



Date: Thursday, 10 May 2018

Time: 10.00 am

Venue: Ludlow Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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PLACE OVERVIEW COMMITTEE

TO FOLLOW REPORT (S)

7 **Brexit Task and Finish Group Report [Report to follow] (Pages 1 - 22)**

To receive a report from the Brexit Task and Finish Group.

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<u>Committee and date</u>	<u>Item No</u>
Place Overview Committee	
10 May 2018	
10.00am	
	7
	Public

Report of the Brexit Task and Finish Group

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Summary

This paper presents the report of the Brexit Task and Finish Group to the Place Overview Committee. Their work has focused on economic challenges and benefits of Brexit for Shropshire, and in doing so they have considered a wide range of information and heard from a number of external witnesses. The Task and Finish Group has developed its conclusions and recommendations based on the evidence gathered through its work.

Recommendations

- A. Members are asked to consider and comment on the Task and Finish group report and endorse the recommendations set out below:
1. That the Task and Finish group pauses it's wider work on Brexit and Shared Prosperity Fund until the Government provides greater clarity which the group can use to shape recommendations and responses to any consultation.
 2. That the Place Overview and Scrutiny Committee confirms that the Task and Finish group refreshes the scope and focus of its Terms of Reference to incorporate more detailed consideration of Agriculture and Land Based Industries and Skills and Labour Force.
 3. That the Council continues to work on cross-border opportunities with the Welsh Government and Neighbouring Local Authorities to identify and progress economic growth and wider benefits.
 4. That the Council should lobby MPs and Government about concerns over the lack of clarity over Brexit negotiations and how the future will look for Shropshire and its neighbours in order to reduce speculation and improve business confidence.

Opportunity Risk Assessment

The work of the Task and Finish Group has taken account of the potential risks and opportunities offered by Brexit for Shropshire. These have been summarised within the Task and Finish group report and in more detail in appendix 2 of the report.

At this stage the lack of clarity from the Government as a result of limited progress with Brexit and future arrangements, including trade agreements, has been recognised by the Task and Finish group as a challenge.

Financial Assessment

There is no financial decision or impact arising from this report

Report

1. The Brexit Task and Finish Group was established to focus on the economic challenges and benefits for Shropshire. This would be used to inform the Council's position and requirements of Government on Brexit in general, and more specifically when the Government comes forwards with its proposals to replace European funding initiatives with a UK approach, the 'Shared Prosperity Fund'.
2. The Task and Finish Group have considered information from a wide range of sources in the form of a SWOT analysis (appendix 1 of the Task and Finish Group Report). They have also heard from officers and from external witnesses who were able to share knowledge and experience from across business sectors, government departments and economic organisations.
3. The key findings from the Task and Finish group work have been summarised, identifying the potential risks and opportunities, the associated challenges, and possible mitigation. They have been organised under the headings below and are set out in more detail in appendix 2 of the Task and Finish group report.
 - Business Confidence/Economic Performance
 - Trade
 - Skills and Labour Force
 - Cost of labour
 - Changes to CAP/replacement of direct subsidies
 - Other

4. Through this work Agriculture and Land-based Industries and Skills and Labour Force have emerged as key topic areas that would benefit from further work through Overview and Scrutiny. These are related to not only Brexit opportunities and concerns, but require a wider consideration in the context of Shropshire’s economy given their importance and far reaching implications. In preparation for this the Task and Finish group have worked through two mind-maps to help set out the breadth of issues that could be considered, and also how they relate to each other. These are attached at appendix 3 and 4 of the Task and Finish group report.

Background Papers
Cabinet Member (Portfolio Holder) Nic Laurens Robert Macey Steve Davenport
Local Member All
Appendices Appendix 1 – The report of the Brexit Task and Finish Group

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Shropshire
Council

Place Overview Committee

Report of the Brexit Task and Finish Group

May 2018

Acknowledgements

The Task and Finish Group would like to thank the officers for their support in the work completed so far, and the witnesses who have given up their time to talk to share their knowledge, experience and their perspectives on the challenges and opportunities associated with Brexit.

Members of the Task and Finish Group:

Cllr Andy Boddington

Cllr Gwilym Butler - Chair

Cllr David Evans

Cllr Rob Gittins

Cllr Paul Milner – Vice Chair

Cllr Harry Taylor

Cllr Dave Tremellen

Background

Brexit is a key development for Shropshire, the region, and Britain that has the potential to have far reaching changes to a wide range of issues including the economy, which in turn could ripple across social, environmental and health factors in Shropshire.

The Brexit Task and Finish Group was established to focus on the economic challenges and benefits for Shropshire to help inform the Council's position and requirements of government in general and more specifically when the Government comes forwards with its proposals to replace European funding initiatives with a UK approach, the Shared Prosperity Fund.

