Immigration and Social Security Co-ordination (EU Withdrawal) Bill
The Delegated Powers and Regulatory Reform Committee
The Committee is appointed by the House of Lords each session and has the following terms of reference:

(i) To report whether the provisions of any bill inappropriately delegate legislative power, or whether they subject the exercise of legislative power to an inappropriate degree of parliamentary scrutiny;

(ii) To report on documents and draft orders laid before Parliament under or by virtue of:
   (a) sections 14 and 18 of the Legislative and Regulatory Reform Act 2006,
   (b) section 7(2) or section 19 of the Localism Act 2011, or
   (c) section 5E(2) of the Fire and Rescue Services Act 2004;
and to perform, in respect of such draft orders, and in respect of subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001, the functions performed in respect of other instruments and draft instruments by the Joint Committee on Statutory Instruments; and

(iii) To report on documents and draft orders laid before Parliament under or by virtue of:
   (a) section 85 of the Northern Ireland Act 1998,
   (b) section 17 of the Local Government Act 1999,
   (c) section 9 of the Local Government Act 2000,
   (d) section 98 of the Local Government Act 2003, or
   (e) section 102 of the Local Transport Act 2008.

Membership
The members of the Delegated Powers and Regulatory Reform Committee who agreed this report are:
Baroness Andrews  Lord Moynihan
Lord Blencathra (Chairman)  Lord Rowlands
Lord Flight  Lord Thomas of Gresford
Lord Jones  Lord Thurlow
Lord Lisvane  Lord Tyler

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Publications
The Committee’s reports are published by Order of the House in hard copy and on the internet at www.parliament.uk/hldprrcpublications.

General Information
General information about the House of Lords and its Committees, including guidance to witnesses, details of current inquiries and forthcoming meetings is on the internet at http://www.parliament.uk/business/lords/.

Contacts for the Delegated Powers and Regulatory Reform Committee
Any query about the Committee or its work should be directed to the Clerk of Delegated Legislation, Legislation Office, House of Lords, London, SW1A 0PW. The telephone number is 020 7219 3103 and the fax number is 020 7219 2571. The Committee’s email address is hldelegatedpowers@parliament.uk.

Historical Note
In February 1992, the Select Committee on the Committee work of the House, under the chairmanship of Earl Jellicoe, noted that “in recent years there has been considerable disquiet over the problem of wide and sometimes ill-defined order-making powers which give Ministers unlimited discretion” (Session 1991–92, HL Paper 35-I, paragraph 133). The Committee recommended the establishment of a delegated powers scrutiny committee which would, it suggested, “be well suited to the revising function of the House”. As a result, the Select Committee on the Scrutiny of Delegated Powers was appointed experimentally in the following session. It was established as a sessional committee from the beginning of Session 1994–95. The Committee also has responsibility for scrutinising legislative reform orders under the Legislative and Regulatory Reform Act 2006 and certain instruments made under other Acts specified in the Committee’s terms of reference.
Forty Sixth Report

IMMIGRATION AND SOCIAL SECURITY CO-ORDINATION (EU WITHDRAWAL) BILL

1. This Brexit-related Government Bill was introduced in the House of Commons on 20 December 2018. The Second Reading debate took place on 28 January.

2. Normally we report on a bill in sufficient time to allow Members of the House of Lords to consider it before the bill’s committee stage in the House of Lords and, on occasion, before Second Reading. Given the significance of this Bill, we have decided to report in time for Members of the House of Commons to consider it at committee stage in their House. We adopted the same approach in relation to other Brexit-related bills, including the European Union (Withdrawal) Bill, the Agriculture Bill and the Fisheries Bill. We will, in due course, report on this Bill a second time in the form in which it comes to this House.

3. The Bill has two principal parts:

   - Part 1 of the Bill ends free movement of persons into the UK, and makes European Union, European Economic Area and Swiss nationals (together referred to below as “EEA nationals”) and their family members subject to UK immigration controls. The result is that EEA nationals (apart from Irish citizens) and their family members will require permission to enter and remain in the UK.

   - Part 2 confers powers on UK Ministers and, in some circumstances, on Ministers in devolved governments to amend EU legislation relating to the social security co-ordination regime, which is saved in UK law by the European Union (Withdrawal) Act 2018 (“the withdrawal Act”).

