service broadcasting in OFCOM's remit:

- (a) to further the interests of citizens in relation to communications matters; and
- (b) to further the interests of consumers in relevant markets, where appropriate by promoting competition²¹

However, in important market segments, at both infrastructure and retail levels competition alone does not meet the interests of citizens or consumers on a national scale. In relation to broadband the inability of the market alone to meet the interests of citizens and consumers is demonstrated by the £1.6 billion state subsidy to BT Group to deploy rural broadband and the planned regulatory intervention for a universal service obligation of 10Mb/s where the market will not deliver such a service. In regard to mobile services, competition did not deliver good coverage for 3G services when coverage obligations were eased for that service, leading to a series of Ministerial interventions²². Meanwhile customer experience of telecommunications is poor: in 2015 none of the major public-facing communications sectors delivered customer satisfaction above 76%, despite increases from a low base over the last five years²³. There are signs that choice is not working to deliver as much benefit to consumers as it should.

Research from Citizens Advice, the Consumer's

19 Setting out the purpose of competition in privatisation - Rt hon Norman Tebbit MP - British Telecommunication Bill debate 1983 <http://hansard.millbanksystems.com/commons/1983/dec/15/title>

20 Rt hon Norman Tebbit MP - British Telecommunication Bill debate 1983 <http://hansard.millbanksystems.com/commons/1983/dec/15/title>

21 Communications Act 2003 <http://www.legislation.gov.uk/ukpga/2003/21/section/3>

22 'It can't be right that in a fifth of the UK, people cannot use their phones to make a call. The government isn't prepared to let that situation continue' Sajid Javid, Secretary of State November

23 Customer Service report Figure 7 page 19 https://www.ofcom.org.uk/_data/assets/pdf_file/0018/83025/quality_of_customer_service_report_2015.pdf

Association and OFCOM's own Communications Consumer Council all point to problems satisfying consumer needs from current communications markets predicated upon choice.

Citizen's Advice has examined the penalty for loyalty in a market predicated upon choice and therefore frequent switching where people buy a service for their entire adult life:

Our data provides us with unique insight into consumer detriment, which our previous research has estimated to be £4.2 billion per year in telecommunication markets. This is the highest of any consumer market²⁴.

Across a range of essential markets, including energy, insurance and telecoms, customers are being penalised for their loyalty. After the initial contract period, often providers of these services shift their customers onto uncompetitive tariffs, taking advantage of the fact that loyal customers are unlikely to shop around. This should be of concern to policymakers. The loyalty penalty suggests that competitive pressures do not apply to large sections of essential markets²⁵.

The Consumers Association (Which) has a campaign to 'Fix Bad Broadband'. In their customer survey:

The four biggest providers (Talk Talk, BT, Sky and EE), who together have a 72% market share, were among the worst performing ISPs [Internet Service Providers]. Frequent price hikes, connection drop outs, unreliable speeds and woeful levels of service when trying to contact providers all contributed to the low scores²⁶.

There's a reasonable chance you'll face a technical issue with broadband: 21% of our survey respondents reported a problem with very slow speeds over the past year, 17% told us of frequent connection dropouts, and 14% had hitches with their router²⁷.

Finally, OFCOM's own statutory advisory group, the Communications Consumer Panel said in 2016/17 of its current work:

Sub-optimal delivery of communications services as a result of inadequate infrastructure – be it a lack of reliable, fast broadband or the absence of robust mobile voice and/or data coverage - has long since ceased to be a cause of simple irritation for consumers and micro businesses; it is, today, an issue of real and significant detriment²⁸.

Information is a necessary requirement for effective consumer choice. Yet the quality of information provided by commercial advertising in these markets is a matter of controversy. For several years the Advertising Standards Authority, OFCOM and the UK Government have pursued claims that the way in which broadband speeds are advertised is misleading²⁹.

More broadly people switch on the basis of an advertisement promising short term discounts or service enhancements and then fail to switch when the discounts run out or the enhancements don't deliver, a phenomenon well documented in the parallel utility market for energy. Thus the agency of choice does not truly impact the underlying market to improve services.