The Place Overview Committee and the Task and Finish Group recognised that it would be of value to the Council, Shropshire businesses and communities to have a clearer understanding locally of what would be required from Government to enable Shropshire to achieve the Economic Growth Strategy and its ambitions.

To date the expected Government proposals and consultation on the Shared Prosperity Fund have not been published, and whilst progress with the process of leaving the EU is reported in the media, at this stage there is little in the way of clarity from the Government.

The Task and Finish Group are maintaining their focus on future funding arrangements, but they are waiting for more detail to be published which they will be able to respond to. Therefore this report sets out the findings of the Task and Finish Group to date, and identifies more targeted topics that the Task and Finish Group believe would benefit from further work.

Objectives of the Task and Finish Group

- To consider the information brought together to develop a view for Shropshire of the possible implications of Brexit for the Shropshire economy and the delivery of the Economic Growth Strategy.
- To identify, with the relevant officers, the key evidence and related requirements of what Shropshire would require from a future UK funding approach.
- To make evidence based recommendations to Cabinet.

Work done

- Consideration of EU funding in Shropshire, including the funding type and what it is used for.
- Desktop research and analysis to inform the consideration of Brexit and what it could mean for Shropshire which has been used to form a SWOT Analysis, attached at Appendix 1.

- Hearing from a range of different witnesses across sectors, business organisations, and government departments.
- Members have also considered the findings of work completed by the Welsh Assembly Rural Affairs Department to inform their understanding of cross border opportunities.
- For Agriculture and Land-based industries and Skills and Labour Force, completing a mapping of the different components to inform future scoping of work.

Who the Task and Finish Group Heard From

The Task and Finish Group invited a number of people and organisations to attend their meetings and share their knowledge and experience on the challenges and opportunities offered by Brexit. In the course of their considerations and meetings, the group met with the following;

- Gemma Davies, Head of Economic Growth, Shropshire Council
- Matt Potts, Business Growth and Investment Manager, Shropshire Council
- Tom Dodds, Intelligence and Insight Manager, Shropshire Council
- Emma Smith, Performance Intelligence and Policy, Economic Growth Specialist, Shropshire Council
- Lois Dale, Performance Intelligence and Policy, Rurality and Equalities Specialist, Shropshire Council
- Mandy Thorn MBE, Vice Chair of Marches LEP and Chair of the Shropshire Business Board,
- Richard Sheehan, Chief Executive Shropshire Business Chamber
- Gill Hamer, Director of the Marches LEP
- Jonathan Evans, Shropshire County Adviser, NFU
- Andy Pillow, NFU Shropshire, Chairman
- Neil Abbott, Head of Partnerships (Midlands), Department for International Trade

Key Findings

The findings to date from the work of the Task and Finish group and the evidence received have been grouped into opportunities/risks set out below. These are attached at appendix 2 with the associated challenges and potential mitigating actions.

Business Confidence/Economic Performance

- Confidence in investment generally at a low ebb, but fluctuating. For many businesses it is “business as usual”
- Exploit sectors with long term growth potential

Trade:

- Imports currently more expensive due to value of the pound and this could be exacerbated by the imposition of trade tariffs with EU trading partners

- Exports to EU also potentially affected by trade tariffs but exports currently benefiting from suppressed value of sterling
- Potential to further develop export markets outside the EU and to establish trading agreements outside of Europe

Skills and Labour Force:

- Migrant Workers
 - Some sectors could face labour shortage – care, hospitality, farming, construction etc. due to high reliance on EU workers
 - Particular impact on seasonal labour supply
- Shortage of young workers

Cost of labour

- Skills
 - Need to address skills gap
 - Opportunity to improve productivity through improved skills and training

Changes to CAP/replacement of direct subsidies

Other

- Strengthen partnerships with universities, including UCS and Harper Adams
- Strengthening cross border working with Wales
- Technology
- Future Funding

Conclusions

A lot of information has been collected and received which has helped the Task and Finish group inform their findings and to reach the conclusions and recommendations within this report.

Brexit has the potential to impact on Shropshire in a number of different ways. At this stage it is not possible to be sure on what they will specifically be or whether the impacts will be positive, negative, or result in no change overall. As the Task and Finish Group were informed in their work, speculation does not help with business confidence. However, this work has enabled the potential impacts to be considered and options for mitigation to be raised.

There are some businesses who are identifying that they would see withdrawal from the single market with Europe as disastrous and others who see it as a significant opportunity. In a similar way clarity on future funding of agriculture will play a significant role in Shropshire in the future. The high proportion of agriculture and land-based industries is a clear feature of the county, its economy and communities.

The Task and Finish Group are aware of the diverse range of possible impacts which could be across agricultural and rural supply chains, economies within communities, and potentially the way that the environment and countryside is managed and maintained.

