



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.