24 Report - Exploring the loyalty penalty in the broadband market April 2017 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/consumer-policy-research/consumer-policy-research/exploring-the-loyalty-penalty-in-the-broadband-market/>

25 <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/CitizensAdvice-Exploringtheloyaltypenaltyinthebroadband-market.pdf>

26 Broadband article April 2017 https://campaigns.which.co.uk/fix-bad-broadband/#_broadband-giants-failing-customers

27 Survey 1,800 people <http://www.which.co.uk/news/2017/04/best-and-worst-broadband-providers-of-2017-revealed-by-which-survey/>

28 Report - <http://www.communicationsconsumerpanel.org.uk/current-work/mobile-and-broadband-coverage-and-quality-of-service>

29 See for instance 4 May 2017 CAP statement on broadband <https://www.asa.org.uk/news/cap-to-consult-on-tougher-standards-for-advertising-broadband-speed-claims.html>

Citizens Advice summarised the problems in a blog post from its Head of Policy James Plunket looking across the broadband and energy markets:

the penalty for loyalty issues] leaves many of these markets looking superficially competitive but with all the symptoms of a competition failure³⁰.

OFCOM appears to agree with this view, but at this stage, be willing only to monitor.

Sharon White, the Chief Executive of OFCOM said in April 2017:

We're determined to help bring about a service revolution in the telecoms sector, where consistency and excellence becomes the norm, and customers always come first. Today we want to shine a light on how different providers perform, and are challenging the industry to up its game on customer service. We'll be monitoring closely to ensure industry service standards are raised³¹.

Scope for regulatory action helping consumers at the retail level?

UK regulation of telecoms implements an EU regime, which was itself in part constructed by UK representatives 20 years ago. Prior to Brexit any UK action has to work at an EU level. Industry body the Broadband Stakeholders Group has set out in great detail the EU regulatory dependencies of the sector, acknowledging that:

It is difficult to anticipate or quantify the implications that Brexit will have on the UK digital communications industry as a whole, but Government can play a key role in supporting the industry by minimising risks to investment and innovation, and creating opportunities for the industry to continue to compete globally. Changes to the regulatory regime covering the digital communications sector represent an important risk for the industry³².

Meanwhile the telecoms industry is deeply enmeshed across Europe. Sharon White CEO of OFCOM, in a 1 December 2016 speech pointed out the European fabric of the UK's telecoms industry:

They are also, inextricably, European businesses. BT provides services to every EU country, and is 12-per-cent owned by Deutsche Telekom. O2 is owned by Spain's Telefónica. Vodafone Group is headquartered here, but generates half of its revenues – some £20bn – from the EU³³.

One potential solution to competition failure is, of course, to introduce retail price regulation into the market. This is not the direction of travel for communications markets in the EU, with a presumption that competition through the medium of choice is meeting consumer needs. The new European Communications Code proposes to phase out retail controls by 2020³⁴. This could, in my opinion, be a sign of the EU policy direction being misaligned to the consumer interest.

30 <https://wearecitizensadvice.org.uk/loyal-consumers-pay-too-a-heavy-price-84165d1a1f36>

31 Speech 27 April 2017

32 BBSG publication <http://www.broadbanduk.org/2017/04/12/broadband-stakeholder-group-outlines-brexits-implications-on-the-digital-communications-sector/>

33 Speech <https://www.ofcom.org.uk/about-ofcom/latest/media/speeches/2016/making-brexits-work-for-uk-consumers-of-communications>

34 See page 233 of draft ECC <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-590-EN-F1-1.PDF>

Although the UK is sometimes seen as a ‘poster child’ of competition and choice, there are signs that the UK Government doesn’t object in principle to regulating retail utility markets. In the parallel energy market³⁵, which like communications is characterised by life-long service need and competition predicated on switching, the UK Government is showing impatience with the outcomes for consumers. The Prime Minister has said of the energy sector that:

Relying on switching alone to keep prices down is clearly not working³⁶.

So where consumer markets are not working in the best interests of bill payers, we will act to make everyday costs more affordable³⁷.

It is possible that Brexit will give the UK Government and OFCOM greater leeway to take action to resolve problems relating to the operation of competition in retail telecoms markets in the public interest, in a way that might otherwise have been constrained by membership of the EU.

As Sharon White, CEO of OFCOM said of Brexit:

We feel the European framework will suffer if the Commission imposes a planned ban on retail regulation by 2020. We believe any future UK laws should keep the door open to retail intervention, if it’s the best way of protecting people left behind³⁸.

In short, there may be scope here for early divergence from the standard EU approach and to claim this as a positive, citizen benefit of Brexit.