It is also important to ensure that consideration of Shropshire's proximity to Wales, infrastructure links to Ireland, and the links across local authority boundaries is maintained. Maximising opportunities across geographies and economies, and ensuring that unintended consequences are quickly identified and addressed will need to be a significant feature of future thinking.

However, the Task and Finish group are unanimous that greater clarity from Government on the progress with Brexit and future arrangements including any trade deals are essential in order for the Council, businesses and communities to be able to plan for the future with greater confidence.

When the risks and opportunities are considered in the round it is evident that many of the issues which have emerged through the work are wider than Brexit. There are some which emerge as potential areas of focus for further consideration and added value by Overview and Scrutiny, and others which could be paused to be picked up when there is more clarity of direction and plans on Brexit from Government. This would include proposals relating to the Shared Prosperity Fund.

The two areas which are emerging as areas for future consideration through Overview and Scrutiny are Agriculture and Land-based industries, and Skills and Labour force. Through their work the Task and Finish Group have taken account of the importance of Agriculture and Land-based Industry to Shropshire, both in terms of jobs and the environment, but also the rural economy. They have also recognised the challenges relating to Skills and Labour force ranging from the demographics in the County with an ageing population, through skills gaps identified by businesses, and the need to attract and retain younger workers. Some of the issues for these defined topic areas are shared. These topics are set out in mind maps which are attached at appendix 3 and appendix 4.

Recommendations

1. That the Task and Finish group pauses it's wider work on Brexit and Shared Prosperity Fund until the Government provides greater clarity which the group can use to shape recommendations and responses to any consultation.
2. That the Place Overview and Scrutiny Committee confirms that the Task and Finish group refreshes the scope and focus of its Terms of Reference to incorporate more detailed consideration of Agriculture and Land Based Industries and Skills and Labour Force.
3. That the Council continues to work on cross-border opportunities with the Welsh Government and Neighbouring Local Authorities to identify and progress economic growth and wider benefits.
4. That the Council should lobby MPs and Government about concerns over the lack of clarity over Brexit negotiations and how the future will look for Shropshire and its neighbours in order to reduce speculation and improve business confidence.

Strengths	Weaknesses
<p><u>Trade Related (EU and World Markets)</u></p> <ul style="list-style-type: none"> Leaving the EU could give the UK Government an opportunity to consider how it can support businesses outside of the EU state aid regime. More expensive imports could lead to increased demand for nationally produced goods and services (import substitution) <p><u>Regulatory</u></p> <p><u>Direct Support (Funding & Subsidies)</u></p> <ul style="list-style-type: none"> Farm subsidies are guaranteed until 2020 which amount to over £2billion in payments annually and which will benefit from a preferable exchange rate going forward. Shropshire could benefit disproportionately as agriculture contributes 3.3% of Shropshire’s GVA (Oxford Economics) compared with 0.7% of GVA nationally. UK Regional policy and funding will not be restricted by EU funding regulations when the repatriated funds are used to support the planned UK Shared Prosperity Fund or similar, allowing such funds to be targeted on specific UK needs. <p><u>Migrant Labour (including skills shortages)</u></p> <ul style="list-style-type: none"> Shropshire is less reliant on migrant workers than many other locations (7.2 National Insurance Number (NINo) allocations per 1,000 of the working age population in 2016 compared with 21.5 nationally). This is significantly lower than Herefordshire or Telford and Wrekin (23.8 and 14.1 respectively). <p><u>Other Strengths</u></p> <ul style="list-style-type: none"> The negative impacts of Brexit are expected to be bigger for areas with higher average wages. This could lead to a more muted impact for Shropshire BUT other research suggests that the penetration of sectors likely to be hardest hit is under-estimated in rural areas. 	<p><u>Trade Related (EU and World Markets)</u></p> <ul style="list-style-type: none"> The weaker pound means that imports, for example of raw materials, are more expensive. Higher fuel costs due to the weaker pound, leading to higher transportation costs. As the second largest inland county in England and given the sparseness of the population this will particularly impact Shropshire. <p><u>Regulatory</u></p> <ul style="list-style-type: none"> Nationally - firms have been drawing up contingency plans for how they will continue to access the European single market when the UK leaves the trading bloc which may lead to them setting up subsidiaries elsewhere (eg Easyjet, Bank of America, Citigroup). There is a significant cost associated not only with relocating but also with planning to do so. Evidence gathered from the media, Shropshire Council key business account management activity and via a bespoke Brexit questionnaire designed to gather intelligence from our businesses, we know there are several businesses that may leave Shropshire following Brexit. <p><u>Migrant Labour (including skills shortages)</u></p> <ul style="list-style-type: none"> NINo allocations in Shropshire have mainly been from states which have joined the EU since 2004, including the EU8 - Estonia, Latvia, Lithuania, Czech Republic, Hungary, Poland, Slovakia, Slovenia – as well as Bulgaria and Romania. The latter two countries accounted for 616 NINo’s in 2015 (46% of the total). The weak pound is making it less attractive for migrants to live/work here if they send money home to relatives. Also the perception that they are not welcome is prompting some migrants to leave Many sectors are reliant on migrant workers: <ul style="list-style-type: none"> Health and social care. For example, care home employees include significant numbers from Eastern European countries who may decide to return to countries of origin. This has implications for the authority and health care partner organisations, notwithstanding efforts to help people to remain in their own homes for as long as possible. Also skilled professionals – doctors, nurses, dentists Horticultural and farming employees Construction Food and drink processing. Muller and ABP – two of Shropshire’s largest businesses, employ large numbers of EU nationals <p>These sectors are important to the Shropshire economy: Health & care = 14.6% of employment, 9.6% of GVA Agriculture = 4.0% of employment, 3.3% of GVA Construction = 8.3% of employment, 8.1% of GVA Food & Drink = 3.1% of employment, 3.4% of GVA</p> <ul style="list-style-type: none"> Shropshire’s demographic is older than average and ageing quickly – this means that succession planning is a serious issue in some sectors, especially farming. <p><u>Other Weaknesses</u></p> <ul style="list-style-type: none"> According to the Bank of England, the level of business investment is expected to be around 25 per cent lower by 2019 relative to its pre-referendum forecasts. Some Shropshire businesses are already delaying investment until the future is more certain, although initial results from our Brexit survey with Shropshire businesses suggest that the majority have not changed their investment plans (but probably weren’t going to invest anyway)