4. The Bill will have a major impact on both EEA nationals resident in the UK and UK citizens resident in EEA member states. The numbers affected will be significant. According to a recent House of Commons Library Briefing Paper, the available data suggests that in 2017 there were around 785,000 UK nationals living in other EU countries (excluding Ireland) and around 3.8 million EU nationals living in the UK.¹

5. The Home Office has provided a memorandum about the delegated powers in the Bill (“the Memorandum”).² We wish to draw attention to the very significant delegations of power contained clause 4 (Part 1) and clause 5 (Part 2) of the Bill.

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¹ House of Commons Library, Migration Statistics, Briefing Paper, SN06077, 11 December 2018
² Home Office, Immigration and Social Security Co-ordination (EU Withdrawal) Bill Delegated Powers Memorandum
Part 1—Ending Free Movement

Background

6. EEA nationals and their family members currently enjoy a right to enter and reside in the UK without the need to obtain leave under the Immigration Act 1971 (“the 1971 Act”).

7. The movement of people between EEA member states is governed primarily by the EU Free Movement Directive 2004/38/EC. This sets out the rights of EEA nationals and their family members to move freely and reside within these territories. This is primarily implemented in UK law through the Immigration (European Economic Area) Regulations 2016. The Directive, as transposed by those Regulations, confer on EEA nationals a right of residence in the UK (in broad terms):

- for a period of up to three months without any conditions or formalities other than the requirement to hold a valid identity card or passport;
- for a period of longer than three months if they:
  - are workers, looking for work or self-employed persons in the UK;
  - have sufficient resources for themselves and their family members not to become a burden on the state and have comprehensive sickness insurance cover;
  - are students enrolled at an accredited institution for the principal purpose of following a course of study (which includes vocational training) and have comprehensive sickness insurance; or
  - are family members accompanying or joining an EEA national who satisfies one of the above conditions;
- a permanent right of residence if they have legally resided in the UK for at least 5 years.

8. Non-EEA nationals (other than family members of EEA nationals) generally need leave to enter and remain in the UK. This is given, or refused, on a case-by-case basis by the Home Office according to the UK Immigration Rules in place at the time of the decision. The detailed requirements which a person must meet to be granted leave to enter and remain are set out in the Immigration Rules, which are made under the 1971 Act.

9. The Bill will end the UK’s implementation of EU free movement: clause 1 and Schedule 1 repeal the underpinning legislation, including the Immigration (European Economic Area) Regulations 2016, which will continue in force in the UK after exit day due to section 3 of the withdrawal Act.

10. When free movement ends, EEA nationals and their family members will become subject to UK immigration laws and, unless they are Irish citizens, therefore be required to have leave to enter and remain under the 1971 Act. The Government intend to set out details of the future immigration arrangements (that is, the requirements to be met to come to the UK as a

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3 Immigration (European Economic Area) Regulations 2016 (SI 2016/1052)
4 Immigration and Social Security Co-ordination (EU Withdrawal) Bill, clause 2 [Bill 309 (2017–19)]
worker, student, family member etc.) in the Immigration Rules, as they are now for non-EEA nationals.

11. The Explanatory Notes accompanying the Bill say that the future Immigration Rules for EEA nationals have not yet been finalised: they may be the same as those that apply to non-EEA nationals, or they may be different; and that they may be adapted to take account of any future trade arrangements with other countries.5

12. The Government, however, published a White Paper in December 2018 containing proposals for the UK’s future skills-based immigration system.6 This provides further details on what the future system might look like for EEA nationals.

13. Neither the Explanatory Notes nor the Memorandum (which were both finalised in December) refer to the proposed EU withdrawal agreement in the context of Part 1 of the Bill. That agreement, which was rejected by the House of Commons on 15 January, would have provided legal safeguards for the rights of EEA nationals resident in the UK on exit day, at least until the end of the “implementation period”. If no other agreement is concluded and then implemented in UK law, EEA nationals’ continued legal rights of residence in the UK will depend on Ministers making secondary legislation under clause 4 of this Bill.