35 The energy market is also a creation of 1980s era privatisations and retail competition by regulatory fiat in the late 1990s

36 Speech to Conservative Spring conference Cardiff <https://www.theguardian.com/money/2017/mar/17/theresa-may-echoes-ed-miliband-promise-reform-energy-market>

37 Reuters report - launch of energy policy in local elections manifesto http://uk.reuters.com/article/uk-britain-politics-may-idUKKBN1780ZM?utm_source=34553&utm_medium=partner

38 Sharon White speech 1 December 2016 <https://www.ofcom.org.uk/about-ofcom/latest/media/speeches/2016/making-brex-it-work-for-uk-consumers-of-communications> OFCOM explain that this refers to new ECC proposing deletion of Article 17 of the Universal Services Directive (which had enabled retail regulation) See page 233 of the proposed ECC <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-590-EN-F1-1.PDF>

4. Mobile roaming

Following a lengthy regulatory process, inter-country mobile phone roaming surcharges have been abolished within the EU. This is a huge boon for British holiday-makers and travellers and EU tourists in the UK.

Once the UK moves out of the EU trade bloc, however, the position changes. According to the Financial Times:

A quick bilateral deal between the UK and the EU to cover roaming is not possible, according to the European Commission. In a response to a question on the topic last year, Günther Oettinger, the German commissioner responsible for the bloc's telecoms policy, said that "there are obvious constraints". Under WTO rules, any bilateral agreement outside of a comprehensive free-trade deal would have to be extended to all other WTO members, warned Mr Oettinger in a response to the European Parliament last year³⁹.

Given the likely timetable for a trade deal post Brexit, UK consumers would have to rely upon roaming being covered in transitional arrangements between the UK and the EU or commercial negotiation between the telecoms networks, should they decide to offer 'free' roaming as a service. Some mobile industry leaders suggest that charges will not be passed on or that the UK will be treated like Switzerland which is included in roaming⁴⁰.

39 Article December 2016 <https://www.ft.com/content/b39105a0-c6cf-11e6-8f29-9445cac8966f?mhq5j=e1>

40 Vodafone CEO suggests roaming charges might not be passed on <http://www.telegraph.co.uk/business/2017/02/28/vodafone-boss-says-brexit-will-not-lead-hike-mobile-phone-roaming/>

5. Data protection and privacy

The flow of data between the UK and the EU is vital to all traded goods and services. Trade body TechUK has emphasised the importance of a smooth data transfer regime with the EU during and post Brexit

The real red line is ensuring a robust legal basis for cross border data flows. It may appear an obscure issue but the reality is you need a data passport to ensure data can travel and be processed across borders. Without it, the UK's entire trade in services with the EU will be vulnerable⁴¹.

The UK Government decided that it will implement the EU's General Data Protection Regulation. The Government published its statement of intent on 4 August⁴², an EU position paper on data issues on 25 August and a Data Protection Bill on 13 September 2017 that intends to implement the GDPR.

The Bill explicitly reads into UK law the GDPR with the objective of mimicking the new EU regime. The opening sections of the First Reading draft spells it out:

Part 1 Preliminary

1 Overview

- (1) This Act makes provision about the processing of personal data.
- (2) Most processing of personal data is subject to the GDPR.

This drafting is intended to secure an 'adequacy decision' from the Commission, as described in the UK's August 2017 position paper.

41 Julian David, CEO Tech UK <https://www.techuk.org/insights/news/item/10086-the-uk-digital-sectors-after-brexite>

42 Statement of Intent https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/635900/2017-08-07_DP_Bill_-_Statement_of_Intent.pdf

An 'adequacy decision' is that, broadly the UK's data protection regime is sufficiently close to the EU's own that EU companies can exchange data freely. This device is used with a number of EU trading partners – once a country's regime is declared adequate by Commission process⁴³ then data can flow⁴⁴ easily. Superficially this is sensible and would satisfy most industry representatives and broadly the active data lobby.

However, there are timing complications. The Data Bill will be intensely scrutinised in Parliament by a vigorous data lobby. It's possible, if somewhat ambitious to get a Bill into law by 25 May 2018 and unlikely that it would be tested in the courts for some time after that. So whilst one could say that there is an EU/GDPR compliant regime in place in the UK one will not be able to say that it has been tested to work. The UK's August 2017 position paper notes that the Japan-EU data adequacy process is set to take a year, but it is important to bear in mind that this will have been based upon years of preparation and is with a country already outside the EU.