Opportunities	Threats
<p><u>Trade Related (EU and World Markets)</u></p> <ul style="list-style-type: none"> • The weaker pound means that exports are cheaper, but it's not easy to exploit export potential unless an export market already exists. • Potentially less expensive to manufacture component parts locally than to import • Possibility of forging alternative trade deals with non-EU markets – potential to negotiate these more quickly as a single state rather than co-operatively as part of the EU (Berenberg report) • Northern Ireland and Republic of Ireland present what may be seen as opportunities, given our geographical proximity and potential for eg supply chain linkages. • Nationally 1% to 1.2% of GDP every year from 2020 is to be invested in economic infrastructure. There is no indication yet as to whether this is likely to be affected by Brexit, but Shropshire could benefit from <ul style="list-style-type: none"> ○ HS2 to Crewe and Manchester. ○ A5 dualling ○ North West Relief Road • The national tourism industry will benefit from the weaker pound, with Great Britain representing a more affordable destination for overseas visitors and with more British holiday makers resorting to the “staycation” as foreign destinations are more expensive. Tourism is already an important employment sector in Shropshire, accounting for 8.5% of employment and 4% of GVA. We should benefit from a buoyant national market, especially from increased domestic tourism (given that overseas visitors account for only a small proportion of overall tourism in the county). <p><u>Regulatory</u></p> <ul style="list-style-type: none"> • National strengths in animal welfare, food safety, and food traceability could offer local opportunities - simplification for farmers of applications, and increase in meat exports. • Britain could relax trade regulations. Although it is already one of the least regulated of the developed markets (especially compared to India and China) • The regulatory requirements for financial firms and air operators to have a base in an EU country in order to operate across Europe is seen as an economic growth opportunity for Dublin in particular. It is also a possible point of influence for Shropshire and Wales i.e. any firms looking to expand/establish bases in Ireland needing to transport goods, supplies, and physical employee and business customer travel through our region. <p><u>Direct Support (Funding & Subsidies)</u></p> <ul style="list-style-type: none"> • Under the EU's current Common Agricultural Policy (CAP), farmers are paid based on the amount of land they own. In the view of the Environment Secretary, scrapping this could be "an once-in-a-lifetime opportunity to reform how we care for our land, our rivers and our seas, how we recast our ambition for our country's environment, and the planet". • A move from EU to UK regional funding regimes provide the opportunity for better integration of skills and economic development funding. • Allow the UK to reform the rules on financial support to companies to enable the delivery of more effective 	<p><u>Trade Related (EU and World Markets)</u></p> <ul style="list-style-type: none"> • The general election last year represents an amplification of the threat posed to local businesses of uncertain hands on the national tiller. • Tariffs remaining at zero would happen if the UK joins a free trade area, such as EFTA, with the EU. However, there are also non-tariff barriers: these are the costs arising from customs checks, border controls, differences in product market regulations, legal barriers and other transactions costs that make cross-border business more difficult. Even free trade areas cannot eliminate all the non-tariff barriers that businesses face when transacting across borders <p><u>Regulatory</u></p> <ul style="list-style-type: none"> • Pressure from international trade may bring even more US-style practices to Britain. British farm standards have been higher than EU-wide welfare practices in the past, and now are in line with the EU, but in future there could be pressure to lower standards in order to compete with imports. • As EU animal welfare regulations are higher than those of the World Trade Organisation (WTO), there is also a risk of being unable to take advantage of the EU market itself, (eg reintroduction of British beef to EU markets following BSE) • Proposed developments in the UK's prime wildlife sites and landscapes. At the moment they are protected by the EU as part of Europe's common heritage. That protection may disappear after Brexit. • Issues and concerns around environmental legislation including air quality, and protection for waterways and biodiversity. This also links to threats to water quality and water supply. • 56% of small businesses are concerned about enforcing new immigration rules post-Brexit (FSB report) – this may discourage them from recruiting from outside the UK. <p><u>Direct Support (Funding & Subsidies)</u></p> <ul style="list-style-type: none"> • Research and development in UK universities and research institutions could be impacted by the UK's inability to be involved in the European Transnational Programmes, which encourage international collaboration, such as Horizon 2020. • That the regional funds replacing the EU Structural Funds are targeted in different ways at different geographies that means the Marches loses out in relative terms. • Any potential gap in funds during the transition between EU programmes and UK ones. <p><u>Migrant Labour (including skills shortages)</u></p> <ul style="list-style-type: none"> • 59% of small businesses are concerned about accessing the skilled workers they need post-Brexit (FSB report) – increased skills gaps could seriously impact the country's – and Shropshire's - productivity • Skills remain a serious issue for local business owners, according to a Shropshire Star survey in autumn 2016. This indicated that 43 per cent of business struggle to fill vacancies when they arise, and 40 per cent said Shropshire lacks the necessary skills to facilitate growth. • Shropshire businesses twice as likely as their national counterparts to fill hard-to-fill vacancies by recruiting non-UK nationals (6% compared with 3%, UKCES Employer Skills Survey, 2015), which suggests that skills shortages might increase faster in Shropshire than in other parts of the country if it proves more difficult to recruit overseas nationals.