Clause 4(1)—Power to make consequential provision

14. Clause 4(1) confers a power on the Secretary of State to make regulations “containing such provision as the Secretary of State considers appropriate in consequence of, or in connection with, any provision of [Part 1 of the Bill]”.

15. The combination of the subjective test of appropriateness, the words “in connection with Part 1”, the subject matter of Part 1 and the large number of persons who will be affected, make this a very significant delegation of power from Parliament to the Executive.

16. The scope of this broad power is expanded even further by subsections (2) to (5). These provisions allow the regulations:

- to amend primary legislation and retained direct EU legislation7 (so as to confer a Henry VIII power);
- to make supplementary, incidental, transitional, transitory or saving provision;
- to modify provisions relating to the imposition of fees or charges made under primary legislation passed before the end of the current Parliamentary session;
- to make provision for persons who, before the repeal of the legislation listed in Schedule 1 comes into force, are not exempt under EU law.

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5 Explanatory Notes to the Immigration and Social Security Co-ordination (EU Withdrawal) Bill [Bill 309 (2017–19)-EN], para 9
7 Retained direct EU legislation consists mainly of directly applicable EU Regulations which remain in force post exit day by virtue of section 3 of the withdrawal Act 2018.
from the requirement to have leave to enter or remain in the UK. (This power could be used to legislate for EEA nationals who are in the UK before exit day but do not have a right to reside under EU law because, for example, they are not in work or looking for work, and do not have comprehensive sickness insurance.)

17. The “made affirmative” procedure applies to the first set of regulations made under clause 4(1). This means that they must be laid before Parliament after the date on which they are made but the regulations would then cease to have effect 40 days later unless approved within that period by resolution of each House.

18. The more usual “draft affirmative” procedure, whereby the regulations must be approved in draft by resolution of each House before they may be made, applies to subsequent regulations which amend or repeal primary legislation. Otherwise the negative procedure will apply, regardless of the regulations’ significance.

19. The Memorandum justifies the power on the basis that Part 1:

“… creates a substantial change to immigration law. There are references to free movement and related matters across the statute book in both primary and secondary legislation. It is therefore necessary for the Bill to contain a power wide enough to deal with consequential amendments, including consequential amendments to primary legislation, by secondary legislation once Parliament has approved the principle of the repeal of free movement law. Further, the power will be able to make consequential amendments to the retained direct EU law, which will have been incorporated into UK law by the [Withdrawal Act]. The power is limited to making amendments consequential to, or in connection with, Part 1 of the Bill itself, and not to consequences of withdrawal from the EU more generally. For example, the power will be able to be used to align the position of EEA nationals with that of non-EEA nationals in the sham marriage context, and to make changes to the deportation regime to align the position of EEA nationals with that of non-EEA nationals; it will also enable consequential provision to be made to protect the status of Irish citizens in consequence of clause 2. Some of these changes will be to primary legislation and some will be to secondary legislation, but all will be required as a consequence of or in connection with the provisions of Part 1 of the Bill.”

20. The Memorandum also emphasises that power to make supplementary, incidental, transitional or saving provision will be crucial to the operation of the Bill. The Government anticipate that the provision will be used:

“… to protect the rights of EEA nationals who are resident in the UK before exit, that would otherwise be affected by the Bill, for example so that: persons who have an EEA right of appeal pending on exit day do not lose that right of appeal; EEA nationals who are in the UK before exit may continue to remain in the UK lawfully for a period of time to enable them...”

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8 Home Office, Immigration and Social Security Co-ordination (EU Withdrawal) Bill Delegated Powers Memorandum, para 10
to apply for, and have decisions taken in respect of, applications for leave to remain or indefinite leave to remain under the EU Settlement Scheme.\(^9\)\(^,\)\(^10\)

21. Clause 4(1) confers a wide-ranging power of far greater importance than the normal type of clause, commonly found at the end of a bill, enabling Ministers to tidy up the statute book in consequence of substantive changes in the law made by earlier clauses.

22. This is principally because the continued residence rights of the large numbers of EEA nationals resident in the UK on exit day would (as indicated in the Memorandum) be dependent on Ministers making transitional and saving provisions in regulations under clause 4(1).\(^11\)

23. Ministers could, for example, choose initially to make regulations which provided for rights of residence enjoyed by EEA nationals in the UK pre-exit day to continue for a specified period on condition that they apply, by a specified deadline, under the Home Office’s EU Settlement Scheme and pay the requisite fee, and for a fixed or indefinite period thereafter if the application is successful.