At a common-sense level the current and future UK regimes are bound to be 'adequate' but how such a ruling is achieved will come down to negotiation and good will. Will the Commission feel it has enough information to run a probably shortened process? There is no bureaucratic process that can't be shortened if there is political will. Data protection involves personal rights for EU citizens (as opposed to, for instance, a trade standardisation measure about a manufactured good) and the Commission will come under pressure from Member States with strong data protection decisions to give the new UK regime

43 Commission process for data adequacy http://ec.europa.eu/justice/data-protection/international-transfers/adequacy/index_en.htm

44 As with Japan, which the UK paper cites http://europa.eu/rapid/press-release_STATEMENT-17-1880_en.htm

full consideration and not shorten scrutiny. Individual activists are also likely to challenge a non-standard adequacy process (as student Max Schrems did, bringing down the Safe Harbor provisions). This would point to the need for a transitional arrangement for data to cover any gap.

It perhaps bodes well for data business continuity through Brexit that there is precedent of data flows continuing to function during regulatory upheaval. There was significant turbulence between USA and the EU as the 'Safe Harbor' and then 'Privacy Shield' regimes, aimed at guaranteeing protection of data as it moves between businesses in the EU and USA, ran into serious difficulties⁴⁵. However, as long as firms took common sense measures to maintain people's rights in their contractual agreement to use data, the flows could continue while the overarching regimes were resolved. There was a good deal of paperwork and expense but data still flowed.

Beyond GDPR?

In the medium to longer-term, the recent report by the Royal Society and the British Academy on the future of data governance⁴⁶ suggests that once policymakers have more fully considered the impact of machine learning a radically different protection regime is likely to be required to those that exist at present.

45 https://secure.edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/EDPS/PressNews/Press/2016/EDPS-2016-11-PrivacyShield_EN.pdf

46 Data management and use: Governance in the 21st century; British Academy and the Royal Society; 2017

6. Future services, future opportunities

Outside the EU, Britain will have more flexibility and a shorter decision making chain when it comes to focusing on, and dealing with, new challenges and opportunities thrown up by the digital sector. The improved flexibility and speed could give the UK competitive advantage over the much larger EU and the heavily deregulatory trans-Atlantic partners.

For consumers, this competitive advantage could lead to early availability and possible greater choice of new services and goods. It might also offset any desire by companies to exclude the UK in a first release of service if their main focus is a release into the more lucrative EU. More broadly I would envisage that the Government would want the UK to be a place companies come to pilot new digital or communications offerings, prior to a full launch into the EU.

In securing the UK's place as a country to pilot new offerings and move quickly, there is a public policy balancing task. On the one hand, a heavily deregulated 'government gets out the way' approach to a new technology, negating all risks can initially lead to unconstrained commercial development and deployment of new technology or services. However, this could frighten civil society, causing a backlash which inhibits the further development of the technology leading to the impeding of technology - much like the Edwardian policy of having a man walking slowly in front a a fast car with flags to warn pedestrians that a car is coming. In this scenario society loses out, as does business, working within an environment that is unpredictable. On the other hand, an overly bureaucratic risk averse approach 'we must protect citizens from all risky technologies' can lead to a too cautious regulation of new technologies, denying their benefits to citizens and causing commercial

investment to happen elsewhere. We can see elements of both these points of view in the debate about automation of jobs and the impact of this on future employment.

The new Information Commissioner has set out a promising new direction in data regulation to better manage the impacts of innovation:

How we can contribute to a "safe space" by building a sandbox where companies can test their ideas, services and business models. How we can better recognise the circular rather than linear nature of the design process⁴⁷.

Meanwhile, the Minister for Digital Matt Hancock has said that:

The basic problem is that technology is developing faster than the speed at which society has built new rules to deal with the challenges it creates. As a result, we do not yet have a shared understanding of what is and isn't acceptable online.

It is the role of Government to lead the way in closing this gap and ensure the right balance between freedom and security in the new digital age⁴⁸.

and

47 Denham speech July 2017 <https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2017/07/promoting-privacy-with-innovation-within-the-law/>

48 <https://www.gov.uk/government/speeches/matt-hancocks-speech-on-technology-at-the-margaret-thatcher-conference-on-security>

Strong, effective regulatory regime is vital. It must balance strong privacy protections with the need to allow innovation, and I think the ICO's proposal of a data regulatory "sandbox" approach is very impressive and forward looking. It works in financial regulation and I look forward to seeing it in action here⁴⁹.