support in the places that need it most. Potentially, businesses operating in a business to consumer environment – who are usually excluded from EU funding eligibility criteria – could be supported under a new system.

- Add more to the ‘single pot’ idea to provide local areas with more control on how public funding is spent locally.

Migrant Labour (including skills shortages)

- Free movement of people between the EU and UK could end in March 2019 – opportunity to create an immigration system that allows us to control numbers and encourages the ‘brightest and best’ to come to this country

- Opportunity to reduce skills gap through training and education

- Opportunity to increase productivity through improved skills

Other Opportunities

- Demand by Government for intelligence about what businesses are saying about EU Exit, and what sentiments are being expressed gives us the opportunity to feed in, especially in relation to:

- Potential opportunities or shocks: ie areas where we may gain or lose investment as a nation because companies are considering investment; reducing their footprint here; or withdrawing altogether.

- EU/trade negotiation priorities: what do businesses see these are being?
- Domestic issues, including the Industrial Strategy and the work of 18 sector teams

- To this we may usefully add local approaches to joint work around the Shared Prosperity Fund, to enable us all to achieve a key principle also outlined by the DIT:

- A positive outcome for those who trade in goods and service;

- Potential to take advantage of sector deals by aligning with national Industrial Strategy where appropriate and by exploiting sectors with most potential for growth

- Maximise partnership working, especially with universities, and

- There is an ongoing Inquiry by BEIS Select Committee into Brexit implications for UK business, which is being conducted on a sector by sector basis. This includes the automotive sector. There will be opportunity to see approaches elsewhere as well as a national response by Government to whatever recommendations the Committee may subsequently choose to make, which may then assist Shropshire and the Marches and the WMCA. Also DEFRA consultation on the future of farming.

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- **Food security:** some of the country’s biggest food producers have warned that British fruit and vegetables would all but vanish from shops if Brexit means the foreign workers who pick virtually all the home-grown produce are no longer able to come to the UK. Produce in UK shops would become more expensive if the freedom of movement for EU workers came to an end. One opportunity identified to remedy this is for Ministers to set up a new permit scheme for seasonal workers.

- Another threat in terms of migrant labour is a likely skills shortage of people to enforce animal welfare standards and food hygiene standards in abattoirs. The Lords EU Environment Committee has reported that 90% of slaughterhouse vets are EU nationals. These skilled vets are also reported by the NFU as undertaking many farm inspections and enforcement roles.

- Government concedes that the labour market stats do not include seasonal agricultural workers from other EU countries. It is on record as stating that the option of a new permit scheme for seasonal workers, replacing the SAWS which ended in 2013, is being kept under review through the SAWS Transition Working Group, which met in September.