24. These first regulations could be made and come into force without prior Parliamentary approval—as the “made affirmative” procedure applies to the first set of regulations under clause 4(1) (see paragraph 17 above).

25. There would, however, be nothing to prevent a future Government from abolishing those rights by subsequent clause 4(1) regulations; and the negative procedure would apply unless the regulations amended primary legislation (which would be unlikely in the case of changes to transitional provisions).

26. **We believe that transitional arrangements to protect existing legal rights of EEA nationals should appear on the face of the Bill, and not simply left to regulations with no opportunity for Parliamentary scrutiny until after they have been made and come into force.**

27. The Government had planned to bring forward another bill to give effect in UK law to the EU Withdrawal Agreement, including presumably its Articles dealing with the rights of EEA nationals currently resident in the UK. In the event that the implementation bill does not proceed, its relevant provisions about citizens’ rights could be readily incorporated in this Bill.

28. Moreover, work on the first set of regulations the Home Office plan to make under clause 4(1) must be well-advanced given that they have to be in force by exit day.\(^12\) Assuming that is case, the provisions of the regulations could be moved into the Bill itself, and the need for the “made affirmative” procedure for the first regulations would fall away.

29. This Committee has on several previous occasions raised objections to widely drawn powers to make consequential changes. For example, in our report on the Neighbourhood Planning Bill, which conferred a power on the

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\(^9\) This is dealt with in the new Appendix EU of the Immigration Rules which makes provision to enable EEA nationals and their family members residing in the UK to apply to remain in the UK post-exit.


\(^11\) This assumes that no withdrawal agreement protecting the future of EEA nationals is concluded with the EU and then implemented in the UK by separate legislation.

\(^12\) Home Office, *Immigration and Social Security Co-ordination (EU Withdrawal) Bill Delegated Powers Memorandum*, para 18
Secretary of State to make such provision as he or she considers appropriate in consequence of the Bill, the Committee said:

“... we are far from convinced that it is appropriate for Ministers to be given such loosely-drawn powers. We therefore invite the House to consider whether a power to make consequential provision should be restricted by some type of objective test of necessity, rather than leaving this to the subjective judgment of the Secretary of State”.13

30. Clause 4(1) is even wider than the corresponding clause in the Neighbourhood Planning Bill, because it allows the Secretary of State to make regulations “in consequence of, or in connection with, Part 1”.14 We are frankly disturbed that the Government should consider it appropriate to include the words “in connection with”. This would confer permanent powers on Ministers to make whatever legislation they considered appropriate, provided there was at least some connection with Part 1, however tenuous; and to do so by negative procedure regulations (assuming no amendment was made to primary legislation).

31. Finally, we have significant concerns about clause 4(5). This allows for regulations “to modify provisions relating to the imposition of fees or charges made under primary legislation passed before, or in the same session as this [Bill]”. The Memorandum says it is included “to enable the coherent functioning of provisions which will be amended as a consequence of, or in connection with, the repeal of free movement law”.15 But this downplays the significance of subsection (5): in fact, it confers broad discretion on Ministers to levy fees or charges on any person seeking leave to enter or remain in the UK who, pre-exit, would have had free movement rights under EU law.

32. **We recommend that Part 1 the Bill is amended so that:**

- transitional protections for EEA nationals who are resident in the UK before exit day are included on the face of the Bill;
- consequential amendments are also included in the Bill itself, but with a power to add others (subject to a test of necessity) by regulations—subject to the affirmative procedure if primary legislation is amended, otherwise to the negative procedure;
- the words “in connection with” are removed from clause 4(1);
- clause 4(6), which provides for the “made affirmative” procedure for the first set of regulations under clause 4(1), is removed from the Bill.