A balanced approach to innovation manages the risk by working with industry and consumer and citizen groups to mitigate the most dangerous or troubling aspects and bring the maximum benefit to society. The work of Dame Mary Warnock in regulating embryology in the UK in the 1980s is often held up as a model. Her work allowed progress to deliver the benefits of 'test tube babies' to society and allowing science to advance in research but without scary unconstrained 'Frankenstein' research nor widespread civil disquiet. Warnock's foundations, many still in place today arguably led to the UK becoming a world leader in science and clinical practice.

In areas of immature or emerging regulation, or issues where there is little EU precedent such as artificial intelligence/machine learning, the UK could set out how to help companies make the UK a world leader, firmly setting Hall and Pesenti's⁵⁰ work on capitalising on the UK's status as a world-leader in the science that underpins artificial intelligence technology.

In a post-Brexit environment the UK can lead our EU trading partners from the outside.

If the government gets the balance right, consumers could have better options such as cheaper mortgages, better financial services, cheaper utilities, better choice and better healthcare. This is one of the areas of potential for the UK that suffers from the lack of an overarching beyond-Brexit vision from the government referred to above.

49 Hancock – Thatcher conference speech June 2017 <https://www.gov.uk/government/speeches/matt-hancocks-speech-on-technology-at-the-margaret-thatcher-conference-on-security-and-leverhulme-speech>, July 2017 <https://www.gov.uk/government/speeches/matt-hancocks-speech-to-the-leverhulme-centre>

50 Prof Wendy Hall review <http://www.ecs.soton.ac.uk/news/5006>

7. State Aids - will the UK still be on the EU level playing field?

EU-based rules have long been blamed by many, fairly or unfairly, for poor procurement of digital services by the public sector and the poor public services that emerge. This begs the question of whether Brexit could allow for a new procurement regime and/or a reconsideration of the place of state aid in procurement of digital services. The current rules will be set in stone by the European Union (Withdrawal) Bill and future procurement will be negotiated as part of a trade deal.

EU procurement rules are in part based upon a WTO treaty on procurement - the Government Procurement Agreement (GPA)⁵¹. The aim of the GPA is to mutually open government procurement markets among its parties for specific procurement activities. The GPA is closely related to state aid rules.

On leaving the EU, the UK Government could, in negotiating its own WTO membership seek not to agree to the GPA, but to do so would be against the spirit of free trade. As such, the room for manoeuvre for the UK is between the WTO GPA and the current UK implementation of the WTO GPA.

There are conflicting views as to the extent that a state aid regime will be in place following Brexit. The consultancy OXERA, specialists in regulatory economics, writes that⁵²:

If the UK did not agree any special trade arrangements with the EU post-Brexit, the UK would be bound by WTO rules; however, these rules are narrower in scope compared with EU state aid rules.

Under WTO rules, the Dispute Settlement Body of the WTO can impose actions such as the withdrawal of the subsidy or its adverse effects. However, unlike the European Commission's state aid framework, there is no procedure under which subsidies or other forms of state support are notified and approved by the WTO.

Instead, the implementation of the rules relies on ex post dispute settlements without any retrospective recovery of unlawful aid. Under the WTO regime, only member states are responsible for enforcement—private parties are not able to take action against measures that harm them.

The UK faces a policy choice on state aid in its approach to negotiating a trade agreement with the EU. The State Aid Lawyers Association have written a thorough guide to the options⁵³. They point out that the EU has almost always insisted that trade partners adopt their state aid rules. In the wider economy, compared to other EU countries, the UK Government has not used state aid a great deal. However in the communications sector it has made a very substantial, £1.6 billion, intervention to fund rural broadband through Broadband Delivery United Kingdom (BDUK) that received State Aid clearance by the Commission⁵⁴. However, my own experience in running a rural broadband campaign is that local authorities now feel straightjacketed in the BDUK framework, finding it hard to contract outside it when different options are needed for the difficult last few percent.

51 https://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm

52 Oxera June 2016 <http://www.oxera.com/Latest-Thinking/Agenda/2016/Brexit-implications-for-state-aid-rules.aspx>

53 Paper on post-Brexit options for State aid November 2016 <http://uksala.org/paper-on-post-brexit-options-for-state-aid/>

54 Clearance notice http://europa.eu/rapid/press-release_IP-16-1904_en.htm

8. Local Government/municipal broadband

Brexit could potentially unlock opportunities for the public sector to get more involved in delivering local broadband and mobile services. This would be a point of difference in negotiation with the EU, the government would have to weigh carefully the costs and benefits.