- There is disparity between what the industry is saying and what Government is asserting about recruitment and retention of agricultural and horticultural employees. Opportunities to remedy this may arise through ongoing Migration Advisory Committee research

Other threats

- For **construction**, challenges are around not only shortages of skilled labour but also shortages of raw materials, and cost of raw materials. The Royal Institution of Chartered Surveyors in a report published in March argued that almost 200,000 construction jobs could be slashed if Britain loses access to the European single market, jeopardising billions of pounds worth of infrastructure projects

- In February, a study from consultancy firm KPMG showed that one in three manufacturing firms plan to shift some operations out of the UK as a result of Brexit.

- On the **housing** front, house prices continued to rise at national and local level following the Brexit vote. This has continued implications for affordability of housing. (process rose by about 6% between June 2016 and August 2017 in Shropshire and nationally)

- 54% of small businesses are concerned about their ability to grow their business post-Brexit (FSB report)

- Generally, because of the car industry’s global exposure and its dependence on workers from abroad, it is considered one of the sectors most vulnerable to a hard Brexit. This will also impact on the automotive supply chain – there are several important tier three suppliers in the Marches.

- Businesses potentially leaving the UK post Brexit and especially moving R&D elsewhere – reduction in “quality investment”

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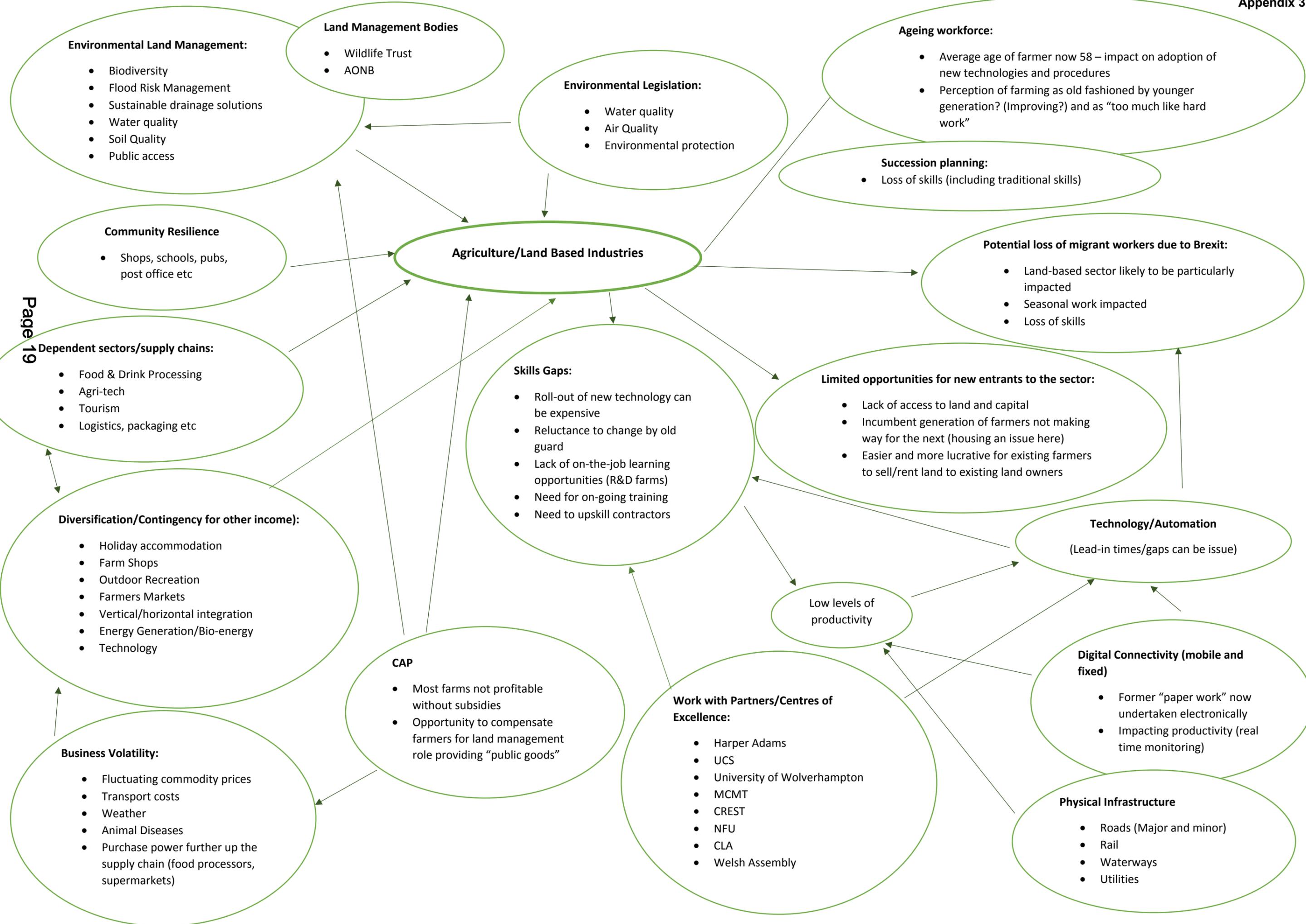
Opportunities and Risks associated with Brexit identified through the Brexit Task and Finish Group Meetings