33. **We further recommend that clause 4(5) (about fees and charges) is removed unless the Government can provide a proper and explicit justification for its inclusion and explain how they intend to use the power.**

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14 Para 12 of the Memorandum explains only very briefly why “in connection with” is included in clause 4(1). Emphasis added.
Part 2—Social Security Coordination

Background

34. The EU Social Security Co-ordination Regulations (“the Co-ordination Regulations”), listed in clause 5(2) of the Bill, co-ordinate access to social security for individuals moving between EEA states (and Switzerland). They concern contributory social security benefits that cover specific social risks such as unemployment, sickness or old age, as well as certain non-contributory benefits, for example (in the UK) income support and state pension credit.

35. In brief summary, the Co-ordination Regulations mean that EEA nationals who move to another EEA member state:

- are covered by the social security legislation of only one country at a time so that they pay contributions only in one country;
- have (for the most part) the same social security rights and obligations as the nationals of the host country (the principle of equality);
- when claiming a benefit, have their previous periods of national insurance contributions, work or residence in other countries taken into account if necessary (the principle of aggregation);
- if they are entitled to a cash benefit from one country, may generally receive it even if when living in a different country (the principle of exportability). So, for example, UK nationals who move to Spain are entitled to continue receiving their state retirement pension or invalidity benefits on the same basis as if they had remained in the UK.

36. The Co-ordination Regulations also confer a right on EEA nationals:

- who carry a European Health Insurance Card, to access medically-necessary, state-provided healthcare during a temporary stay (for example, as a tourist) in any of the other EEA member states, under the same conditions and at the same cost as persons insured in that country;
- who retire to another EEA state, after having paid contributions in the home country, to receive healthcare treatment under the same conditions as nationals of the host country.

In either case, the home member state is normally required to reimburse the host country for the cost of the treatment.

37. The Co-ordination Regulations will form part of retained EU law post-exit because they are preserved in UK law by the withdrawal Act. The Government have laid before Parliament proposed negative procedure statutory instruments\(^{16}\) under section 8 of that Act to remedy deficiencies in the Regulations arising from the UK’s withdrawal from the EU. According to their accompanying Explanatory Memoranda, the instruments “aim to ensure that citizens’ rights are protected so far as possible in a no deal scenario …, to maintain the status quo … [and] to ensure a functioning statute book …”.

\(^{16}\) Social Security Coordination (Regulation (EC) No 883/2004, EEA Agreement and Swiss Agreement) (Amendment) (EU Exit) Regulations 2018
38. As the following paragraphs demonstrate, Part 2 of the Bill gives current and future Ministers almost absolute power to rewrite the Co-ordination Regulations at any time of their choosing. Parliament will have no opportunity to amend this Ministerial legislation; the two Houses would be asked only to approve or reject it under the affirmative procedure.

Clause 5(1)—Power to modify direct EU legislation relating to social security co-ordination

39. Clause 5(1) confers a power on “an appropriate authority” by regulations to amend, repeal or revoke any provision of the Co-ordination Regulations.

40. “An appropriate authority” means:
   - the Secretary of State or the Treasury,
   - a devolved authority (within their devolved competence—see Schedule 2), or
   - a Minister of the Crown acting jointly with a devolved authority.

41. This already very broad power is widened even further by clause 5(3) and (4) which authorises the appropriate authority (among other things):
   - to make different provision for different categories of person;
   - to make supplementary, incidental, consequential, transitional, transitory or saving provisions;
   - to amend or repeal any provision “made by or under primary legislation” (and so it is therefore a Henry VIII power);
   - to modify direct EU legislation not listed in subsection (2).

42. Clause 5(3)(a) would allow Ministers to make different provision for categories of person by reference to their nationality, date of arrival in the UK, their immigration status or otherwise. So Ministers could (for example) stipulate in the regulations that pensions or other benefits are to be exported to UK nationals living in an EEA state, but not to EEA nationals living outside the UK even if they had paid contributions while working in the UK.

43. According to the Explanatory Notes, clause 5(1) would permit:
   “… the Secretary of State and the Treasury to make post-Exit policy changes to the retained social security co-ordination regime. This will allow the Government (and/or, where appropriate, a devolved authority) to reflect their preferred policy if no agreement is reached with the EU on social security co-ordination matters, or alternatively, to make changes to the regime covering those persons who fall outside the scope of any agreement that is made.”