Currently, local authorities in the UK have largely decided that they cannot offer telecoms services where there is competitive provision of services, as a result of the judgement in the 2007 Wireless Prague⁵⁵ state aid case.

The precedent set by that case 2007 Wireless Prague state aid case in part underpins the elaborate state aid process behind the BDUK £1.6 billion broadband subsidy, where councils have had to prove that there is no competition in service delivery in each postcode district before intervening with financial support. The rigidity and substantial burden of seeking state aid approval means that councils find themselves lacking flexibility when different solutions are required.

As the BDUK process reaches the very fringes of the network and the price to serve each household increases, local authorities are finding that they need flexibility beyond the standard technology approach adopted by BT, such as buying from smaller alternative broadband providers. However, some authorities don't feel it efficient to re-tender through a full state aids process to engage with these smaller companies (who themselves would find the burden onerous) and so find it hard to engage effective alternatives to BT.

The UK Government remains under pressure in rural areas to deliver improved broadband coverage and the BDUK scheme elicits a lot of interest from MPs in whose constituencies it runs. The White Paper on the Great Repeal Bill makes it clear that UK Government now has the option to set aside the wireless Prague precedent⁵⁶. As such, if the government remains under pressure to improve rural broadband then Brexit could unlock opportunities for the public sector to get more closely involved in local broadband and mobile issues.

However, based on the BDUK experience to date, local authorities' capabilities in managing telecoms schemes are uneven⁵⁷. Moreover, cases such as the council-backed Aylesbury Vale broadband, which seemingly ignores the precedent set by Wireless Prague, have drawn angry complaints from private sector business⁵⁸.

Brexit provides the possibility of unlocking opportunities for the public sector to get more involved in delivering local broadband and mobile services. It presumably won't be easy to negotiate with the EU. However, to exploit the potential opportunity of state aid reform in broadband, the UK Government needs to ensure local government has the capacity to engage with this opportunity.

56 Prime Ministers speech - 'we will not have truly left the European Union if we are not in control of our own laws' <https://www.gov.uk/government/speeches/the-governments-negotiating-objectives-for-exiting-the-eu-pm-speech>

57 CDS issues <http://www.plymouthherald.co.uk/westcountry-mp-blasts-broadband-group-phase-roll/story-29069730-detail/story.html>

58 <http://www.ispreview.co.uk/index.php/2016/08/aylesbury-vale-broadband-delivers-300mbps-ftth-swanbourne-village.html>

55 http://ec.europa.eu/competition/publications/cpn/2007_3_116.pdf

9. Labour market

Consumer services in the UK rely upon a substantial digital workforce to deliver them directly, or to support people delivering them – a total of around 1.4 million people in 200,000 businesses. A major concern for digital industries in the UK is the proportion of their skilled labour supply currently met from the EU, in contrast with an historic digital skills gap in the UK. A reduction of the digital workforce is likely to cause reduced choice and higher prices for consumers of goods and services of which digital is a component.

Ministerial statements from DDCMS on labour supply stress that the sector is ‘a priority’ and that the government will do all it can to help the transition to the post-Brexit world. However, prior to a wider government settlement on the issue of EU nationals, there is little the DDCMS ministers can do to reassure the sector and Ministers have stopped short of specific pledges for the digital labour force, preferring to speak in general terms:

the Government is absolutely clear that we want a settlement that allows us to attract the brightest and best global talent. This is a strategic priority. DCMS SoS, 22 March 2017 Launch of TechNation2017

Others sectors have had firmer, albeit unscripted remarks from their Secretaries of State on labour supply in construction, general low skills and agriculture, but it’s far from clear that these reflect the government’s current internal prioritisation. The government stresses that resolving EU nationals in the UK issues is a high early priority. However, the government took a decision early in the May premiership not to change radically the visa regime with India, another potential source of skilled labour for the digital sphere.

There is a substantial skills gap in the digital industries. For the digital sector, any government settlement on EU nationals has to look not just at the current workforce but at substantial future supply. In its digital strategy the government indicated that labour supply issues were ‘a priority’ and introduced a range of training measures, particularly at grass-roots level. However, these long term measures won’t alleviate any short to medium term skills supply issues.