Risk/Opportunity	Challenge	Mitigation
<p>Business Confidence/Economic Performance</p> <p>Confidence in investment generally at a low ebb, but fluctuating. For many businesses it is “business as usual”.</p> <p>Exploit sectors with long term growth potential</p>	<p>Larger businesses delaying investment</p> <p>Small businesses do not have the resources to prepare for Brexit</p> <p>Some businesses without an EU HQ considering establishing one and potentially relocating out of the UK (some examples in Shropshire)</p> <p>Businesses potentially relocating R&D outside the UK – losing quality of investment and knock on impact on GVA</p> <p>Skills (see below)</p> <p>Economic forecasts for Shropshire suggest that our economy will grow slower than the national economy over the next two decades</p>	<p>Set in place planning policies (including Place Plans) that support business expansion</p> <p>Encourage businesses to focus on long term solutions rather than on the immediate position and to invest more in staff development</p> <p>Feedback to Government through appropriate channels (calls for evidence, consultations, lobbying MPs etc) that lack of clarity over Brexit negotiations is negatively impacting business confidence</p> <p>Key account management with our key businesses</p> <p>Alignment of local ambitions, where appropriate, with national Industrial Strategy to take advantage of sector deals. Marches LEP focusing on:</p> <ul style="list-style-type: none"> • Food & Drink • Ageing Society* • Environmental Technology* • Cyber • Advanced manufacturing <p>*Shropshire (Council, working with the Marches LEP and the Shropshire Business Board) to concentrate on these in first instance</p> <p>Sector analysis work to help support businesses through the process and development of sector propositions to encourage inward investment</p> <p>Working with leading Centres of Research (e.g. Harper</p>