44. The Memorandum gives only this brief justification for clause 5(1):
   “This power is necessarily broad so as to enable an appropriate authority to make suitable legislative provision for a range of post-exit day scenarios that may arise. In the absence of a deal or withdrawal agreement with the

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17 Explanatory Notes to the Immigration and Social Security Co-ordination (EU Withdrawal) Bill [Bill 309 (2017–19)-EN], para 15
EU, the power may need to be exercised to implement policy changes to the social security co-ordination rules that will have been retained into domestic law by the [EU Withdrawal Act]. These rules cover a wide range of issues and, in developing a framework for future social security co-ordination policy, the following matters may be under consideration:

- what access EU nationals will have in the future to certain UK benefits and pensions;
- the extent to which UK nationals can export certain benefits and pensions if they move to an EU Member State; and
- the administration and rules which govern entitlement and obligations when people live and work in more than one country.

This power will provide the appropriate authorities with the ability to deliver a range of policy options from exit day in any or all of these areas.”

45. In our view, this is an inadequate justification for a wholesale transfer from Parliament to the Government of power to legislate in a field that could–as we have said in paragraph 4 above–have a major impact on large numbers of UK citizens resident in EEA member states, and EEA nationals resident in the UK, who currently have social security rights based on national insurance contributions made, or periods of residence, in more than one EEA country.

46. The Memorandum does not explain:

- the necessity of Ministers having the clause 5 power immediately upon EU exit;
- how the Government might seek to use it;
- why it includes a power to amend primary legislation and retained direct EU legislation not listed in clause 5(2);
- why it is not time limited;
- why Ministers will have no duty to consult before making regulations.

47. The Committee has repeatedly made it clear that, if a bill is wholly or mainly a skeleton bill, it expects a full justification for the decision to adopt that structure of powers. The point was also made by the House of Lords Constitution Committee which, in a recent report on the delegation of powers, stated:

“Skeleton bills inhibit parliamentary scrutiny and we find it difficult to envisage any circumstances in which their use is acceptable. The Government must provide an exceptional justification for them, as recommended by the DPPRC’s guidance for departments; it cannot rely on generalised assertions of the need for flexibility or future-proofing.”

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18 Home Office, Immigration and Social Security Co-ordination (EU Withdrawal) Bill Delegated Powers Memorandum, paras 26 and 27
19 Delegated Powers and Regulatory Reform Committee, Guidance for Departments (July 2014), para 36
48. **This requirement to provide “an exceptional justification” applies even more strongly where, as in this case, Parliament is being asked to scrutinise a clause so lacking in any substance whatsoever that it cannot even be described as a skeleton.**

49. There appears to be no particular need for Ministers to have these powers in the near future. As pointed out above, the Government intend to make statutory instruments before exit day which will ensure that the existing Social Security Co-ordination Regulations will operate effectively in UK law after exit day.

50. There is, moreover, no indication at all in the Explanatory Notes or Memorandum that the Government have even begun to devise their policy on the future of social security co-ordination post EU exit. Much will of course depend on what (if any) arrangements can be negotiated with the EU and EEA member states after Brexit.

51. The clear impression is that the Government are seeking these powers in order to avoid:

   • having to prepare a detailed bill implementing their policy once it is settled, and any future arrangements with the EU are concluded; and

   • then to submit that bill for full Parliamentary scrutiny.

52. While the affirmative procedure would apply to the power in clause 5, this cannot remedy an inappropriate delegation of legislation power.

53. **The Committee therefore recommends that clause 5 should be omitted from the Bill on the ground that it contains an inappropriate delegation of power.**

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21 *Immigration and Social Security Co-ordination (EU Withdrawal) Bill*, Schedule 3, para 3
APPENDIX 1: MEMBERS AND DECLARATIONS OF INTERESTS

Committee Members’ registered interests may be examined in the online Register of Lords’ Interests at http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/. The Register may also be inspected in the Parliamentary Archives.

For the business taken at the meeting on 29 January 2019, Members declared no interests in relation to the Immigration and Social Security Co-ordination (EU Withdrawal) Bill.

Attendance
The meeting on the 29 January 2019 was attended by Lord Blencathra, Lord Jones, Lord Lisvane, Lord Moynihan, Lord Thomas of Gresford, Lord Thurlow and Lord Tyler.