10. Consuming digital products – rights, price, choice, delivery

Consumer rights for digital goods and services

When shopping online it's hard to know where goods or services are coming from. On Amazon it's hard to know whether your order is fulfilled from a German warehouse or the Midlands. On ebay some sellers go to great lengths to disguise that they are fulfilling from China. Whatever changes Brexit brings in the UK's trading relationships the best way to maintain consumer confidence is to preserve the substantial existing rights that support a vibrant e-commerce scene in the UK. The European Union (Withdrawal) Bill appears to do this by enshrining rights derived from EU law.

My working assumption is that the EU will continue to demand reciprocal rights as part of any trade deal and this area will see little change. However, to ensure that negotiation goes well it is important that consumer representative groups are included in the UK side's deliberation which, as I highlighted above is not yet apparent.

Overall risk leading to relative price increases and reduction in choice

The process of Brexit introduces risks for companies that will impact on price and choice for consumers. Changes to regulation, labour supply and trade agreements introduce uncertainty and risk. In conventional economic theory, with all other things being equal, this uncertainty and risk would lead to investors seeking higher returns and people being more cautious in their expenditure. The 'steady as she goes' approach by digital Ministers provides few tangible economic benefits to offset the risk.

The Prime Minister's focus on stability aims to reduce overall perceptions of risk. The government's European Union (Withdrawal) Bill explaining that broadly all EU law and precedent will be carried over at Brexit removes substantial uncertainty about what will happen to the existing regime.

However the transition periods and sequencing of trade talks and WTO individual accession, create an extended risk period with 'known unknowns' and 'unknown unknowns' as the uncertain negotiating position of Member State parliaments become clear⁵⁹. The Institute for Government, in writing up a lecture by Pascal Lamy, former Head of the WTO and EU trade Commissioner said:

The real issue is that the EU-UK negotiations will involve "100 small steps" and "some of these steps can be easy, but many of them are very complex and complexity in negotiations means time"⁶⁰.

Lamy suggested that an interim deal at the end of two years and a final deal after six would be appropriate, even although the UK and the EU start from a position of harmonisation. However, balancing the above, the digital sector has always been quick to operate efficiently, exploiting the tax and duty regimes and will be well placed to keep delivering as tariffs and other matters change⁶¹. Online services allow companies such as Amazon to provide tools to traders to ease the complexity. Cross-border trade

59 Lamy talk to IfG <https://www.instituteforgovernment.org.uk/events/pascal-lamy-brexit-trade-and-wto>

60 Ibid.

61 <https://www.theguardian.com/business/2012/mar/15/vat-loophole-on-cds-closed>

in digital services will be well placed to carry on with minimal impediment.

Uncertainty of the negotiation period will cause currency costs to increase, whether relative sterling rates or the cost of hedging increased volatility⁶². At a retail level consumers can already see price increases in the App Stores⁶³. But more broadly this is likely to impact prices of digital goods and services, investment decisions in them and to some extent their availability.

Physically transporting goods across borders is a digital issue

When people order goods and services from overseas, or that have an overseas component within the EU, there are no tariffs or, broadly-speaking, controls. Brexit is likely to require new tariffs and border checks on the movement of goods that change over time as free trade deals are negotiated. This could be a colossal change in the mechanics of how goods and services cross borders – logging, managing and taxing flows. This change poses a problem of a digital nature for HMRC, as any new tariff regime post Brexit or during a transition to a WTO regime will have to be implemented by HMRC and this regime will require improved systems. The House of Lords committee on the EU has heard extensive evidence on the matter⁶⁴. Their Lordships conclusion was:

Administering UK-EU tariffs and non-tariff barriers – in the absence of a common regulatory system – would also significantly increase the work of HMRC, a task for which it is not currently resourced. The UK would also have to establish new customs posts, develop a new customs code and consider improvements to the UK's systems for trade processing.

62 http://www.currencynews.co.uk/forecast/20170313-17608_pound-fluctuates-against-the-australian-dollar-as-brexit-looms.html

63 <http://www.bbc.co.uk/news/technology-38650296>

64 Report <https://www.publications.parliament.uk/pa/ld201617/ldselect/lducom/129/12909.htm>

HMRC estimate that there will be a five-fold increase in customs declarations upon leaving the EU. HMRC is developing a new 'Customs Declaration Service' (CDS). In a letter to the Chair of the Treasury Select Committee the Director General, Customer Strategy & Tax Design at HMRC described the system's status as 'Amber/Red'⁶⁵. Post Brexit, CDS will be a national mission critical system.