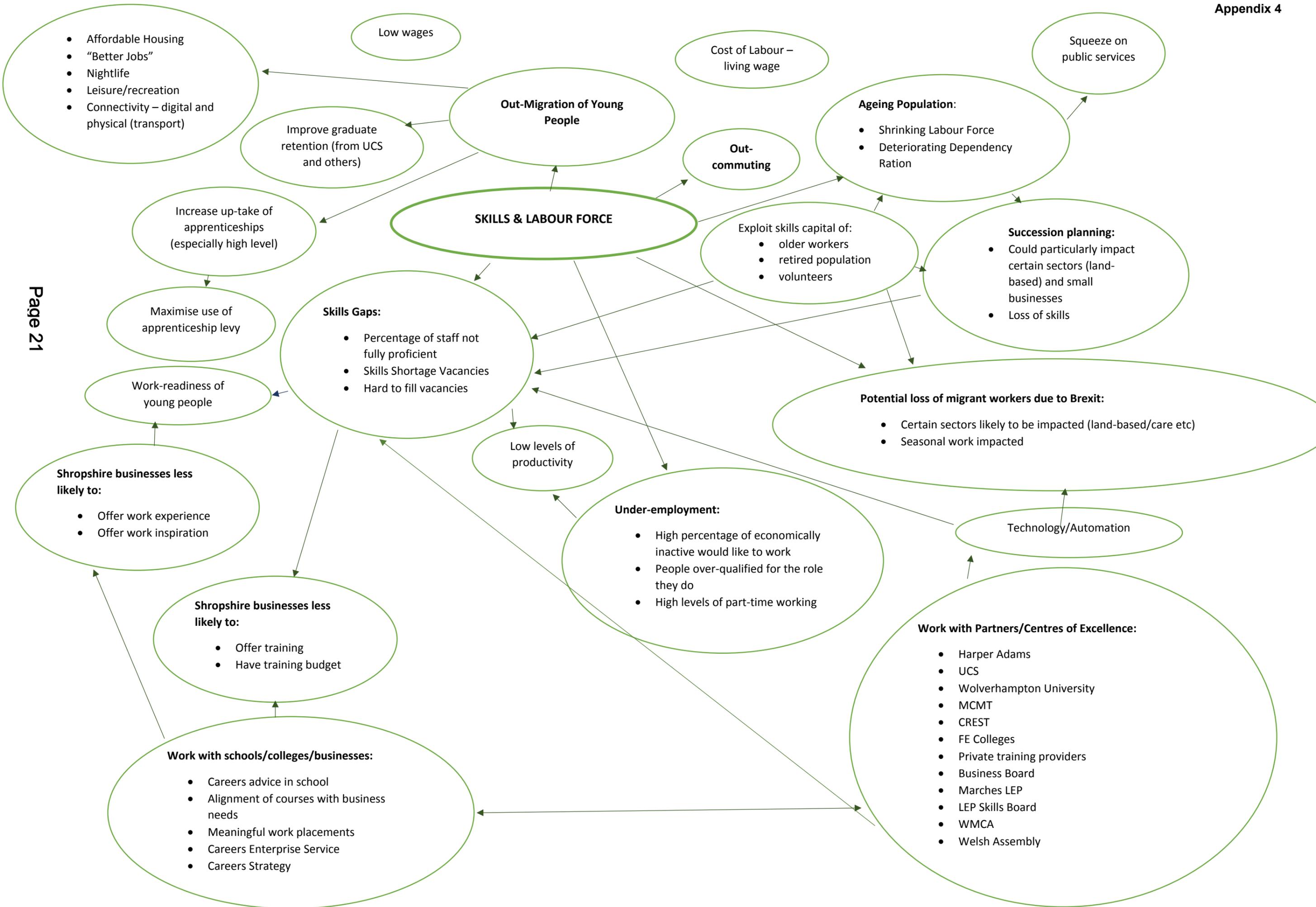
		Adams University)
<p>Trade:</p> <p>Imports currently more expensive due to value of the pound and this could be exacerbated by the imposition of trade tariffs with EU trading partners</p> <p>Exports to EU also potentially affected by trade tariffs but exports currently benefiting from suppressed value of sterling</p> <p>Potential to further develop export markets outside the EU and to establish trading agreements outside of Europe</p>	<p>Cost of production likely to increase, especially for those which import raw material</p> <p>Establishing new export markets isn't easy – smaller businesses in particular may need support</p> <p>Trade regulations outside a single market may entail multiple different regulatory requirements</p>	<p>Encourage manufacture of component parts to reduce import costs (in certain sectors)</p> <p>Improve Shropshire's road and rail links to Ireland (A49 and A5 dualling, HS2)</p>
<p>Skills and Labour Force:</p> <p>Migrant Workers</p> <ul style="list-style-type: none"> Some sectors could face labour shortage – care, hospitality, farming, construction etc. due to high reliance on EU workers Particular impact on seasonal labour supply <p>Shortage of young workers</p>	<p>Value of pound making UK a less attractive place to live/work in combination with strengthening economies at home in some cases</p> <p>Social attitudes – migrant workers feeling unwelcome</p> <p>Shropshire demographic means the workforce is ageing</p> <p>Succession planning, major issue in some sectors (farming)</p>	<p>Encourage development of “better” jobs to attract younger workers</p> <p>Ensure sufficient supply of “affordable” housing</p>

<p>Cost of labour</p> <p>Skills</p> <ul style="list-style-type: none"> • Need to address skills gap • Opportunity to improved productivity through improved skills and training <p>Technology</p>	<p>Perceived lack of opportunities for young workers</p> <p>Government employment policies don't help rural areas</p> <p>Living wage has impacted on labour costs</p> <p>Loss of skills with migrants returning home</p> <p>Skills deficit amongst the British workforce</p> <p>Definition of skills in UK needs refining</p>	<p>Promote quality of life/low cost of living</p> <p>Support companies/sectors identifying and addressing skills issues</p> <p>Encourage colleges and training providers to run courses to train workers in skills lost due to falling numbers of EU migrant workers or to fill current/future skills gaps</p> <p>Improve skills/career advice in schools</p> <p>Improve perception of apprenticeships</p> <p>Maximise the use of innovative technology to replace manual labour previously undertaken by migrant workers and to improve productivity</p>
<p>Changes to CAP/replacement of direct subsidies</p>	<p>Agriculture of particular importance to rural localities like Shropshire (more than a fifth of enterprises are land-based) – potential impact on food processing and its supply chain plus the visitor economy and environmental land management</p>	<p>Involve NFU and CLA in place shaping work</p> <p>Take advantage of opportunity to influence government policy – eg by responding to the Farming Futures consultation</p> <p>Encourage co-operative working (can be informal)</p>
<p>Other</p>		

<p>Strengthen partnerships with universities, including UCS and Harper Adams</p> <p>Strengthening cross border working with Wales</p> <p>Future Funding</p>	<p>Continued lack of clarity about what funding may be available in the future (Shared Prosperity Fund)</p>	<p>Creation of Centres of Excellence CREST – opportunities with new Environmental Land Management Plan?</p> <p>Encourage (joint) investment in infrastructure and skills and training opportunities. Be aware of any plans for growth deals in Mid Wales.</p>
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