More broadly HMRC will have to advise companies used to trading in a tariff free zone that suddenly face tariff barriers. They will require excellent support from government and intermediaries such as the accountancy profession. Unfortunately HMRC has been heavily criticised for the quality of its advice lines⁶⁶.

Brexit will require a hard prioritisation of the government's technical and service capability to support previously obscure systems that have suddenly become nationally mission critical. I was involved in early work to turn around the government's mission critical projects and this remains a formidable task requiring joint Ministerial, administrative and budgetary leadership

65 Letter to Tyrie <https://www.parliament.uk/documents/commons-committees/treasury/Correspondence/Jim-Harra-response-to-Tyrie-21-02-17.pdf>

66 PAC report https://www.publications.parliament.uk/pa/cm201617/cmselect/cmpublic/712/71207.htm#_idTextAnchor010

11. Regional digital economy strategy

In our workshops in Cardiff, Newcastle and even London there was a call for a regional industrial strategy to spread the benefits of the digital sector beyond the clusters of London, Manchester, Bristol and so on. Attendees thought that any disruption to EU labour supplies, particularly to lower end skills, arising from Brexit could be efficiently met by training people in non-traditional tech areas.

The government's approach has been to negotiate a series of 'City Deals' as described by the House of Commons Library:

Between July 2012 and August 2014, 26 City Deals were agreed. The first wave, completed in July 2012 covered the 8 largest English cities outside London; the second wave, completed in July 2014 covered the next 14 largest English cities and their wider areas, as well as the next 6 English cities and areas with the highest population growth between 2001 and 2010. In a one-off deal in August 2014, Glasgow and the Clyde Valley became the first area outside England to agree a deal. In 2016, deals were agreed with Aberdeen, Cardiff and Inverness. The 2016 Budget included proposals to begin negotiations with Swansea and Edinburgh. The 2016 Autumn Statement confirmed that the government was working towards deals with Tayside and Stirling and was making progress on a deal with Edinburgh⁶⁷.

These deals do not include specific allowance for Brexit but put more levers in local hands, particularly on training and skills. As the NAO observes⁶⁸:

All of the deals include an agreement on devolved responsibility for substantial aspects of transport, business support and further education. Other policy areas included in some of the deals are housing and planning, employment support and health and social care. There are also similarities in aspects of local proposals that have not been accepted by central government, for example school-age education.

The UK Government's approach to the local impacts of Brexit remains unclear. The opportunity is there for these areas to seize the chance to boost skills training to counteract the various impacts of Brexit. However, it isn't clear if City Deals would result in a 'deal with it within the deal' approach or a top up.

67 Briefing 7158 <http://researchbriefings.files.parliament.uk/documents/SN07158/SN07158.pdf>

68 Report – English devolution deals - <https://www.nao.org.uk/wp-content/uploads/2016/04/English-devolution-deals.pdf>

Annex

About the author - William Perrin

Will has worked on communications regulation since the 1990s. He was one of the civil servants responsible for creating OFCOM in 2000-2001 and from 2001-2004 he acted as the Policy Advisor on communications policy in the Downing Street Policy Unit. Since leaving the civil service in 2009 William has held a number of public appointments on data, communications and public policy. He has also helped deliver a programme called 'Neighbourhood News' for the Carnegie UK Trust, drawing on his work on media innovation in the Talk About Local project.

In terms of his relationship with Europe, William entered the European Fast Stream on joining the Civil Service in 1993. The programme was designed to send British civil servants to Brussels. William left the European Fast Stream after two years as he found it too detached from the visceral reality of people's lives, as he feels the referendum has perhaps demonstrated. Will's interest in Europe continued and he went on to take part in and chair many international governmental fora in the OECD, EU and security circles. Will is pro-remain and donated to one of the remain campaign groups (We Are Europe) as they have declared to the Electoral Commission.

The bulk of Will's professional career has involved giving advice from a neutral perspective in the civil service independent of his personal views. He has served both Labour and Conservative administrations, winning praise from people as diverse as Robin Cook, Michael Heseltine, John Battle, John Prescott and Tony Blair. He has conducted this research in a likewise neutral manner.



This report was written by William Perrin

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